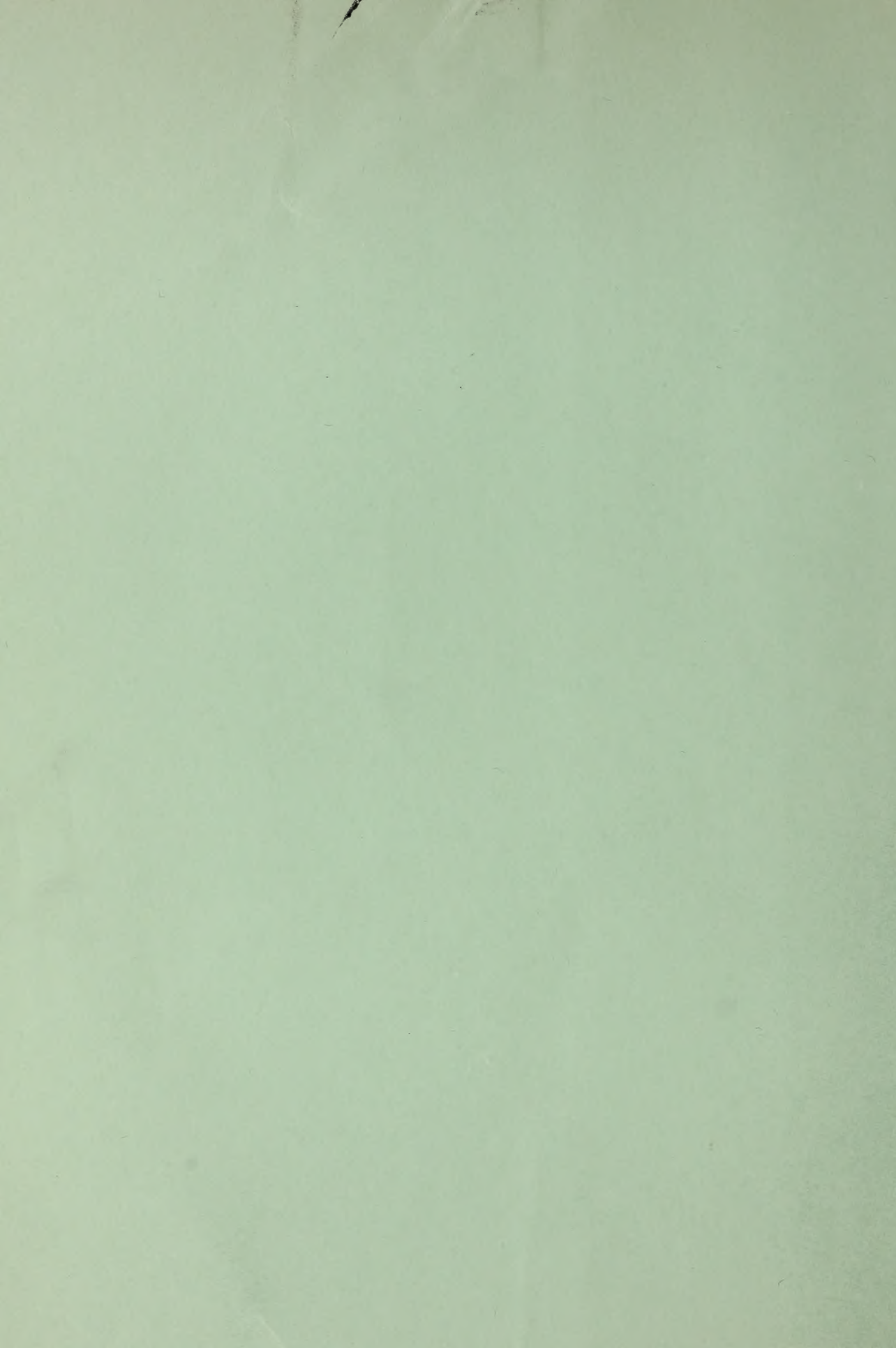


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LEGISLATIVE HISTORY

Public Law 535--81st Congress

Chapter 220--2d Session

H. R. 7797

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Title I. ECONOMIC COOPERATION ACT OF 1950. Amends and extends the ECA Act of 1948 and contains the following provisions among others: Extends the authorization for ECA through June 30, 1951 and authorizes appropriation of \$2,700,000,000 and the use of approximately \$149,000,000 of unexpended balances from previous appropriations for carrying out the ECA program, and provides that \$600,000,000 of the funds appropriated shall be available solely for the purpose of encouraging and facilitating the operation of a program of liberalized trade and payments among ECA countries with authorization for transfer of funds directly to any central institution. Authorizes guaranties of U. S. investments abroad by ECA up to \$200,000,000. Repeals the requirement of the Act that at least 12 $\frac{1}{2}$ % of all wheat procured in the U. S. must be in the form of flour. Authorizes the furnishing to countries which are parties to the International Wheat Agreement of domestic wheat and wheat flour procured under the ECA program or any other foreign-relief program and credited to their guaranteed purchases under the Agreement, without regard to the restrictions in the ECA Act which require CCC to sell surplus commodities at prices high enough to cover costs. Exempts raw cotton in bales from the provision prohibiting the purchase in bulk of any commodities at prices higher than the U. S. market price, and removes the exemption of CCC goods acquired pursuant to price-support programs from that provision. Relaxes the restrictions on the use of counterpart funds which confined the use of such funds to the area of the depositing country. Provides that the ECA Administrator shall encourage emigration from participating countries with surplus manpower to areas where such manpower can be effectively utilized. Amends the Far Eastern Economic Assistance Act of 1950 to authorize appropriation of \$100,000,000 for aid to Korea for fiscal year 1951.

Title II. CHINA AREA AID ACT OF 1950. Makes residual China-aid funds available to general areas in China not under Communistic control "in such manner...as the President may determine", with \$40,000,000 for assistance in China (including Formosa), \$8,000,000 additional for disaster relief through voluntary relief agencies, and \$6,000,000 additional for aid to Chinese students in the U. S.

Title III. UNITED NATIONS PALESTINE REFUGEE AID ACT OF 1950. Authorizes contributions by the State Department of \$27,450,000 until July 1, 1951 to the United Nations Relief and Works Agency for Palestine Refugees.

Title IV. ACT FOR INTERNATIONAL DEVELOPMENT. Authorizes appropriation for the fiscal year 1951 of \$35,000,000 for the point-4 program of technical assistance to economically underdeveloped areas of the world. Provides that the President may exercise any power or authority conferred by the title through the Secretary of State or through any other officer or employee of the Government. Provides for the appointment, with Senate confirmation, of an administrator for the program. Provides that the President shall create an advisory board to consult with those administering the program, the chairman of which shall be an officer or employee of the Government. Provides that the President may allocate to any Government agency any part of any appropriation available for carrying out the purposes of the title.

Title V authorizes appropriation for fiscal year 1951 of \$15,000,000 for U. S. contributions to U. N. for international children's welfare work.

INDEX AND SUMMARY OF HISTORY ON H. R. 7797

July 12, 1949 H. R. 5615 was introduced by Rep. Kee and was referred to the House Comm. on Foreign Affairs. Print of the bill as introduced. (Similar bill).

February 21, 1950 H. R. 7378 was introduced by Rep. Kee and was referred to the House Comm. on Foreign Affairs. Print of the bill as introduced. (Similar bill).

Hearings: House, H. R. 7378, Pt. 1.

Hearings: Senate, S. 3101.

February 22, 1950 S. 3101 was introduced by Senator Connally and was referred to the Senate Comm. on Foreign Relations. Print of the bill as introduced. (Similar bill).

March 3, 1950 Hearings: House, H. R. 7378, Pt. 2.

March 6, 1950 Print of an amendment proposed by Senator Fulbright to S. 3101.

March 22, 1950 House Committee reported H. R. 7797 without amendments, which had been introduced by Rep. Kee. House Report 1802. Print of the bill as reported.

March 23, 1950 House Rules Committee reported H. Res. 518 for the consideration of H. R. 7797. House Report 1815. Print of the Resolution.

House Comm. submitted additional reports on H. R. 7797, H. Rept. 1802, Pts. 2, 3, and 4.

March 24, 1950 House began debate on H. R. 7797. Rep. Smith criticized the point-4 program, and commented on careless spending of public money and the cost of the USDA cookbook (pp. 4108-9).

Sen. Connally from the Senate Comm. on Foreign Relations reported S. 3304. Senate Report 1371, Pts. 1 and 2.

March 27, 1950 House debate continued on H. R. 7797. Rep. Cooley criticized Vory's amendment to provide aid in the form of surplus agricultural commodities. (pp. 4214-20).

March 28, 1950 House debate continued on H. R. 7797. Rejected amendment to provide aid in the form of surplus agricultural commodities (pp. 4305-20). The Burleson amendment to make \$750,000,000 of ECA funds available for procurement of agricultural products produced in the U. S. is the pending question (pp. 4320-1).

March 29, 1950 House debate continued on H. R. 7797. Agreed to the Burleson amendment to earmark \$1 billion to purchase agricultural commodities produced in the U. S. (pp. 4376-98).

Supplemental House Report No. 1802, Pt. 5.

March 30, 1950	House debate continued on H. R. 7797.
March 31, 1950	House concluded debate and passed H. R. 7797 with amendments by a vote of 287-86. Deleted the provision to furnish surplus agricultural commodities (p. 4615).
April 3, 1950	Print of H. R. 7797 as referred to the Senate and placed on the calendar.
April 5, 1950	Print of an amendment proposed by Senator Connally to S. 3304.
April 17, 1950	Senate agreed to consider S. 3304.
April 19, 1950	Senate passed over S. 3304. Print of an amendment proposed by Sen. McCarran to S. 3304.
April 20, 1950	Senate began debate on S. 3304.
April 21, 1950	Senate debate continued.
April 24, 1950	Senate debate continued. Prints of amendments to S. 3304 by Sens. Thomas, Millikin, Kem, Taft, and McClellan.
April 25, 1950	Senate debate continued. Print of an amendment proposed by Sen. Hickenlooper.
April 26, 1950	Senate debate continued. Prints of amendments proposed by Sens. Malone and Hickenlooper.
April 27, 1950	Senate debate continued. Discussion of PMA's reply to proposal for exchange of surplus CCC commodities for Spanish strategic materials (p. 5923); inventory of CCC surplus commodities (p. 5924); and purchase of Canadian Wheat (pp. 5949-56).
April 28, 1950	Senate debate continued.
May 1, 1950	Senate debate continued. Print of an amendment proposed by Sen. Ellender.
May 2, 1950	Senate debate continued. Print of an amendment proposed by Sen. Bridges.
May 3, 1950	Senate debate continued. Print of an amendment proposed by Sen. Ives.

May 4, 1950	Senate debate continued.
	Print of an amendment proposed by Senator Wherry.
May 5, 1950	Senate concluded debate and passed S. 3304 with amendments, by a vote of 60-8. Then passed H. R. 7798 with the language of S. 3304 inserted.
	Senate conferees appointed.
	Print of H. R. 7797 with the amendments of the Senate
May 9, 1950	House conferees appointed.
May 18, 1950	Senate received the conference report. Senate Doc. 168.
May 19, 1950	House received the conference report. House Rept. 2117.
May 23, 1950	Senate debated the conference report. House agreed to Report.
May 24, 1950	Senate continued debate on the conference report.
May 25, 1950	Senate agreed to the report.
June 5, 1950	Approved. Public Law 535.
	Statement by the President on signing H. R. 7797.

81ST CONGRESS
1ST SESSION

H. R. 5615

IN THE HOUSE OF REPRESENTATIVES

JULY 12, 1949

Mr. KEE introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To promote the foreign policy of the United States and to authorize participation in a cooperative endeavor for assisting in the development of economically underdeveloped areas of the world.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "International Technical
4 Cooperation Act of 1949".

5 SEC. 2. The Congress hereby finds that the United
6 States and other nations of the world have a common interest
7 in the material progress of all peoples, both as an end in
8 itself and because such progress will further the advance of
9 human freedom, the secure growth of democratic ways of

1 life, the expansion of mutually beneficial commerce, and the
2 development of international understanding and good will.
3 The Congress further finds that the efforts of the peoples
4 living in economically underdeveloped areas of the world
5 to realize their full capabilities and to develop the resources
6 of the lands in which they live, can be furthered through
7 the cooperative endeavor of all nations to assist in such
8 development. It is, therefore, declared to be the policy of
9 the United States, in the interest of its people, as well as
10 that of other peoples, to promote the development of econom-
11 ically underdeveloped areas of the world.

12 SEC. 3. It is the objective of this Act to effectuate the
13 policy set forth in section 2 by enabling the Government
14 of the United States to participate in programs, in coopera-
15 tion with other interested governments, for the interchange
16 of technical knowledge and skills which contribute to the
17 balanced and integrated development of the economic
18 resources and productive capacities of economically under-
19 developed areas.

20 SEC. 4. In carrying out the objective of this Act—

21 (a) the participation of the United Nations, the
22 Organization of American States, and their related
23 organizations and of other international organizations
24 shall be sought wherever practicable; and

(b) the participation of private agencies and persons shall be encouraged.

SEC. 5. As used in this Act—

(a) the term “technical cooperation programs” means activities serving as a means for the international interchange of technical knowledge and skills which are designed primarily to contribute to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities may include, but need not be limited to, economic, engineering, medical, educational, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources and productive capacities of underdeveloped areas. The term “technical cooperation programs” does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor pursuant to the Philippine Rehabilitation Act of 1946 (60 Stat. 128), as amended, nor pursuant to the Foreign Assistance Act of 1948

1 (62 Stat. 137), as amended, nor activities under-
2 taken now or hereafter in the administration of areas
3 occupied by the United States armed forces;

4 (b) the term "United States Government agency"
5 means any department, agency, board, wholly or partly
6 owned corporation or instrumentality, commission, or
7 independent establishment of the United States Govern-
8 ment; and

9 (c) the term "international organization" means
10 any intergovernmental organization and subordinate
11 bodies thereof, of which the United States is a member.

12 SEC. 6. In order to carry out the objective of this Act,
13 the President is authorized to plan, undertake, administer,
14 and execute technical cooperation programs and, in so
15 doing, to—

16 (a) prescribe such rules and regulations as may be
17 necessary and proper to carry out any of the provisions
18 of this Act and to prosecute technical cooperation pro-
19 grams to completion;

20 (b) coordinate and direct existing and new techni-
21 cal cooperation programs carried on by any United
22 States Government agency;

23 (c) utilize the services and facilities of private agen-
24 cies and persons;

25 (d) make advances and grants in aid of technical

1 cooperation programs to any person, corporation, or
2 other body of persons, or to any foreign government or
3 foreign government agency or to any international
4 organization;

5 (e) make and perform contracts of agreements in
6 respect of technical cooperation programs on behalf of
7 the United States Government with any person, corpora-
8 tion, or other body of persons however designated,
9 whether within or without the United States, or with
10 any foreign government or foreign government agency
11 or with any international organization;

12 (f) enter into contracts, within the limits of ap-
13 propriations or contract authorizations hereafter made
14 available, that, subject to the action of any succeeding
15 Congress, may run for not to exceed three years in any
16 one case;

17 (g) acquire or accept in the name of the United
18 States Government by purchase, devise, bequest, gift,
19 grant, or otherwise, any money, services, and property,
20 both real and personal, as he finds to be necessary, and
21 in any manner dispose of all property so acquired except
22 property declared to be surplus. Receipts arising from
23 the disposition of property not acquired with appro-
24 priated funds, except surplus property, shall be avail-

1 able for expenditure for the purposes of this Act in the
2 country in which the property is located. Any money
3 acquired hereunder shall be received and accounted for
4 under such regulations as the Secretary of the Treasury
5 may prescribe;

6 (h) provide for printing and binding outside the
7 continental limits of the United States, without regard
8 to section 11 of the Act of March 1, 1919 (44 U. S. C.
9 111) ; and

10 (i) appoint such advisory committees as he may
11 determine to be necessary or desirable.

12 SEC. 7. The President shall terminate United States
13 support for and participation in any technical cooperation
14 program or programs whenever he determines that such
15 support and participation no longer contribute effectively
16 to the objective of this Act.

17 SEC. 8. The President may exercise any power or
18 authority conferred on him by this Act through the Secre-
19 tary of State or through any other officer or employee of
20 the United States Government.

21 SEC. 9. To further the objective of this Act, the Secre-
22 tary of State may establish an Institute of International
23 Technical Cooperation within the Department of State.

24 SEC. 10. In order to carry out the objective of this Act—
25 (a) officers, employees, agents, and attorneys may

1 be employed for duty within the continental limits of
2 the United States in accordance with the provisions of
3 the civil-service laws and the Classification Act of 1923,
4 as amended; except that the President may, by and
5 with the advice and consent of the Senate, appoint one
6 person who shall be compensated at a rate fixed by
7 the President without regard to the Classification Act
8 of 1923, as amended, but not in excess of \$16,000 per
9 annum;

10 (b) persons employed for duty outside the conti-
11 nental limits of the United States shall receive compen-
12 sation at any of the rates provided for the Foreign
13 Service Reserve and Staff by the Foreign Service Act
14 of 1946 (60 Stat. 999), together with allowances and
15 benefits established thereunder, and may be appointed
16 to any class in the Foreign Service Reserve or Staff
17 in accordance with the provisions of such Act. Alien
18 clerks and employees may be employed in accordance
19 with the provisions of such Act;

20 (c) officers and employees of the United States
21 Government may be detailed to offices or positions to
22 which no compensation is attached with any foreign
23 government or foreign government agency or with any
24 international organization: *Provided*, That while so de-
25 tailed any such person shall be considered, for the pur-

1 pose of preserving his privileges, rights, seniority, or
2 other benefits, an officer or employee of the United
3 States Government and of the United States Govern-
4 ment agency from which detailed and shall continue to
5 receive therefrom his regular compensation, which shall
6 be reimbursed to such agency from funds available under
7 this Act: *Provided further*, That such acceptance of
8 office shall in no case involve the taking of an oath of
9 allegiance to another government;

10 (d) experts and consultants or organizations thereof
11 may be employed as authorized by section 15 of the
12 Act of August 2, 1946 (5 U. S. C. 55a), and individuals
13 so employed may be compensated at a rate not in excess
14 of \$50 per diem; and

15 (e) such additional civilian personnel may be em-
16 ployed without regard to section 14 (a) of the Federal
17 Employees Pay Act of 1946 (60 Stat. 219), as
18 amended, as may be necessary to carry out the policies
19 and purposes of this Act.

20 SEC. 11. The President shall transmit to the Congress
21 an annual report of operations under this Act.

22 SEC. 12. (a) There are hereby authorized to be ap-
23 propriated such sums as may be necessary to carry out the
24 purposes of this Act. Activities provided for under this
25 Act may be prosecuted under such appropriations or under

1 authority granted in appropriation acts to enter into con-
2 tracts pending enactment of such appropriations. Unobli-
3 gated balances of such appropriations for any fiscal year
4 may, when so specified in the appropriation act concerned,
5 be carried over to any succeeding fiscal year or years. The
6 President may allocate to any United States Government
7 agency any part of any appropriation available for carrying
8 out the purposes of this Act. Such funds shall be available
9 for obligation and expenditure for the purposes of this Act
10 in accordance with authority granted hereunder or under
11 authority governing the activities of the Government agencies
12 to which such funds are allocated.

13 (b) Nothing in this Act is intended nor shall it be
14 construed as an expressed or implied commitment to pro-
15 vide any specific assistance, whether of funds, commodities,
16 or services, to any country or countries, or to any interna-
17 tional organization.

18 SEC. 13. If any provision of this Act or the application
19 of any provision to any circumstances or persons shall be
20 held invalid, the validity of the remainder of the Act and the
21 applicability of such provision to other circumstances or
22 persons shall not be affected thereby.

A BILL

To promote the foreign policy of the United States and to authorize participation in a cooperative endeavor for assisting in the development of economically underdeveloped areas of the world.

By Mr. KEE

JULY 12, 1949

Referred to the Committee on Foreign Affairs

81ST CONGRESS
2^D SESSION

H. R. 7378

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 21, 1950

Mr. KEE introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To amend the Economic Cooperation Act of 1948, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 111 of such Act is hereby amended by
4 adding at the end thereof the following new subsection:

5 “(d) The Administrator is authorized to transfer funds
6 directly to any central institution or other organization formed
7 to further the purposes of this Act by two or more participat-
8 ing countries, or to any participating country or countries in
9 connection with the operations of such institution or organ-
10 ization, to be used on terms and conditions specified by the
11 Administrator, in order to facilitate the development of trans-

1 ferability of European currencies, or to promote the liberaliza-
2 tion of trade by participating countries with one another and
3 with other countries.”

4 SEC. 2. (a) Section 114 (c) of such Act is hereby
5 amended in the following particulars:

6 (1) By striking out the period at the end of the first
7 sentence and inserting in lieu thereof a colon and the follow-
8 ing: *Provided further*, That, in addition to the amount
9 heretofore authorized and appropriated, there are hereby
10 authorized to be appropriated for carrying out the provisions
11 and accomplishing the purposes of this title not to exceed
12 \$2,950,000,000 for the fiscal year ending June 30, 1951:
13 *Provided further*, That, in addition to the foregoing, any
14 balance unobligated as of June 30, 1950, or subsequently
15 released from obligation, of funds appropriated for carrying
16 out and accomplishing the purposes of this title for any
17 period ending on or prior to that date is hereby authorized
18 to be made available for obligation through the fiscal year
19 ending June 30, 1951, and to be transferred to and con-
20 solidated with any appropriations for carrying out and
21 accomplishing the purposes of this title for said fiscal year.”

22 (2) By amending the last sentence of such section 114
23 (c) to read as follows: “The authorizations in this title are
24 limited to the period ending June 30, 1951, in order that
25 the Congress may pass on any subsequent authorizations.”

1 (b) Section 114 of such Act is hereby further amended
2 by adding at the end thereof the following new subsection:

3 “(h) Of the amounts authorized to be appropriated for
4 carrying out the provisions and accomplishing the purposes
5 of this title and allocated for assistance to Germany the Pres-
6 ident may transfer such amounts as he deems appropriate
7 to any department or agency which may be used without
8 regard to other provisions of this title as the President may
9 specify, for expenses not otherwise provided for, necessary to
10 enable the President to meet the responsibilities and obliga-
11 tions of the United States in connection with the rehabilita-
12 tion of occupied areas of Germany, including such minimum
13 supplies for the civilian population of such areas as may be
14 essential to prevent starvation, disease, or unrest prejudicial
15 to the objectives sought to be accomplished, and the cost
16 of such supplies, commodities, equipment, and services as
17 may be essential to carry out the purposes of this subsection:
18 *Provided*, That any such funds which are so transferred may
19 be expended either under the authority contained in this
20 subsection or under any provisions of law applicable to the
21 department or agency to which so transferred and not incon-
22 sistent herewith: *Provided further*, That such part, as may
23 be agreed upon by the Secretary of State and the Adminis-
24 trator for Economic Cooperation, of the local currency de-
25 posited or to be deposited by Germany under the bilateral

1 agreement entered into by the Government of the United
2 States and the Government of the Federal Republic of Ger-
3 many on the 15th day of December 1949, or any supple-
4 mentary or succeeding agreement which shall not substan-
5 tially alter the basic obligations of either party in this respect,
6 shall be deposited into the GARIOA Special Account under
7 the terms and conditions contained in article V of the afore-
8 mentioned bilateral agreement, and shall be available without
9 reimbursement from any appropriation to the Department of
10 State in such quantities and under such terms and conditions
11 as may be determined by the Secretary of State after con-
12 sultation with the Administrator for Economic Cooperation,
13 for carrying out the responsibilities of the United States in
14 the occupation of Germany, including any contingencies
15 which may arise in connection therewith.”

16 SEC. 3. Section 115 of such Act is hereby further
17 amended by adding a new subsection as follows:

18 “(j) The Administrator shall utilize such amounts of
19 the local currency allocated pursuant to subsection (h) as
20 may be necessary, to give full and continuous publicity
21 through the press, radio, and all other available media, so as
22 to inform the peoples of the participating countries regarding
23 the assistance, including its purpose, source, and character,
24 furnished by the American taxpayer.”

81ST CONGRESS
2^D SESSION

H. R. 7378

A BILL

To amend the Economic Cooperation Act of
1948, as amended.

By Mr. KEE

FEBRUARY 21, 1950

Referred to the Committee on Foreign Affairs



81ST CONGRESS
2D SESSION

S. 3101

IN THE SENATE OF THE UNITED STATES

FEBRUARY 22, 1950

Mr. CONNALLY introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To amend the Economic Cooperation Act of 1948, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, section 111 of such Act is hereby amended by adding
4 at the end thereof the following new subsection:

5 “(d) The Administrator is authorized to transfer funds
6 directly to any central institution or other organization
7 formed to further the purposes of this Act by two or more
8 participating countries, or to any participating country or
9 countries in connection with the operations of such institution
10 or organization, to be used on terms and conditions specified
11 by the Administrator, in order to facilitate the development

1 of transferability of European currencies, or to promote the
2 liberalization of trade by participating countries with one
3 another and with other countries.”

4 SEC. 2. (a) Section 114 (c) of such Act is hereby
5 amended in the following particulars:

6 (1) By striking out the period at the end of the first
7 sentence and inserting in lieu thereof a colon and the fol-
8 lowing: “*Provided further*, That, in addition to the amount
9 heretofore authorized and appropriated, there are hereby
10 authorized to be appropriated for carrying out the provisions
11 and accomplishing the purposes of this title not to exceed
12 \$2,950,000,000 for the fiscal year ending June 30, 1951:
13 *And provided further*, That, in addition to the foregoing,
14 any balance unobligated as of June 30, 1950, or subsequently
15 released from obligation, of funds appropriated for carrying
16 out and accomplishing the purposes of this title for any
17 period ending on or prior to that date is hereby authorized
18 to be made available for obligation through the fiscal year
19 ending June 30, 1951, and to be transferred to and con-
20 solidated with any appropriations for carrying out and ac-
21 complishing the purposes of this title for said fiscal year.”

22 (2) By amending the last sentence of such section 114
23 (c) to read as follows: “The authorizations in this title are
24 limited to the period ending June 30, 1951, in order that
25 the Congress may pass on any subsequent authorizations.”

1 (b) Section 114 of such Act is hereby further amended
2 by adding at the end thereof the following new subsection:

3 “(h) Of the amounts authorized to be appropriated for
4 carrying out the provisions and accomplishing the purposes
5 of this title and allocated for assistance to Germany the
6 President may transfer such amounts as he deems appro-
7 priate to any department or agency which may be used
8 without regard to other provisions of this title as the Presi-
9 dent may specify, for expenses not otherwise provided for,
10 necessary to enable the President to meet the responsibilities
11 and obligations of the United States in connection with the
12 rehabilitation of occupied areas of Germany, including such
13 minimum supplies for the civilian population of such areas
14 as may be essential to prevent starvation, disease, or unrest
15 prejudicial to the objectives sought to be accomplished, and
16 the cost of such supplies, commodities, equipment, and serv-
17 ices as may be essential to carry out the purposes of this
18 subsection: *Provided*, That any such funds which are so
19 transferred may be expended either under the authority con-
20 tained in this subsection or under any provisions of law
21 applicable to the department or agency to which so trans-
22 ferred and not inconsistent herewith: *Provided further*, That
23 such part, as may be agreed upon by the Secretary of State
24 and the Administrator for Economic Cooperation, of the
25 local currency deposited or to be deposited by Germany

1 under the bilateral agreement entered into by the Govern-
2 ment of the United States and the Government of the Federal
3 Republic of Germany on the 15th day of December 1949,
4 or any supplementary or succeeding agreement which shall
5 not substantially alter the basic obligations of either party
6 in this respect, shall be deposited into the GARIOA Special
7 Account under the terms and conditions contained in article
8 V of the afore-mentioned bilateral agreement, and shall be
9 available without reimbursement from any appropriation
10 to the Department of State in such quantities and under such
11 terms and conditions as may be determined by the Secretary
12 of State after consultation with the Administrator for Eco-
13 nomic Cooperation, for carrying out the responsibilities of
14 the United States in the occupation of Germany, including
15 any contingencies which may arise in connection therewith.”

16 SEC. 3. Section 115 of such Act is hereby further
17 amended by adding a new subsection as follows:

18 “(j) The Administrator shall utilize such amounts of
19 the local currency allocated pursuant to subsection (h) as
20 may be necessary, to give full and continuous publicity
21 through the press, radio, and all other available media, so
22 as to inform the peoples of the participating countries regard-
23 ing the assistance, including its purpose, source, and char-
24 acter, furnished by the American taxpayer.”



81ST CONGRESS
2^D SESSION

S. 3101

A BILL

To amend the Economic Cooperation Act of
1948, as amended.

By Mr. CONNALLY

FEBRUARY 22, 1950

Read twice and referred to the Committee on
Foreign Relations

81ST CONGRESS
2^D SESSION

S. 3101

IN THE SENATE OF THE UNITED STATES

MARCH 6 (legislative day, FEBRUARY 22), 1950

Referred to the Committee on Foreign Relations and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT to the bill
(S. 3101) to amend the Economic Cooperation Act of
1948, as amended, viz:

1 On page 4, between lines 15 and 16, insert a new section
2 as follows:

3 SEC. 3. Paragraph (6) of section 115 (b) of such Act
4 is amended by inserting "(i)" after the paragraph number,
5 and by adding at the end of such paragraph a new sub-
6 paragraph as follows:

7 “(ii) With respect to commodities or services furnished
8 to any participating country out of funds appropriated for
9 fiscal years beginning July 1, 1950, and thereafter, not less
10 than 50 per centum of the currency deposited in such special

1 account shall be held or used within such country only for
2 such purposes set out in section 111 (d) (facilitating the
3 development of transferability of European currencies or
4 promoting the liberalization of trade by participating coun-
5 tries with one another and with other countries), or other-
6 wise consistent with the declaration of policy contained in
7 section 102 of this Act, as may be agreed to by such country,
8 by the Administrator, and, if the Administrator so desig-
9 nates, by any central institution or other organization formed
10 to further the purposes of this Act by two or more par-
11 ticipating countries.”

12 On page 4, line 16, strike out “SEC. 3.” and insert in
13 lieu thereof “SEC. 4.”.

81ST CONGRESS
2^D SESSION

S. 3101

AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT to
the bill (S. 3101) to amend the Economic
Cooperation Act of 1948, as amended.

MARCH 6 (legislative day, FEBRUARY 22), 1950
Referred to the Committee on Foreign Relations, and
ordered to be printed

FOREIGN ECONOMIC ASSISTANCE

MARCH 22, 1950.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. KEE, from the Committee on Foreign Affairs, submitted the following

REPORT

[To accompany H. R. 7797]

The Committee on Foreign Affairs, to whom was referred the bill (H. R. 7797) to provide foreign economic assistance, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

THE CONTENT OF THE BILL

The content of the bill was developed by the committee over a long period beginning in the first session. It brings within the compass of one piece of legislation all authorizations for economic assistance for other areas contemplated for the fiscal year 1951.

The first title of the bill embodies the Economic Cooperation Act of 1950 and relates to programs administered by the Economic Cooperation Administration.

The principal one of these is the European recovery program. This is dealt with in section 102 of the bill. The amount authorized for the next fiscal year is \$1,950,000,000. The use of an unused balance from previous appropriations would also be authorized. This balance is expected to amount to approximately \$149,000,000. The bill would also authorize use in the European recovery program of \$1,000,000,000 worth of surplus agricultural commodities to be acquired from the Commodity Credit Corporation.

The second of these is a program for economic assistance to non-Communist areas of China and in other countries in the general area of China, including a continued and expanded program for assisting selected expatriate Chinese, principally students, who are in a necessitous position because of the Communist domination of the Chinese mainland. These items are dealt with in section 103 of the bill.

They would involve no additional appropriations—only a continued authorization to use money already appropriated.

The third of these is the program for economic assistance to the Republic of Korea. This is dealt with in section 104 of the bill. The figure of this authorization for the fiscal year 1951 is \$100,000,000.

Section 104 restates the policy of seeking a joint organization of the free countries and free peoples of the Far East to protect their security and independence.

Title II of the bill embodies the United Nations Palestine Refugee Aid Act of 1950. This would permit a contribution to a United Nations program of work relief for Palestinian Arabs who are refugees as a result of hostilities between Israel and surrounding Arab countries. The relevant authorization is \$27,450,000.

Title III of the bill embodies the act for international development. This relates to what is generally known as the Point IV program of technical assistance to underdeveloped areas. The relevant authorization for the fiscal year 1951 is for \$45,000,000, including \$10,000,000 already authorized for technical assistance programs already being carried on.

The contents of the various titles will be covered in detail in supplemental reports by this committee.

COMPLIANCE OF REPORT WITH THE RAMSEYER RULE

The bill would amend Public Law 472, Eightieth Congress, as amended, and Public Law 447, Eighty-first Congress. In accordance with clause 2a of rule XIII of the Rules of the House of Representatives, the portions of Public Law 472, as amended, and of Public Law 447, are shown as amended by the bill, the repealed wording being shown by inclusion within heavy brackets and the new language shown in italics.

Section 102 of Public Law 472, Eightieth Congress, as amended, with changes proposed by subsections (a) and (b) of section 102 of the bill:

SEC. 102. (a) Recognizing the intimate economic and other relationships between the United States and the nations of Europe, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance. The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal [trade] barriers *to trade or to the free movement of persons*, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through their joint organization to exert sustained common efforts to achieve speedily that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to encourage the *economic*

unification and political federation of Europe, and to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

(b) It is the purpose of this title to effectuate the policy set forth in subsection (a) of this section by furnishing material and financial assistance to the participating countries in such a manner as to aid them, through their own individual and concerted efforts, to become independent of extraordinary outside economic assistance within the period of operations under this title, by—

(1) promoting industrial and agricultural ~~production~~ *production, increased productivity, maximum employment, and freedom from restrictive business practices* in the participating countries;

(2) furthering the restoration or maintenance of the soundness of European currencies, budgets, and finances; and

(3) facilitating and stimulating the growth of international trade of participating countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade.

Section 111 of Public Law 472, Eightieth Congress, as amended, with changes proposed in section 102 of the bill:

SEC. 111. (a) The Administrator may, from time to time, furnish assistance to any participating country by providing for the performance of any of the functions set forth in paragraphs (1) through (5) of this subsection when he deems it to be in furtherance of the purposes of this title, and upon the terms and conditions set forth in this title and such additional terms and conditions consistent with the provisions of this title as he may determine to be necessary and proper.

(1) Procurement from any source, including Government stocks on the same basis as procurement by Government agencies under Public Law 375 (Seventy-ninth Congress) for their own use, of any commodity which he determines to be required for the furtherance of the purposes of this title. As used in this title, the term "commodity" means any commodity, material, article, supply, or goods necessary for the purposes of this title.

(2) Processing, storing, transporting, and repairing any commodities, or performing any other services with respect to a participating country which he determines to be required for accomplishing the purposes of this title. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, as far as is practicable, that at least 50 per centum of the gross tonnage of commodities procured out of funds made available under this title and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services, is so transported on United States flag vessels to the extent such vessels are available at market rates for United States flag vessels; and, in the administration of this provision, the Administrator shall, insofar as practicable and consistent with the purposes of this title, endeavor to secure a fair and reasonable participation by United States flag vessels in cargoes by geographic area.

(3) Procurement of and furnishing technical information and assistance.

(4) Transfer of any commodity or service, which transfer shall be signified by delivery of the custody and right of possession and use of such commodity, or otherwise making available any such commodity, or by rendering a service to a participating country or to any agency or organization representing a participating country.

(5) The allocation of commodities or services to specific projects designed to carry out the purposes of this title, which have been submitted to the Administrator by participating countries and have been approved by him.

(b) In order to facilitate and maximize the use of private channels of trade, subject to adequate safeguards to assure that all expenditures in connection with such procurement are within approved programs in accordance with terms and conditions established by the Administrator, he may provide for the performance of any of the functions described in subsection (a) of this section—

(1) by establishing accounts against which, under regulations prescribed by the Administrator—

(i) letters of commitment may be issued in connection with supply programs approved by the Administrator (and such letters of commitment, when issued, shall constitute obligations of the United States and moneys due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940 and shall constitute obligations of applicable appropriations); and

(ii) withdrawals may be made by participating countries, or agencies or organizations representing participating countries or by other persons or organizations, upon presentation of contracts, invoices, or other documentation specified by the Administrator under arrangements prescribed by the Administrator to assure the use of such withdrawals for purposes approved by the Administrator.

Such accounts may be established on the books of the Administration, or any other department, agency, or establishment of the Government specified by the Administrator, or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States under authority of this section may be accounted for exclusively on such certification as the Administrator may prescribe in regulations promulgated by him with the approval of the Comptroller General of the United States to assure expenditure in furtherance of the purposes of this title.

(2) by utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment, or, in the President's discretion, by acting in cooperation with the United Nations or with other international organizations or with agencies of the participating countries, and funds allocated pursuant to this section to any department, agency, or establishment of the Government shall be established in separate appropriation accounts on the books of the Treasury.

(3) by making, under rules and regulations to be prescribed by the Administrator, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, approved by the Administrator and the participating country concerned as furthering the purposes of this title (including guaranties of investments in enterprises producing or distributing informational media consistent with the national interests of the United States: *Provided*, That the amount of such guaranties made in any fiscal year does not exceed \$10,000,000), which guaranties shall terminate not later than fourteen years from the date of enactment of this Act: *Provided*, That—

(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator plus actual earnings or profits on said project to the extent provided by such guaranty;

(ii) the Administrator may charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and

(iii) as used in this paragraph, the term "person" means a citizen of the United States or any corporation, partnership, or other association, created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States;

(iv) as used in this paragraph, the term "investment" [includes the furnishing of capital goods items and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950; and] means any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country and approved by the Administrator as in furtherance of the purposes of this

Act, the purchase of a share of ownership in any such enterprise, or participation in royalties, earnings, or profits of any such enterprise; and

(v) the guaranty to any person shall be limited to assuring [the transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof.] the following: (1) The transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of one or more of the following causes: (a) Seizure, confiscation, or destruction by any government; (b) destruction by revolution or war; (c) any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency or credits on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith.

[The total amount of the guaranties made under this paragraph (3) shall not exceed \$150,000,000: *Provided*,] *It being the intent of the Congress that the guaranty herein authorized should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this Act, the Administrator is authorized to issue guaranties up to a total of \$300,000,000: Provided, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding. Any payments made to discharge liabilities under guaranties issued under paragraph (3) of this subsection shall be paid out of fees collected under subparagraph (ii) of paragraph (3) of this subsection as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which shall be issued under authority of paragraph (2) of subsection (c) of this section when necessary to discharge liabilities under any such guaranty.*

(c) (1) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in subsections (a) and (b), respectively, of this section, through grants or upon payment in cash, or on credit terms, or on such other terms of payment as he may find appropriate, including payment by the transfer to the United States (under such terms and in such quantities as may be agreed to between the Administrator and the participating country) of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. In determining whether such assistance shall be through grants or upon terms of payment, and in determining the terms of payment, he shall act in consultation with the National Advisory Council on International Monetary and Financial Problems, and the determination whether or not a participating country should be required to make payment for any assistance furnished to such country in furtherance of the purposes of this title, and the terms of such payment, if required, shall depend upon the character and purpose of the assistance and upon whether there is reasonable assurance of repayment considering the capacity of such country to make such payments without jeopardizing the accomplishment of the purposes of this title.

(2) When it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Administrator is authorized to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$1,000,000,000 (i) for the purpose of allocating funds to the Export-

Import Bank of Washington under this paragraph during the period of one year following the date of enactment of this Act and (ii) for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section until all liabilities arising under guaranties made pursuant to such paragraph (3) have expired or have been discharged. In addition to the amount of notes above authorized, the Administrator is authorized, for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section, to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate **[\$150,000,000]** **\$300,000,000** less any amount allocated prior to April 3, 1949, for such purpose, until all liabilities arising under guaranties made pursuant to this authorization have expired or been discharged. The notes hereinabove authorized shall be redeemable at the option of the Administrator before maturity in such manner as may be stipulated in such notes and shall have such maturity as may be determined by the Administrator with the approval of the Secretary of the Treasury. Each such note shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the note. Payment under this paragraph of the purchase price of such notes and repayments thereof by the Administrator shall be treated as public-debt transactions of the United States. In allocating funds to the Export-Import Bank of Washington for assistance on credit terms under this paragraph, the Administrator shall first utilize such funds realized from the sale of notes authorized by this paragraph as he determines to be available for this purpose, and when such funds are exhausted, or after the end of one year from the date of enactment of this Act, whichever is earlier, he shall utilize any funds appropriated under this title. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any credits made under this paragraph shall be deposited into miscellaneous receipts of the Treasury: *Provided*, That, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes authorized under this paragraph shall be deposited into the Treasury for the purpose of the retirement of such notes.

(d) (1) *The Administrator is authorized to transfer funds directly to any central institution or other organization formed to further the purposes of this Act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the Administrator and designed to promote multilateral intra-European trade, to facilitate the transferability of European currencies, and progressively to eliminate the existing systems of bilateral trade, and to liberalize trade among participating countries and between them and other countries.*

(2) *The Administrator shall apply the terms set forth in paragraph (1), of subsection (c) of section 111, and paragraph (6) of subsection (b) of section 115 with respect to funds transferred under paragraph (1) above to the extent that such funds are not made repayable to any central institution or other organization described in paragraph (1) above. With respect to such funds transferred under paragraph (1) above as may be repayable to such institution or organization the Administrator may establish such other terms and conditions as he may find appropriate in the circumstances after consultation with the National Advisory Council on International Monetary and Financial Problems.*

Section 112 of Public Law 472, Eightieth Congress, as amended, with changes proposed by subsection (c) of section 102 of the bill:

SEC. 112. (a) The Administrator shall provide for the procurement in the United States of commodities under this title in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfillment of vital needs of the people of the United States.

[(b) The procurement of petroleum and petroleum products under this title shall, to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this title, the Administrator shall take fully into account the present and anticipated

world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.]

[(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds necessary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour procured in the United States for transfer by grant to such countries under this title shall not be less than 12½ per centum of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title.]

(d) The term "surplus agricultural commodity" as used in this section is defined as any agricultural commodity, or product thereof, or class, type, or specification thereof, produced in the United [States] States, heretofore or hereafter acquired by the Commodity Credit Corporation in the administration of its price support programs or which is determined by the Secretary of Agriculture to be in excess of domestic requirements. [In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following:] *Whenever the Administrator determines that any such agricultural commodity is required by participating countries, procurement during the fiscal year 1951 for transfer to participating countries shall be in accordance with the following:*

(1) *Notwithstanding the provisions of any other law, such commodities heretofore or hereafter acquired by the Commodity Credit Corporation shall be made available by the Commodity Credit Corporation at such time and place as shall be designated by the Administrator without reimbursement from any appropriation for transfer to participating countries in an amount not to exceed \$1,000,000,000 in value calculated on the actual gross cost to the Commodity Credit Corporation as determined by the Secretary of Agriculture at the time and place of delivery of such commodities; but in no event shall such cost be higher than the domestic market price at the time and place of delivery as determined by the Secretary of Agriculture: Provided, That where commodities are furnished in accordance with the terms of an international commodity agreement, the cost of such commodities shall be that provided in such agreements.*

[(1)] (2) The Administrator shall authorize the procurement of any such surplus agricultural commodity as defined herein only within the United [States: *Provided,*] States and then only when the commodity required is not available under the provisions of paragraph (1) above: *Provided, That this restriction shall not be applicable (i) to any agricultural commodity, or product thereof, located in one participating country, and intended for transfer to another participating country, if the Administrator, in consultation with the Secretary of Agriculture, determines that such procurement and transfer is in furtherance of the purposes of this title, and would not create a burdensome surplus in the United States or seriously prejudice the position of domestic producers of such surplus agricultural commodities, or (ii) if, and to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the participating countries under this [title.] title: "Provided further, That wherever wheat or wheat flour is procured under this title for transfer to countries which are parties to the International Wheat Agreement of 1949 and credited to their guaranteed purchases thereunder, the President, acting through the Commodity Credit Corporation, is authorized to make available or cause to be made available such wheat or wheat flour at the applicable price provided in that Agreement."*

[(2)] (3) In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, provide for the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements.

[(e) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-support programs, is available for use in furnishing assistance to foreign countries, he shall so advise

all departments, agencies, and establishments of the Government administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sales price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural commodity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture, and the Secretary of Agriculture may pay not to exceed 50 per centum of such sales price as authorized by subsection (f) of this section.】

【(f)】(c) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization of surplus agricultural commodities pursuant to this or any other Act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 per centum of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus agricultural commodities. The rescission of the remainder of section 32 funds by the Act of July 30, 1947 (Public Law 266, Eightieth Congress), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 【1948.】 1948: *Provided, however, That the authority to make payments under this subsection shall not be applicable to transfers of commodities in accordance with the provision of subsection (b) (1) above.*

【(g)】(d) No export shall be authorized pursuant to authority conferred by the Export Control Act of 1949 of any commodity from the United States to any country wholly or partly in Europe which is not a participating country, if the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by the Export Control Act of 1949 determines that the supply of such commodity is insufficient (or would be insufficient if such export were permitted) to fulfill the requirements of participating countries under this title as determined by the Administrator: *Provided, however, That such export may be authorized of such department, agency, or officer determines that such export is otherwise in the national interest of the United States.*

【(h)】(e) In providing for the performance of any of the functions described in subsection (a) of section 111, the Administrator shall, to the maximum extent consistent with the accomplishment of the purposes of this title, utilize private channels of trade.

【(i)】(f) (1) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this title, the Administrator shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under this title by making available or causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with funds authorized under this title, and by making available or causing to be made available to prospective purchasers in the participating countries information as to commodities and services produced by small independent enterprises in the United States, and by otherwise helping to give small business an opportunity to participate in the furnishing of commodities and services financed with funds authorized under this title.

(2) The Administrator shall appoint a special assistant to advise and assist him in carrying out the foregoing paragraph (1). Each report transmitted to the Congress under section 123 shall include a report of all activities under this subsection.

【(j)】(g) The Administrator shall, in providing assistance in the procurement of commodities in the United States, make available United States dollars for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II.

[(k)] (h) No funds authorized for the purposes of this title shall be used in the United States for advertising foreign products or for advertising foreign travel.

[(l)] (i) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities [(other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price-support programs required by law)] at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

Subsection (a) of section 113 of Public Law 472, Eightieth Congress, as amended, with changes proposed in subsection (d) of section 102 of the bill:

SEC. 113. (a) [The] *Except as provided in subsection (b) of section 112, the Administrator shall make reimbursement or payment, out of funds available for the purposes of this title, for any commodity, service, or facility procured under section 111 of this title from any department, agency, or establishment of the Government. Such reimbursement or payment shall be made to the owning or disposal agency, as the case may be, at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to between the Administrator and such agency. The amount of any reimbursement or payment to an owning agency for commodities, services, or facilities so procured shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities or such services or facilities: Provided, That such commodities, services, or facilities may be procured from an owning agency only with the consent of such agency: And provided further, That where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that replacement of any commodity procured under authority of this section is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.*

Section 114 of Public Law 472, Eightieth Congress, as amended, with changes proposed by subsection (e) of section 102 of the bill:

SEC. 114. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (c) of this section, to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.

(b) Such part as the President may determine of the unobligated and unexpended balances of appropriations or other funds available for the purposes of the Foreign Aid Act of 1947 shall be available for the purpose of carrying out the purposes of this title.

(c) In order to carry out the provisions of this title with respect to those participating countries which adhere to the purposes of this title, and remain eligible to receive assistance hereunder, such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952, to carry out the provisions and accomplish the purposes of this title: *Provided, however, That for carrying out the provisions and accomplishing the purposes of this title for the period of one year following the date of enactment of this Act, there are hereby authorized to be so appropriated not to exceed \$4,300,000,000: Provided further, That, in addition to the amount heretofore authorized and appropriated, there are hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$1,150,000,000 for the period April 3, 1949, through June 30, 1949, and not to exceed \$4,280,000,000 for the fiscal year ending June 30, 1950: Provided further, That, in addition to the foregoing, any balance, unobligated as of June 30, 1949, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1950, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title*

for said fiscal [year.] year: *Provided further, That, in addition to the amount heretofore authorized and appropriated, there is hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$1,950,000,000 for the fiscal year ending June 30, 1951, of which sum \$600,000,000 shall be available only for the purposes set forth in subsection (d) of section 111; Provided further, That, in addition to the foregoing, any balance unobligated as of June 30, 1950, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1951, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year.* Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries. The authorizations in this title are limited to the period ending June 30, [1950] 1951, in order that the Congress may pass on any subsequent authorizations.

(d) Funds made available for the purposes of this title shall be available for incurring and defraying all necessary expenses incident to carrying out the provisions of this title, including administrative expenses and expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this title, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds, as the Administrator shall specify in the interest of the accomplishment of the purposes of this title.

(e) The unencumbered portions of any deposits which may have been made by any participating country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress) may be merged with the deposits to be made by such participating country in accordance with section 115 (b) (6) of this title, and shall be held or used under the same terms and conditions as are provided in section 115 (b) (6) of this title.

(f) In order to reserve some part of the surplus of the fiscal year 1948 for payments thereafter to be made under this title, there is hereby created on the books of the Treasury of the United States a trust fund to be known as the Foreign Economic Cooperation Trust Fund. Notwithstanding any other provision of law, an amount of \$3,000,000,000, out of sums appropriated pursuant to the authorization contained in this title shall, when appropriated, be transferred immediately to the trust fund, and shall thereupon be considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures. The Secretary of the Treasury shall be the sole trustee of the trust fund and is authorized and directed to pay out of the fund such amounts as the Administrator shall duly requisition. The first expenditures made out of the appropriations authorized under this title in the fiscal year 1949 shall be made with funds requisitioned by the Administrator out of the trust fund until the fund is exhausted, at which time such fund shall cease to exist. The provisions of this subsection shall not be construed as affecting the application of any provision of law which would otherwise govern the obligation of funds so appropriated or the auditing or submission of accounts of transactions with respect to such funds.

(g) Notwithstanding the provisions of any other law, until such time as an appropriation additional to that made by title I of the Foreign Aid Appropriation Act, 1949 (Public Law 793, Eightieth Congress), shall be made pursuant to subsection (c) of this section, the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner at such times, and in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.

(h) *The President is authorized to transfer to any department or agency any portion of the funds allocated for assistance to Germany from appropriations authorized by subsection (c). This portion may be used for expenses, not otherwise provided for, necessary to meet responsibilities of the United States related to the rehabilitation of*

occupied areas of Germany, including the furnishing of minimum civilian supplies to prevent starvation, disease, and unrest prejudicial to the objectives of the occupation. This portion may be expended under authority of this subsection or any provisions of law, not inconsistent herewith, applicable to such department or agency and without regard to such provisions of this title as the President may specify as inapplicable.

(i) As agreed upon by the Secretary of State and the Administrator, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany, or any supplementary or succeeding agreement, shall be deposited into the GARIOA (Government and Relief in Occupied Areas) special account under the terms of article V of the said bilateral agreement. In quantities and under conditions determined by the Secretary of State after consultation with the Administrator, the currency so deposited shall be available for meeting the responsibilities of the United States in the occupation of Germany.

Section 115, Public Law 472, Eightieth Congress, as amended, with changes proposed in subsection (b) of section 102 of the bill:

SEC. 115. (a) The Secretary of State, after consultation with the Administrator, is authorized to conclude, with individual participating countries or any number of such countries or with an organization representing any such countries, agreements in furtherance of the purposes of this title. The Secretary of State, before an Administrator or Deputy Administrator shall have qualified and taken office, is authorized to negotiate and conclude such temporary agreements in implementation of subsection (b) of this section as he may deem necessary in furtherance of the purposes of this title: *Provided*, That when an Administrator or Deputy Administrator shall have qualified and taken office, the Secretary of State shall conclude the basic agreements required by subsection (b) of this section only after consultation with the Administrator or Deputy Administrator, as the case may be.

(b) The provision of assistance under this title results from the multilateral pledges of the participating countries to use all their efforts to accomplish a joint recovery program based upon self-help and mutual cooperation as embodied in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, and is contingent upon continuous effort of the participating countries to accomplish a joint recovery program through multilateral undertakings and the establishment of a continuing organization for this purpose. In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

(1) promoting industrial and agricultural production in order to enable the participating country to become independent of extraordinary outside economic assistance; and submitting for the approval of the Administrator, upon his request and whenever he deems it in furtherance of the purposes of this title, specific projects proposed by such country to be undertaken in substantial part with assistance furnished under this title, which projects, whenever practicable, shall include projects for increased production of coal, steel, transportation facilities, and food;

(2) taking financial and monetary measures necessary to stabilize its currency, establish or maintain a valid rate of exchange, to balance its governmental budget as soon as practicable, and generally to restore or maintain confidence in its monetary system;

(3) cooperating with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and cooperating to reduce barriers to trade among themselves and with other countries;

(4) making efficient and practical use, within the framework of a joint program for European recovery, of the resources of such participating country, including any commodities, facilities, or services furnished under this title, which use shall include, to the extent practicable, taking measures to locate and identify and put into appropriate use, in furtherance of such program, assets, and earnings therefrom, which belong to the citizens of such country and which are situated within the United States, its Territories and possessions;

(5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling or other purposes, for such period of time as may

be agreed to and upon reasonable terms and in reasonable quantities, of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country;

(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis: *Provided*, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market **[rates. Such] rates: Provided further, That such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be used in furtherance of any central institution or other organization formed by two or more participating countries to further the purposes set forth in paragraph (1) of subsection (d), of section III, or otherwise shall be held or used within such country [for such purposes as may be agreed to between such country and the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems, and the Public Advisory Board provided for in section 107 (a)] for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the declaration of policy contained in section 102 and the purposes of this title, including local currency administrative expenditures of the United States incident to operations under this [title, and under agreement that] title: *Provided further, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in subsection (c) of section 107: And provided further, That any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States;***

(7) publishing in such country and transmitting to the United States, not less frequently than every calendar quarter after the date of the agreement, full statements of operations under the agreement, including a report of the use of funds, commodities, and services received under this title;

(8) furnishing promptly, upon request of the United States, any relevant information which would be of assistance to the United States in determining the nature and scope of operations and the use of assistance provided under this title;

(9) recognizing the principle of equity in respect to the drain upon the natural resources of the United States and of the recipient countries, by agreeing to negotiate (a) a future schedule of minimum availabilities to the United States for future purchase and delivery of a fair share of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources at world market prices so as to protect the access of United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from the participating countries, and (b) suitable protection for the right of access for any person as defined in paragraph (iii) of subparagraph (3) of section 111 (b) in the development of such materials on terms of treatment equivalent to those afforded to the nationals of the country concerned, and (c) an agreed schedule of increased production of such materials where practicable in such participating countries and for delivery of an agreed percentage of such increased production to be transferred to the United States on a long-term basis in consideration of assistance furnished by the Administrator to such countries under this title; and

(10) submitting for the decision of the International Court of Justice or of any arbitral tribunal mutually agreed upon any case espoused by the United States Government involving compensation of a national of the United States for governmental measures affecting his property rights, including contracts with or concessions from such country.

(c) Notwithstanding the provisions of subsection (b) of this section, the Administrator, during the three months after the date of enactment of this Act, may perform with respect to any participating country any of the functions authorized under this title which he may determine to be essential in furtherance of the purposes of this title, if (1) such country has signified its adherence to the purposes of this title and its intention to conclude an agreement pursuant to subsection (b) of this section, and (2) he finds that such country is complying with the applicable provisions of subsection (b) of this section: *Provided*, That, notwithstanding the provisions of this subsection, the Administrator may, through June 30, 1948, provide for the transfer of food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed to any country of Europe which participated in the Committee of European Economic Cooperation and which undertook pledges to the other participants therein, when the Administrator determines that the transfer of any such supplies to any such country is essential in order to make it possible to carry out the purposes of this title by alleviating conditions of hunger and cold and by preventing serious economic retrogression.

(d) The Administrator shall encourage each participating country to insure, by an effective follow-up system, that efficient use is made of the commodities, facilities, and services furnished under this title. In order further to insure that each participating country makes efficient use of such commodities, facilities, and services, and of its own resources, the Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to observe and review the operation of such follow-up systems.

(e) The Administrator shall encourage arrangements among the participating countries in conjunction with the International Refugee Organization looking toward the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this title. *The Administrator shall also encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized.*

(f) The Administrator will request the Secretary of State to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program.

(g) It is the understanding of the Congress that, in accordance with agreements now in effect, prisoners of war remaining in participating countries shall, if they so freely elect, be repatriated prior to January 1, 1949.

(h) Not less than 5 per centum of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

(i) (1) The Administrator shall, to the greatest extent practicable, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources; and in furtherance of those objectives the Administrator shall, in addition to the local currency allocated pursuant to subsection (h), use such other means available to him under this title as he may deem appropriate.

(2) In furtherance of such objectives and within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials, the Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States for the account of such Bureau for the purchase of strategic and critical materials in any participating country. Such contracts may provide for deliveries over definite periods, but not to exceed twenty years in any contract, and may provide for payments in advance of deliveries.

(3) Nothing in this subsection shall be deemed to restrict or limit in any manner the authority now held by any agency of the United States Government in pro-

curing or stimulating increased production of the materials referred to in paragraphs (1) and (2) in countries other than participating countries.

(j) *The Administrator shall utilize such amounts of the local currency allocated pursuant to subsection (h) as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer.*

Public Law 447, Eighty-first Congress, with changes proposed in section 104 of the bill:

That this Act be cited as the "Far Eastern Economic Assistance Act of 1950".

SEC. 2. To enable the President until June 30, 1950, to obligate funds heretofore appropriated for assistance in certain areas of China, section 12 of Public Law 47, Eighty-first Congress, is amended by striking out "February 15, 1950" and inserting in lieu thereof "June 30, 1950".

SEC. 3. (a) The Administrator for Economic Cooperation is hereby authorized to furnish assistance to the Republic of Korea in conformity with—

(1) the provisions of the Economic Cooperation Act of 1948, as amended, wherever such provisions are applicable and not inconsistent with the intent and purposes of this section 3; and

(2) the agreement on aid between the United States of America and the Republic of Korea signed December 10, 1948, or any supplementary or succeeding agreement which shall not substantially alter the basic obligations of either party.

(b) Notwithstanding the provisions of any other law, the Administrator shall immediately terminate aid under this section in the event of the formation in the Republic of Korea of a coalition government which includes one or more members of the Communist Party or of the party now in control of the government of northern Korea.

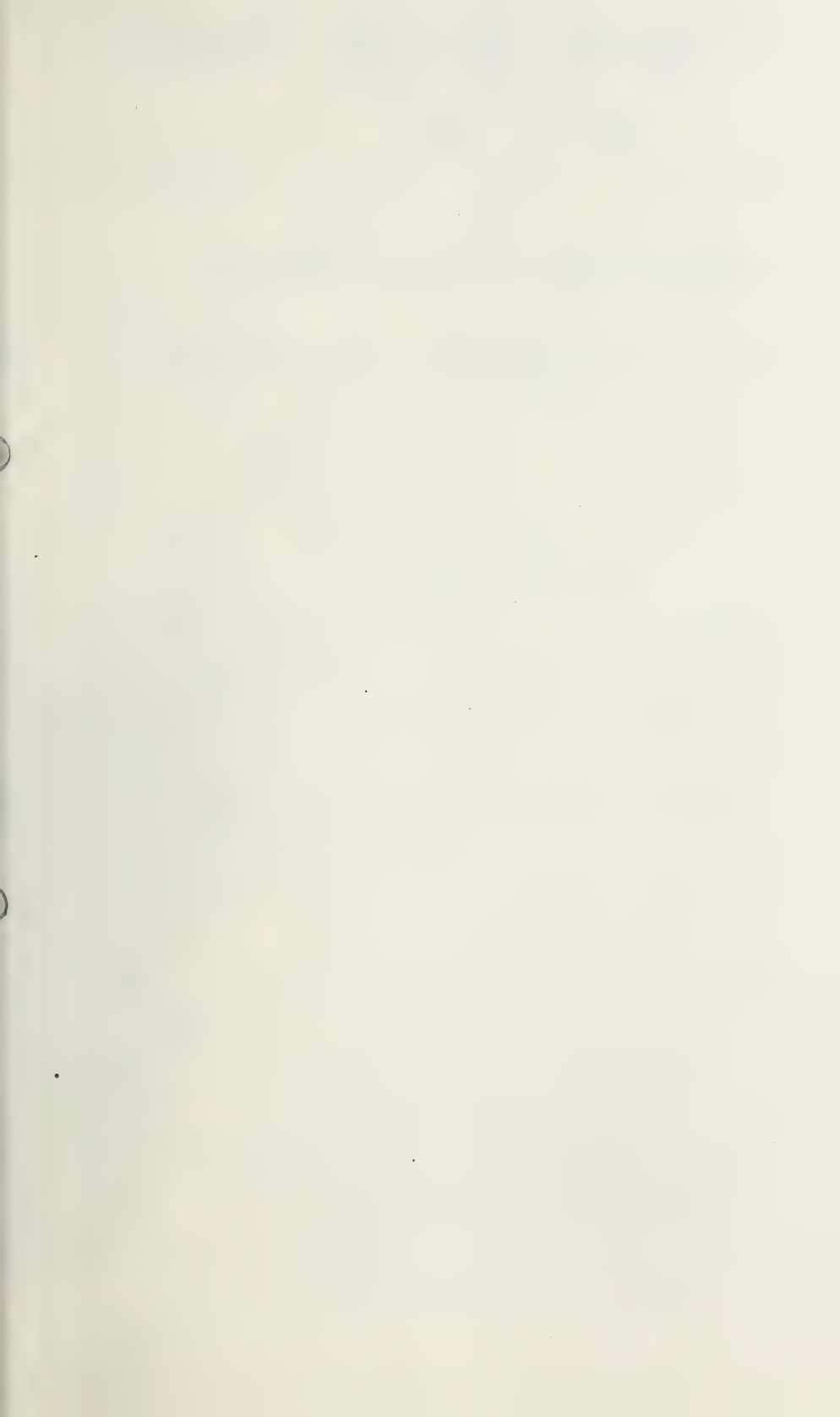
(c) Notwithstanding the provisions of any other law, the Administrator is authorized to make available to the Republic of Korea merchant vessels of tonnage not in excess of two thousand five hundred gross tons each, in a number not to exceed ten at any one time, with a stipulation that such vessels shall be operated only in east Asian waters and must be returned forthwith upon demand of the Administrator and in any event not later than **[June 30, 1951]** *June 30, 1952*. Any agency of the United States Government owning or operating any such vessel is authorized to make such vessel available to the Administrator for the purposes of this section upon his application, notwithstanding the provisions of any other law and without reimbursement by the Administrator, and title to any such vessel so supplied shall remain in the United States Government.

(d) In order to carry out the provisions of this section 3, there is hereby authorized to be appropriated to the President, in addition to sums already appropriated, not to exceed \$60,000,000 for the fiscal year ending June 30, **[1950.]** *1951, and \$100,000,000 for the fiscal year ending June 30, 1951.*

(e) Notwithstanding the provisions of any other law, until such time as an appropriation shall be made pursuant to subsection (d) of this section, the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$30,000,000 to carry out the provisions of this section, in such manner, at such times, and in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this section 3.

Section 4. The authorization for appropriations in this Act is limited to the period ending **[June 30, 1950],** *June 30, 1951,* in order that any subsequent authorizations may be separately passed on, and is not to be construed as an express or implied commitment to provide further authorizations or appropriations.

SEC. 5. *The Congress hereby expresses itself as favoring the creation by the free countries and the free peoples of the Far East of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.*



81ST CONGRESS
2D SESSION

[Report No. 1802]

MARCH 22, 1950

To provide foreign economic assistance.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Foreign Economic As-
4 sistance Act of 1950”.

TITLE I

6 SEC. 101. This title may be cited as the “Economic
7 Cooperation Act of 1950”.

8 SEC. 102. The Economic Cooperation Act of 1948, as
9 amended, is hereby further amended as follows:

10 (a) Revising section 102 in the following particulars:

11 (1) Substituting the phrase “barriers to trade or to the

1 free movement of persons," for the phrase "trade barriers"
2 in the fourth sentence of subsection (a) and substituting the
3 phrase "economic unification and political federation" for
4 the word "unification" in the fifth sentence of the same
5 subsection.

6 (2) Inserting a comma and the words "increased pro-
7 ductivity, maximum employment, and freedom from re-
8 strictive business practices" after the word "production" in
9 paragraph (1) of subsection (b).

10 (b) Revising section 111 in the following particulars:

11 (1) Altering paragraph (3) of subsection (b) as
12 follows:

13 (i) Striking out the words "includes the furnishing of
14 capital goods items and related services, for use in connec-
15 tion with projects approved by the Administrator, pursuant
16 to a contract providing for payment in whole or in part
17 after June 30, 1950" in subparagraph (iv) and inserting
18 in lieu thereof the following: "means any contribution of
19 capital goods, materials, equipment, services, patents, proc-
20 esses, or techniques by any person in the form of a loan or
21 loans to any enterprise to be conducted within a participating
22 country and approved by the Administrator as in furtherance
23 of the purposes of this Act, the purchase of a share of owner-
24 ship in any such enterprise, or participation in royalties,
25 earnings, or profits of any such enterprise".

(ii) Altering subparagraph (v) to read as follows:

“(v) the guaranty to any person shall be limited to assuring the following: (1) The transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of one or more of the following causes: (a) Seizure, confiscation, or destruction by any government; (b) destruction by revolution or war; (c) any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, asset, or investment on account of which such payment is made shall become the property of the United States Government, and the United States

1 Government shall be subrogated to any right, title, claim,
2 or cause of action existing in connection therewith.”

3 (iii) Striking out the words between the second and
4 last provisos and inserting in lieu thereof: “It being the
5 intent of the Congress that the guaranty herein authorized
6 should be used to the maximum practicable extent and so
7 administered as to increase the participation of private enter-
8 prise in achieving the purposes of this Act, the Adminis-
9 trator is authorized to issue guaranties up to a total of
10 \$300,000,000”.

11 (2) Striking out “\$150,000,000” in paragraph (2)
12 of subsection (c) and inserting in lieu thereof “\$300,-
13 000,000”.

14 (3) Adding the following new subsection:

15 “(d) (1) The Administrator is authorized to transfer
16 funds directly to any central institution or other organization
17 formed to further the purposes of this Act by two or more
18 participating countries, or to any participating country or
19 countries in connection with the operations of such institution
20 or organization, to be used on terms and conditions specified
21 by the Administrator and designed to promote multilateral
22 intra-European trade, to facilitate the transferability of
23 European currencies, and progressively to eliminate the exist-
24 ing systems of bilateral trade and to liberalize trade among
25 participating countries and between them and other countries.

1 “(2) The Administrator shall apply the terms set forth
2 in paragraph (1) of subsection (c) of section 111 and para-
3 graph (6) of subsection (b) of section 115 with respect
4 to funds transferred under paragraph (1) above to the
5 extent that such funds are not made repayable to any cen-
6 tral institution or other organization described in paragraph
7 (1) above. With respect to such funds transferred under
8 paragraph (1) above as may be repayable to such institution
9 or organization the Administrator may establish such other
10 terms and conditions as he may find appropriate in the cir-
11 cumstances after consultation with the National Advisory
12 Council on International Monetary and Financial Problems.”

13 (c) Revising section 112 in the following particulars:

14 (1) Striking out subsections (b) and (c).

15 (2) Renumbering subsection (d) as (b) and revising
16 it as follows:

17 (i) Inserting after the word “States” in the first sen-
18 tence a comma and the following: “heretofore or hereafter
19 acquired by the Commodity Credit Corporation in the ad-
20 ministration of its price support programs or”.

21 (ii) Striking out the second sentence down to the
22 beginning of paragraph (1) and inserting in lieu thereof
23 the following: “Whenever the Administrator determines
24 that any such agricultural commodity is required by
25 participating countries, procurement during the fiscal year

1 1951 for transfer to participating countries shall be in
2 accordance with the following:

3 “(1) Notwithstanding the provisions of any other law,
4 such commodities heretofore or hereafter acquired by the
5 Commodity Credit Corporation shall be made available by
6 the Commodity Credit Corporation at such time and place
7 as shall be designated by the Administrator without reim-
8 bursement from any appropriation for transfer to partici-
9 pating countries in an amount not to exceed \$1,000,000,000
10 in value calculated on the actual gross cost to the Com-
11 modity Credit Corporation as determined by the Secretary
12 of Agriculture at the time and place of delivery of such
13 commodities; but in no event shall such cost be higher than
14 the domestic market price at the time and place of delivery
15 as determined by the Secretary of Agriculture: *Provided*,
16 That where commodities are furnished in accordance with
17 the terms of an international commodity agreement, the
18 cost of such commodities shall be that provided in such
19 agreements.”

20 (iii) Renumbering paragraph (1) as (2); inserting,
21 after the word “commodity” the first time it occurs
22 the words “as defined herein” and, after the word “States”,
23 the words “and then only when the commodity required is
24 not available under the provisions of paragraph (1) above”;
25 and striking out the period at the end and inserting in lieu

1 thereof a colon and the following: “*Provided further*, That
2 wherever wheat or wheat flour is procured under this title
3 for transfer to countries which are parties to the Interna-
4 tional Wheat Agreement of 1949 and credited to their guar-
5 anteed purchases thereunder, the President, acting through
6 the Commodity Credit Corporation, is authorized to make
7 available or cause to be made available such wheat or wheat
8 flour at the applicable price provided in that Agreement.”

9 (iv) Renumbering paragraph (2) as (3).

10 (3) Striking out subsection (e).

11 (4) Renumbering subsection (f) as (c) and striking
12 out the period at the end of the last sentence thereof and
13 inserting in lieu thereof a colon and the following: “*Pro-*
14 *vided, however*, That the authority to make payments under
15 this subsection shall not be applicable to transfers of com-
16 modities in accordance with the provisions of paragraph (1)
17 of subsection (b) above”.

18 (5) Renumbering subsections (g), (h), (i), (j), and
19 (k) as (d), (e), (f), (g), and (h), respectively.

20 (6) Renumbering subsection (l) as (i) and striking
21 out the following therefrom: “(other than commodities pro-
22 cured by or in the possession of the Commodity Credit
23 Corporation pursuant to price support programs required
24 by law)”.

25 (d) Striking out the first word “The” in subsection

1 (a) of section 113 and inserting in lieu thereof the follow-
2 ing: "Except as otherwise provided in subsection (b) of
3 section 112, the".

4 (e) Revising section 114 in the following particulars:

5 (1) Altering subsection (c) as follows:

6 (i) Striking out the period at the end of the first
7 sentence and inserting in lieu thereof a colon and the fol-
8 lowing: "*Provided further*, That in addition to the amount
9 heretofore authorized and appropriated, there is hereby
10 authorized to be appropriated for carrying out the provisions
11 and accomplishing the purposes of this title not to exceed
12 \$1,950,000,000 for the fiscal year ending June 30, 1951,
13 of which sum \$600,000,000 shall be available only for the
14 purposes set forth in subsection (d) of section 111: *Pro-*
15 *vided further*, That, in addition to the foregoing, any balance,
16 unobligated as of June 30, 1950, or subsequently released
17 from obligation, of funds appropriated for carrying out and
18 accomplishing the purposes of this title for any period ending
19 on or prior to that date is hereby authorized to be made avail-
20 able for obligations through the fiscal year ending June 30,
21 1951, and to be transferred to and consolidated with any
22 appropriations for carrying out and accomplishing the pur-
23 poses of this title for said fiscal year".

24 (ii) Striking out the date "June 30, 1950" in the last
25 sentence and inserting in lieu thereof "June 30, 1951".

1 (2) Adding the following new subsections:

2 “(h) The President is authorized to transfer to any
3 department or agency any portion of the funds allocated for
4 assistance to Germany from appropriations authorized by
5 subsection (c). This portion may be used for expenses, not
6 otherwise provided for, necessary to meet responsibilities of
7 the United States related to the rehabilitation of occupied
8 areas of Germany, including the furnishing of minimum
9 civilian supplies to prevent starvation, disease, and unrest
10 prejudicial to the objectives of the occupation. This portion
11 may be expended under authority of this subsection or any
12 provisions of law, not inconsistent herewith, applicable to
13 such department or agency and without regard to such
14 provisions of this title as the President may specify as
15 inapplicable.

16 “(i) As agreed upon by the Secretary of State and
17 the Administrator, a part of the German currency now or
18 hereafter deposited under the bilateral agreement of De-
19 cember 15, 1949, between the United States and the Fed-
20 eral Republic of Germany, or any supplementary or
21 succeeding agreement, shall be deposited into the GARIOA
22 (Government and Relief in Occupied Areas) special
23 account under the terms of article V of the said
24 bilateral agreement. In quantities and under conditions
25 determined by the Secretary of State after consultation with

1 the Administrator, the currency so deposited shall be avail-
2 able for meeting the responsibilities of the United States
3 in the occupation of Germany.”

4 (f) Revising section 115 in the following particulars:

5 (1) Revising paragraph (6) of subsection (b) as
6 follows:

7 (i) Striking out the period and the next word “Such”
8 after the word “rates” and inserting in lieu thereof a colon
9 and the following: “*Provided further, That such*”.

10 (ii) Inserting after “(Public Law 389, Eightieth Con-
11 gress),” the following: “shall be used in furtherance of any
12 central institution or other organization formed by two or
13 more participating countries to further the purposes set
14 forth in paragraph (1) of subsection (d) of section 111 or
15 otherwise”.

16 (iii) Striking out the words “for such purposes as may
17 be agreed to between such country and the Administrator
18 in consultation with the National Advisory Council on Inter-
19 national Monetary and Financial Problems, and the Public
20 Advisory Board provided for in subsection (a) of sec-
21 tion 107”.

22 (iv) Striking out the words “operations under this title
23 and under agreement that” and inserting in lieu thereof the
24 following: “operations under this title: *Provided further,*
25 That the use of such special account shall be subject to
26 agreement between such country and the Administrator,

1 who shall act in this connection after consultation with the
2 National Advisory Council on International Monetary and
3 Financial Problems and the Public Advisory Board pro-
4 vided for in subsection (c) of section 107: *And provided*
5 *further, That*".

6 (2) Adding the following new sentence to subsection
7 (e): "The Administrator shall also encourage emigration
8 from participating countries having permanent surplus man-
9 power to areas, particularly underdeveloped and dependent
10 areas, where such manpower can be effectively utilized."

11 (3) Adding the following new subsection:

12 "(j) The Administrator shall utilize such amounts of
13 the local currency allocated pursuant to subsection (h) as
14 may be necessary, to give full and continuous publicity
15 through the press, radio, and all other available media, so
16 as to inform the peoples of the participating countries regard-
17 ing the assistance, including its purpose, source, and char-
18 acter, furnished by the American taxpayer."

19 SEC. 103. Any funds appropriated by Public Law 793,
20 Eightieth Congress, for the purposes of the China Aid Act
21 of 1948 and unobligated as of June 30, 1950, or released
22 from obligation thereafter shall be available to the President
23 through June 30, 1951, for use as follows:

24 (a) Not less than the sum of \$40,000,000 for obligation
25 for assistance to be furnished in conformity with the pro-

visions, wherever applicable, of the Economic Cooperation Act of 1948, as amended, in areas of China which the President may deem to be not under Communist domination.

(b) Not to exceed \$6,000,000 for allocation to the Secretary of State, to remain available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, and transoceanic passage for selected citizens of China for study or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purposes, or for research and related academic and technical activities in the United States.

(c) The remaining portion for obligation for assistance in the general area of China in conformity with the provisions, wherever applicable, of the Economic Cooperation Act of 1948, as amended, to accomplish in that area policies and purposes similar to those of the said Act.

SEC. 104. The Far Eastern Economic Assistance Act of 1950 is hereby amended as follows:

(a) Striking out "June 30, 1951" in subsection (c) of section 3 and inserting in lieu thereof "June 30, 1952".

(b) Striking out the period at the end of subsection (d) of section 3 and inserting in lieu thereof a comma and

1 the following: "and \$100,000,000 for the fiscal year ending
2 June 30, 1951."

3 (c) Striking out "June 30, 1950" in section 4 and
4 inserting in lieu thereof "June 30, 1951".

5 (d) Adding the following new section:

6 "SEC. 5. The Congress hereby expresses itself as favor-
7 ing the creation by the free countries and the free peoples
8 of the Far East of a joint organization, consistent with the
9 Charter of the United Nations, to establish a program of
10 self-help and mutual cooperation designed to develop their
11 economic and social well-being, to safeguard basic rights
12 and liberties and to protect their security and independence."

13 **TITLE II**

14 SEC. 201. This title may be cited as the "United Nations
15 Palestine Refugee Aid Act of 1950".

16 SEC. 202. The Secretary of State is hereby authorized
17 to make contributions from time to time before July 1, 1951,
18 to the United Nations for the United Nations Relief and
19 Works Agency for Palestine Refugees in the Near East,
20 established under the resolution of the General Assembly of
21 the United Nations of December 8, 1949, in amounts not
22 exceeding in the aggregate \$27,450,000, for the purposes
23 set forth in the said resolution.

24 SEC. 203. (a) There is hereby authorized to be appro-

1 priated, out of any money in the Treasury not otherwise
2 appropriated, not to exceed \$27,450,000 to carry out the
3 purposes of this title.

4 (b) Notwithstanding the provision of any other law,
5 the Reconstruction Finance Corporation is authorized and
6 directed, until such time as an appropriation shall be made
7 pursuant to subsection (a) of this section, to make advances
8 to the Secretary of State, not to exceed in the aggregate
9 \$8,000,000, to carry out the provisions of this title. From
10 appropriations authorized under subsection (a) of this sec-
11 tion, there shall be repaid to the Reconstruction Finance
12 Corporation, without interest, the advances made by it under
13 authority contained herein. No interest shall be charged
14 on advances made by the Treasury to the Reconstruction
15 Finance Corporation in implementation of this section.

16 SEC. 204. (a) The provisions of sections 301, 302, and
17 303 of Public Law 402, Eightieth Congress, are hereby
18 made applicable with respect to the United Nations Relief
19 and Works Agency for Palestine Refugees in the Near East
20 to the same extent as they apply with respect to the govern-
21 ment of another country: *Provided*, That when reimburse-
22 ment is made by said Agency, such reimbursement shall
23 be credited to the appropriation, fund, or account utilized
24 for paying the compensation, travel expenses, and allowances
25 of any person assigned hereunder.

(b) Departments and agencies of the United States Government are authorized, with the approval of the Secretary of State, to furnish or procure and furnish supplies, materials, and services to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided*, That said Agency shall make payments in advance for all costs incident to the furnishing or procurement of such supplies, materials, or services, which payments may be credited to the current applicable appropriation or fund of the department or agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

13 TITLE III

14 SEC. 301. This title may be cited as the “Act for Inter-
15 national Development”.

16 SEC. 302. The Congress hereby finds as follows:

(a) The peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples. Such progress can further the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace.

(b) The efforts of the peoples living in economically underdeveloped areas of the world to realize their

1 full capabilities and to develop the resources of the lands
2 in which they live can be furthered through the coop-
3 erative endeavor of all nations to exchange technical
4 knowledge and skills and to encourage the flow of
5 investment capital.

6 (c) Technical assistance and capital investment can
7 make maximum contribution to economic development
8 only where there is understanding of the mutual advan-
9 tages of such assistance and investment and where there
10 is confidence of fair and reasonable treatment and due
11 respect for the legitimate interests of the peoples of the
12 countries to which the assistance is given and in which
13 the investment is made and of the countries from which
14 the assistance and investments are derived. In the
15 case of investment this involves confidence on the part
16 of the people of the underdeveloped areas that investors
17 will conserve as well as develop local resources, will
18 bear a fair share of local taxes and observe local laws,
19 and will negotiate adequate wages and working condi-
20 tions for local labor. It involves confidence on the part
21 of investors, through intergovernmental agreements or
22 otherwise, that they will not be deprived of their prop-
23 erty without prompt, adequate, and effective compen-
24 sation; that they will be given reasonable opportunity
25 to remit their earnings and withdraw their capital; that

1 they will have reasonable freedom to manage, operate,
2 and control their enterprises; that they will enjoy secu-
3 rity in the protection of their persons and property,
4 including industrial and intellectual property, and non-
5 discriminatory treatment in taxation and in the conduct
6 of their business affairs.

7 (d) Greater production and higher standards of
8 living in the economically underdeveloped areas and
9 international trade between these areas and the eco-
10 nomically advanced areas of the world can be promoted
11 through agreements, negotiated through the United
12 Nations and its specialized agencies or otherwise, to
13 establish fair labor standards of wages and working con-
14 ditions, including the encouragement of collective bar-
15 gaining between management and labor.

16 SEC. 303. (a) It is declared to be the policy of the
17 United States to aid the efforts of the peoples of economi-
18 cally underdeveloped areas to develop their resources and
19 improve their working and living conditions by encouraging
20 the exchange of technical knowledge and skills and the flow
21 of investment capital to countries which provide conditions
22 under which such technical assistance and capital can effec-
23 tively and constructively contribute to raising standards of
24 living, creating new sources of wealth, increasing produc-
25 tivity and expanding purchasing power.

1 (b) It is further declared to be the policy of the United
2 States that in order to achieve the most effective utilization
3 of the resources of the United States, private and public,
4 which are or may be available for aid in the development
5 of economically underdeveloped areas, agencies of the
6 United States Government, in reviewing requests of foreign
7 governments for aid for such purposes, shall take into con-
8 sideration (1) whether the assistance applied for is an ap-
9 propriate part of a program reasonably designed to con-
10 tribute to the balanced and integrated development of the
11 country or area concerned; (2) whether any works or
12 facilities which may be projected are actually needed in
13 view of similar facilities existing in the area and are other-
14 wise economically sound; and (3) with respect to projects
15 for which capital is requested, whether private capital is
16 available either in the country or elsewhere upon reasonable
17 terms and in sufficient amounts to finance such projects.

18 SEC. 304. (a) In order to accomplish the purposes of
19 this title, the United States shall participate in multilateral
20 technical cooperation programs carried on by the United
21 Nations, the Organization of American States, and their
22 related organizations, and by other international organiza-
23 tions, wherever practicable.

24 (b) Within the limits of appropriations made available
25 to carry out the purposes of this title, the President is author-

1 ized to make contributions to the United Nations for technical
2 cooperation programs carried on by it and its related organ-
3 izations which will contribute to accomplishing the purposes
4 of this title as effectively as would participation in com-
5 parable programs on a bilateral basis. The President is
6 further authorized to make contributions for technical co-
7 operation programs carried on by the Organization of Amer-
8 ican States, its related organizations, and by other inter-
9 national organizations.

10 (c) Agencies of the United States Government on re-
11 quest of international organizations are authorized, upon ap-
12 proval by the President, to furnish services and such facilities
13 as may be necessary in connection therewith, on an advance
14 of funds or reimbursement basis, for such organizations in
15 connection with their technical cooperation programs.
16 Amounts received as reimbursements from such organizations
17 shall be credited, at the option of the appropriate agency,
18 either to the appropriation, fund, or account utilized in
19 incurring the obligation, or to an appropriate appropriation,
20 fund, or account currently available for the purposes for which
21 expenditures were made.

22 SEC. 305. The President is authorized to plan, under-
23 take, administer, and execute bilateral technical cooperation
24 programs carried on by any United States Government
25 agency and, in so doing—

1 (a) To coordinate and direct existing and new tech-
2 nical cooperation programs.

3 (b) To assist other interested governments in the
4 formulation of programs for the balanced and integrated
5 development of the economic resources and productive
6 capacities of economically underdeveloped areas.

7 (c) To receive, consider, and review reports of
8 joint commissions set up as provided in section 310 of
9 this title.

10 (d) To utilize the services and facilities of private
11 agencies and persons.

12 (e) To make, within appropriations made avail-
13 able for the purpose, advances and grants in aid of
14 technical cooperation programs to any person, corpora-
15 tion, or other body of persons, or to any foreign govern-
16 ment or foreign government agency.

17 (f) To make and perform contracts or agreements
18 in respect of technical cooperation programs on behalf
19 of the United States Government with any person, cor-
20 poration, or other body of persons however designated,
21 whether within or without the United States, or with
22 any foreign government or foreign government agency:
23 *Provided*, That with respect to contracts or agreements
24 which entail commitments for the expenditure of funds
25 appropriated pursuant to the authority of this title, such

1 contracts or agreements, within the limits of appropria-
2 tions or contract authorizations hereafter made available,
3 may, subject to any future action of the Congress, run
4 for not to exceed three years in any one case.

5 (g) To provide for printing and binding outside
6 the continental limits of the United States, without
7 regard to section 11 of the Act of March 1, 1919
8 (44 U. S. C. 111).

9 (h) To provide for the publication of information
10 made available by the joint commissions referred to in
11 section 310, and from other sources, regarding resources,
12 opportunities for private investment capital, and the
13 need for technical knowledge and skill in each partici-
14 pating country.

15 SEC. 306. Agreements made by the United States under
16 the authority of this title with other governments and with
17 international organizations shall be registered with the Secre-
18 tariat of the United Nations in accordance with the provisions
19 of article 102 of the United Nations Charter.

20 SEC. 307. In carrying out the programs authorized in
21 section 305 of this title—

22 (a) The participation of private agencies and per-
23 sons shall be sought wherever practicable.

24 (b) Due regard shall be given, in reviewing re-
25 quests for assistance, to the possibilities of achieving

1 satisfactory results from such assistance as evidenced by
2 the desire of the country requesting it (1) to take steps
3 necessary to make effective use of the assistance made
4 available, including the encouragement of the flow of
5 productive local and foreign investment capital where
6 needed for development; and (2) to endeavor to facili-
7 tate the development of the colonies, possessions, de-
8 pendencies, and non-self-governing territories adminis-
9 tered by such requesting country so that such areas may
10 make adequate contribution to the effectiveness of the
11 assistance requested.

12 (c) Assistance shall be made available only where
13 the President determines that the country being
14 assisted—

15 (1) Pays a fair share of the cost of the
16 program.

17 (2) Provides all necessary information con-
18 cerning such program and gives the program full
19 publicity.

20 (3) Seeks to the maximum extent possible full
21 coordination and integration of technical cooperation
22 programs being carried on in that country.

23 (4) Endeavors to make effective use of the re-
24 sults of the program.

25 (5) Cooperates with other countries participat-

1 ing in the program in the mutual exchange of
2 technical knowledge and skills.

3 SEC. 308. The President is authorized to prescribe
4 such rules and regulations as may be necessary and proper
5 to carry out the provisions of this title.

6 SEC. 309. The President shall create an advisory board,
7 hereinafter referred to as the "board", which shall advise
8 and consult with the President or such other officer as he
9 may designate to administer the program herein authorized,
10 with respect to general or basic policy matters arising in
11 connection with operation of the program. The board shall
12 consist of not more than thirteen members to be appointed
13 by the President, one of whom, by and with the advice and
14 consent of the Senate, shall be appointed by him as chair-
15 man. The members of the board shall be broadly repre-
16 sentative of voluntary agencies and other groups interested
17 in the program, including business, labor, agriculture, public
18 health, and education. All members of the board shall be
19 citizens of the United States; none except the chairman shall
20 be an officer or an employee of the United States (including
21 any agency or instrumentality of the United States) who
22 as such regularly receives compensation for current services.
23 Members of the board, other than the chairman if he is an
24 officer of the United States Government, shall receive out
25 of funds made available for the purposes of this title a per

1 diem allowance of \$50 for each day spent away from their
2 homes or regular places of business for the purpose of attend-
3 ance at meetings of the board or at conferences held upon
4 the call of the chairman, and in necessary travel, and while
5 so engaged they may be paid actual travel expenses and
6 not to exceed \$10 per diem in lieu of subsistence and other
7 expenses. The President may appoint such committees in
8 special fields of activity as he may determine to be necessary
9 or desirable to effectuate the purposes of this title. The
10 members of such committees shall receive the same com-
11 pensation as that provided for members of the board.

12 SEC. 310. (a) At the request of a foreign country, there
13 may be established a joint commission for economic develop-
14 ment to be composed of persons named by the President
15 and persons to be named by the requesting country, and may
16 include representatives of international organizations mutually
17 agreed upon.

18 (b) The duties of each such joint commission shall
19 be mutually agreed upon, and may include, among other
20 things, examination of the following:

21 (1) The requesting country's requirements with
22 respect to technical assistance.

23 (2) The requesting country's resources and poten-
24 tialities, including mutually advantageous opportunities

1 for utilization of foreign technical knowledge and skills
2 and investment.

3 (3) Policies which will remove deterrents to and
4 otherwise encourage the introduction, local develop-
5 ment, and application of technical skills and the crea-
6 tion and effective utilization of capital, both domestic
7 and foreign; and the implementation of such policies by
8 appropriate measures on the part of the requesting
9 country and the United States, and of other countries,
10 when appropriate, and after consultation with them.

11 (c) Such joint commissions shall prepare studies and
12 reports which they shall transmit to the appropriate au-
13 thorities of the United States and of the requesting countries.
14 In such reports the joint commissions may include recom-
15 mendations as to any specific projects which they conclude
16 would contribute to the economic development of the
17 requesting countries.

18 (d) The costs of each joint commission shall be borne
19 by the United States and the requesting country in the
20 proportion that may be agreed upon between the President
21 and that country.

22 SEC. 311. All or part of United States support for and
23 participation in any technical cooperation program carried
24 on under this title shall be terminated by the President—

1 (a) If he determines that such support and par-
2 ticipation no longer contribute effectively to the pur-
3 poses of this title, are contrary to a resolution adopted
4 by the General Assembly of the United Nations that the
5 continuance of such technical cooperation programs
6 is unnecessary or undesirable, or are not consistent with
7 the foreign policy of the United States.

8 (b) If a concurrent resolution of both Houses of
9 the Congress directs such termination.

10 SEC. 312. The President may exercise any power or
11 authority conferred on him by this title through the Secre-
12 tary of State or through any other officer or employee of
13 the United States Government. To further the purposes of
14 this title, the President is authorized to establish an Institute
15 of International Technical Cooperation and to prescribe its
16 powers, duties, and organization, which shall be consistent
17 with the provisions of this title.

18 SEC. 313. In order to carry out the purposes of this
19 title—

20 (a) The President may, by and with the advice and
21 consent of the Senate, appoint one person who shall be
22 compensated at a rate fixed by the President without
23 regard to the Classification Act of 1949 but not in excess
24 of \$16,000 per annum.

25 (b) Officers, employees, agents, and attorneys may

1 be employed for duty within the continental limits of
2 the United States in accordance with the provisions of
3 the civil-service laws and the Classification Act of 1949.

4 (c) Persons employed for duty outside the conti-
5 nental limits of the United States and employees of the
6 United States Government assigned for such duty shall
7 receive compensation at any of the rates provided for
8 the Foreign Service Reserve and Staff by the Foreign
9 Service Act of 1946 (60 Stat. 999), as amended, to-
10 gether with allowances and benefits which shall not
11 exceed those established thereunder, and may be ap-
12 pointed to any class in the Foreign Service Reserve or
13 Staff in accordance with the provisions of such Act.

14 (d) Alien clerks and employees employed for the
15 purpose of performing functions under this title shall be
16 employed in accordance with the provisions of the For-
17 eign Service Act of 1946, as amended.

18 (e) Officers and employees of the United States
19 Government may be detailed to offices or positions to
20 which no compensation is attached with any foreign
21 government or foreign government agency or with any
22 international organization: *Provided*, That while so
23 detailed any such person shall be considered, for the
24 purpose of preserving his privileges, rights, seniority, or
25 other benefits, an officer or employee of the United

1 States Government and of the United States Govern-
2 ment agency from which detailed and shall receive there-
3 from his regular compensation, which shall be reimbursed
4 to such agency from funds available under this title:
5 *Provided further*, That such acceptance of office shall in
6 no case involve the taking of an oath of allegiance to
7 another government.

8 (f) Experts and consultants or organizations thereof
9 may be employed as authorized by section 15 of the
10 Act of August 2, 1946 (5 U. S. C. 55a), and individuals
11 so employed may be compensated at a rate not in excess
12 of \$75 per diem.

13 (g) Such additional civilian personnel may be em-
14 ployed without regard to subsection (a) of section 14
15 of the Federal Employees Pay Act of 1946 (60 Stat.
16 219), as amended, as may be necessary to carry out
17 the policies and purposes of this title.

18 SEC. 314. The President shall transmit to the Congress
19 an annual report of operations under this title.

20 SEC. 315. (a) In order to carry out the provisions of
21 this title, there shall be made available such funds as are
22 hereafter authorized and appropriated from time to time for
23 the purposes of this title: *Provided, however*, That for the
24 purpose of carrying out the provisions of this title through
25 June 30, 1951, there is hereby authorized to be appropriated

1 a sum not to exceed \$45,000,000, including any sums appro-
2 priated to carry on the activities of the Institute of Inter-
3 American Affairs, and technical cooperation programs as
4 defined in section 317 herein under the United States In-
5 formation and Educational Exchange Act of 1948 (62
6 Stat. 6). Activities provided for under this title may be
7 prosecuted under such appropriations or under authority
8 granted in appropriation Acts to enter into contracts pending
9 enactment of such appropriations. Unobligated balances of
10 such appropriations for any fiscal year may, when so speci-
11 fied in the appropriation Act concerned, be carried over to
12 any succeeding fiscal year or years. The President may al-
13 locate to any United States Government agency any part of
14 any appropriation available for carrying out the purposes of
15 this title. Such funds shall be available for obligation and
16 expenditure for the purposes of this title in accordance with
17 authority granted hereunder or under authority governing
18 the activities of the Government agencies to which such funds
19 are allocated.

20 (b) Nothing in this title is intended nor shall it be con-
21 strued as an expressed or implied commitment to provide
22 any specific assistance, whether of funds, commodities, or
23 services, to any country or countries, or to any international
24 organization.

25 SEC. 316. If any provision of this title or the applica-

1 tion of any provision to any circumstances or persons shall
2 be held invalid, the validity of the remainder of the title and
3 the applicability of such provision to other circumstances or
4 persons shall not be affected thereby.

5 SEC. 317. As used in this title—

6 (a) The term “technical cooperation programs” means
7 programs for the international interchange of technical knowl-
8 edge and skills designed to contribute to the balanced and
9 integrated development of the economic resources and pro-
10 ductive capacities of economically underdeveloped areas.
11 Such activities may include, but need not be limited to,
12 economic, engineering, medical, educational, agricultural,
13 fishery, mineral, and fiscal surveys, demonstration, training,
14 and similar projects that serve the purpose of promoting the
15 development of economic resources and productive capacities
16 of underdeveloped areas. The term “technical cooperation
17 programs” does not include such activities authorized by the
18 United States Information and Educational Exchange Act
19 of 1948 (62 Stat. 6) as are not primarily related to economic
20 development nor activities undertaken now or hereafter pur-
21 suant to the International Aviation Facilities Act (62 Stat.
22 450), nor pursuant to the Philippine Rehabilitation Act of
23 1946 (60 Stat. 128), as amended, nor pursuant to the
24 Foreign Assistance Act of 1948 (62 Stat. 137), as amended,
25 nor activities undertaken now or hereafter in the adminis-

1 tration of areas occupied by the United States armed forces
2 or in Korea by the Economic Cooperation Administration.

3 (b) The term "United States Government agency"
4 means any department, agency, board, wholly or partly
5 owned corporation or instrumentality, commission, or inde-
6 pendent establishment of the United States Government.

7 (c) The term "international organization" means any
8 intergovernmental organization and subordinate bodies
9 thereof of which the United States is a member.

Union Calendar No. 697

81ST CONGRESS
2^D SESSION

H. R. 7797

[Report No. 1802]

A BILL

To provide foreign economic assistance.

By Mr. KEE

MARCH 22, 1950

Referred to the Committee on Foreign Affairs

House Calendar No. 185

81ST CONGRESS
2D SESSION

H. RES. 518

[Report No. 1815]

IN THE HOUSE OF REPRESENTATIVES

MARCH 23, 1950

Mr. Cox, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That immediately upon the adoption of this
2 resolution it shall be in order to move that the House resolve
3 itself into the Committee of the Whole House on the State
4 of the Union for the consideration of the bill (H. R. 7797)
5 to provide foreign economic assistance, and all points of
6 order against the said bill are hereby waived. That after
7 general debate which shall be confined to the bill and
8 continue not to exceed six hours, to be equally divided
9 and controlled by the chairman and ranking minority mem-
10 ber of the Committee on Foreign Affairs, the bill shall be
11 read for amendment under the five-minute rule. At the
12 conclusion of the consideration of the bill for amendment,

81ST CONGRESS
2^D SESSION

H. RES. 518

[Report No. 1815]

RESOLUTION

Providing for the consideration of and waiving points of order against H. R. 7797, to provide foreign economic assistance.

By Mr. Cox

MARCH 23, 1950

Referred to the House Calendar and ordered to be printed

FOREIGN ECONOMIC ASSISTANCE

SUPPLEMENTAL REPORT OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES

ON

H. R. 7797

A BILL TO PROVIDE FOREIGN ECONOMIC
ASSISTANCE

TITLE I

THE ECONOMIC COOPERATION ACT OF 1950



MARCH 23, 1950.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1950



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FOREIGN ECONOMIC ASSISTANCE

MARCH 23, 1950.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. KEE, from the Committee on Foreign Affairs, submitted the following

SUPPLEMENTAL REPORT

[To accompany H. R. 7797]

TITLE I. THE ECONOMIC COOPERATION ACT OF 1950

Title I of the bill (H. R. 7797) to provide foreign economic assistance relates to activities administered by the Economic Cooperation Administration.

It contains amendments to the Economic Cooperation Act of 1948, as amended. These amendments would authorize a sum of \$1,950,000,000 for economic assistance during the fiscal year 1951 to the countries participating in the European recovery program. In addition, they would authorize the carrying over of funds already appropriated for the purpose but unobligated as of June 30, 1950, or subsequently released from obligation, and would authorize the use in the European recovery program during the fiscal year 1951 of \$1,000,000,000 worth of surplus agricultural commodities to be acquired from the Commodity Credit Corporation. Included are certain changes in the existing act intended to widen the scope of the present investment guaranty program of the Economic Cooperation Administration. The title changes in certain respects some of the provisions of law bearing on the operations of the Economic Cooperation Administration. All provisions related to the European recovery program are in section 102.

The title would extend existing authority to use funds appropriated in pursuance of authorization in the China Aid Act of 1948. The extensions relate both to time and to scope. Under the amendment, the balance of the funds may be used through the fiscal year 1951; existing authority would cease after June 30, 1950. The bill would direct that \$40,000,000 of these residual funds be reserved for economic assistance in areas of China free of Communist domination. It

would authorize the use of \$6,000,000 of these funds in a continuation and expansion of the present program to assist selected Chinese for academic and scientific pursuits in the United States—Chinese seeking refuge from the Communist domination of the home country. It would permit the use of the balance of the funds for economic assistance in the general area of China. Such a program would be under the Economic Cooperation Administration. These provisions are contained in section 103. They involve the use of approximately \$97,000,000 but require no additional appropriations.

The title would also continue through the fiscal year 1951 the present program of economic assistance to the Republic of Korea, the relevant authorization being \$100,000,000.

It restates the policy of support of a joint organization of the free countries and free peoples of the Far East, consistent with the United Nations Charter and based upon the principles of self-help and mutual cooperation. This policy has been stated previously in the Mutual Defense Assistance Act of 1949. This provision links in substance with the program for economic assistance in the general area of China but in the bill adjoins the provisions relating to assistance to Korea, since it is embodied as an amendment to the Far Eastern Economic Assistance Act of 1950.

The above provisions fall into two main groups—those relevant to European recovery, and those relevant to the Far East. They are discussed below in that general grouping. An account of the hearings relevant to these provisions is contained as an appendix.

I. THE EUROPEAN RECOVERY PROGRAM

A. THE VIEWPOINT OF APPRAISAL

The occasion for the legislation.—In reporting to the House in the Eightieth Congress the legislation establishing the European recovery program, this committee commented:

* * * A program lasting through June 30, 1952, is envisaged. This does not represent a commitment. This Congress does not attempt to bind future Congresses. The program represents rather, an objective whose realization will be contingent upon the practical results achieved by the participating nations. * * *

Accordingly, the authorization was limited to 1 year so that the Congress might reappraise the policies of the program and measure the accomplishments before deciding whether to go ahead with it. A year later the Congress, after thoroughgoing review of the accomplishments, determined upon continuing the program for an additional 15 months, through the fiscal year 1950. The present bill would authorize an extension through the fiscal year 1951. With this extension, the program would come to the three-quarter mark of the period originally envisaged.

The basic legislation, which title I would amend, now represents a settled pattern of policy. It was produced in its original form by one of the most painstaking legislative efforts in the history of the Congress. It was the product of a year of long, thorough, mature effort in which the legislative and executive branches of this Government, the American public, and various governments of Europe collaborated. In the extension legislation of a year ago the legislation was reexamined in every detail and subjected to wide revision. The task this year is

not so much a revision of the details as it is a reappraisal of the main idea of the European recovery program and a determination of the amount of assistance to be tendered by this Government to the cooperating governments in the third of the four program years, essentially a year in which a tapering-off may be expected to become evident.

A reappraisal of the main objective of the program, a measurement of the effort in terms of its accomplishments rather than its hopes, can now be made more readily and more completely than was possible a year ago. As the committee then observed—

* * * Both the critics and the friends of this program should approach cautiously the task of measuring results in the European recovery program. It is well to keep in mind that the data in hand show the performance only over a period of less than a year in a program envisaged to last 4 years. A lag between effort and result is inevitable. * * *

Now, however, the program is approximately 50 percent complete in time span and more than half complete in terms of the volume of assistance. Its virtues and its faults have by now become manifest.

Recalling the objectives.—In making the reappraisal, it is well to keep in mind the essentials of the original pattern. The objective of the program is to restore for the free nations of Europe that self-sustaining basis which alone can insure the continuance of their independence and the freedom of their domestic institutions. To that end the Economic Cooperation Act proposed a broad effort of economic collaboration and self-help among the nations of Europe qualifying as participants. It set forth that for 4 years those nations might call upon the United States for extraordinary assistance to fill the gap between their needs and their capability to provide for themselves if they were to attain a self-sustaining basis. The recovery program consists of what the participating nations do for and among themselves and of United States assistance under the Economic Cooperation Act to serve and stimulate that effort. United States assistance comprises a very small fraction of the income of the participating nations. Its importance lies in the quality rather than the quantity of the things it affords. It makes available to the participants commodities of which they would otherwise be deprived because of shortage of foreign exchange to buy things that only dollars can buy, and which are essential to their effort to regain a self-sustaining basis.

It is in point here to recall precisely the underlying objectives of the program as stated in the basic statute:

* * * Recognizing the intimate economic and other relationships between the United States and the nations of Europe, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance. The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers. Mindful of the advantages which the United States has enjoyed through the exist-

ence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through their joint organization to exert sustained common efforts to achieve speedily that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to encourage the unification of Europe, and to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation * * *. It is further declared to be the policy of the United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

The principal ideas as above expressed are economic recovery and the maintenance of free political institutions. Briefly considered, the outlook on both scores is encouraging.

An undertaking as vast and of such importance as the European recovery program requires, however, more than a quick appraisal. The committee weighed the successes and the prospects not simply on face values but in a broad inquiry. The principal points of the inquiry dealt with the details of production, the developments in regard to stabilization, progress in trade and, as a related topic that lies at the root of the recovery program, the development of cooperation among the participating nations.

B. THE ACCOMPLISHMENTS REVIEWED

The recovery record.—In appraising the degree of recovery, the second report of the Organization for European Economic Cooperation, published in February, recalls the situation of 2½ years ago, when the recovery program was in the formulative stage. It quotes the initial report then made by the Committee on European Economic Cooperation, the gathering of representatives of the participating governments then engaged in laying the groundwork for the program:

If the flow of goods from the American Continent to Europe should cease, the results would be calamitous. Europe's dollar resources are running low. One country after another is already being forced by lack of dollars to cut down vital imports of food and raw materials from the American Continent. If nothing is done a catastrophe will develop as stocks become exhausted. If too little is done, and if it is done too late, it will be impossible to provide the momentum needed to get the program under way. Life in Europe will become increasingly unstable and uncertain; industries will grind to a gradual halt for lack of materials and fuel, and the food supply of Europe will diminish and begin to disappear.

From the vantage of February 1950 the report goes on:

This threat of bankruptcy and economic dissolution * * * imminent in 1947 * * * is still there in the background, and will remain there until the structure of world production and trade has found a new equilibrium. * * * But the fact remains that the work of these 2 years in western Europe, together with assistance from the United States, has removed the immediate threat and has laid the groundwork for its lasting suppression. On this reckoning—the reckoning of life or death for western Europe—the first 2 years of the European recovery program have been unreservedly successful.

The political climate.—The climate of politics in Europe is such as to give strengthened hope to the advocates of freedom. The interval since the origin of the program has seen the development of regional defense arrangements involving the greater portion of the participants. The culminating fact in this regard has been the achievement of the North Atlantic Pact in which nine of the participants are ranged along

with Canada and the United States in a permanent obligation of mutual defense. Ancillary to the North Atlantic Pact is the mutual defense assistance program authorized by the Congress in the last session. These two undertakings, the North Atlantic Pact representing the common determination to resist the common enemies of free institutions and the mutual defense assistance program giving sinew to that common determination, represent an advance in the strengthening of free institutions far beyond the situation of fact of 2 years ago.

Communism has made no significant advances in the area covered by the European recovery program in the interval since the program was put into effect. To the contrary, it has suffered notable losses. The struggle is not over by any means, but the forces of democracy have, on the surface, no reason for misgivings. The situation was thus summarized in the testimony of the Honorable W. Averell Harriman, United States Special Representative in Europe:

When I appeared before your committee last year I expressed my conviction that we were winning the struggle for reconstruction and freedom. During the past year political stability and democracy have been strengthened throughout western Europe. This has been demonstrated in one national election after another.

In the Norwegian elections of last October, the Communist representation in the National Assembly was wiped out. They lost all the 11 seats they had previously held.

In August the people of western Germany had their first opportunity to register a free choice as to the kind of federal government they wanted. Out of 402 seats, only 15 went to Communists.

When the Belgian people went to the polls last June, the Communists were left with only 12 seats out of 212 in the Assembly as compared with 23 out of 197 in the previous election. In the Senate the Communists were reduced from 17 out of 167 to 7 out of 174.

The people of Austria, even with part of their country under Soviet occupation, have been firm in their rejection of communism, with only 5 percent voting the Communist ticket and the number of seats in the Parliament held down to 5 out of 165.

Communism has experienced reversals also in the labor field. In Ambassador Harriman's words—

Communism has experienced its most notable set-back in the European trade-union movement which it sought to penetrate and control at all costs. Intent on using the labor movement as the spearhead of their drive, the Communists had captured the major trade-union federations in Italy and France before the Marshall plan took shape. The labor movements in these two countries were under virtually complete Communist domination. Now that control is losing its grip and the non-Communist labor movements are rapidly gaining strength. In France, the Force Ouvriere, together with other non-Communist trade-unions, is challenging the Communist control of the French labor movement.

In Italy two major non-Communist labor federations have broken away from the Communist Confederation, and are now combining their forces of more than 1,500,000 free Italian workers.

At a convention held last October in western Germany at which the trade-unions, formed a single federation, the Communists could muster only a handful of delegates.

In other countries like Austria, Belgium, and Norway, where Communists had once been strong, their influence in organized labor has diminished to insignificance.

Over-all production gains.—The basis of the gains that have been realized is production. As to the total picture of production, the second report of the Organization for European Economic Cooperation points out:

* * * The total output of goods and services in 1949 was about 25 percent above that of 1947, and exceeded the prewar level; the expansion is continuing,

and a further increase of about 10 percent should be possible by 1952. Both in industry and in agriculture, recovery has gone much faster and farther than in the 4 years after the 1914-18 war.

The industrial production record.—The record for industrial production is portrayed in an accompanying chart. It should be noted that the chart gives special importance to Germany. Germany is a special case, first because its industrial recovery necessarily had to begin from a lower starting point as a result of the ravages of the war and of the dislocations of the division of Germany between east and west, second because the industrial recovery of Germany has continued at a sustained higher rate than has obtained in western Europe in general, and third because Germany represents a major amount of the industrial potential of the area covered by the European recovery program. As stated in the second report of the Organization for European Economic Cooperation—

In most countries other than Germany and Austria the expansion in production in 1949 was at a rather lower rate than previously: the first stage of recovery from the low levels of the postwar years was over. The progress made was, however, still rapid. Even if the large increase in Germany in 1948-49 is left out of account, the rise in industrial output in the other participating countries was about 8 percent during 1949. Including Germany, where production increased by some 20 percent in 1949, industrial output in all participating countries increased by some 13 percent in 1949. Apart from Greece and Germany, all the participating countries have regained the 1938 level of industrial production and most of them have exceeded it by a large margin. * * *

An accompanying set of charts traces the recovery record by individual countries.

Administrator Hoffman properly characterized the production record as "spectacular" in his testimony; perhaps even his characterization of it as "a near miracle" is justified. He reported industrial production as a third higher than in 1947. By way of comparison he recalled:

* * * it took western Europe 7 years to regain just the prewar level of industrial production after World War I. Today, after 2 years of ECA program, and less than 5 years after the end of World War II, in which the devastation was far greater than in 1914 to 1919, industrial production has not merely been lifted to the prewar level, but stands 20 percent above it. * * *

As illustrative figures he reported a 17 percent increase in hard coal production, a 52-percent increase in steel, a 21-percent increase in electric power, 58-percent in cement and 31 percent in cotton yarn, the percentages being calculated from the base year of 1947.

Continuing the story of production gains in particular facets, the Organization for European Economic Cooperation reported:

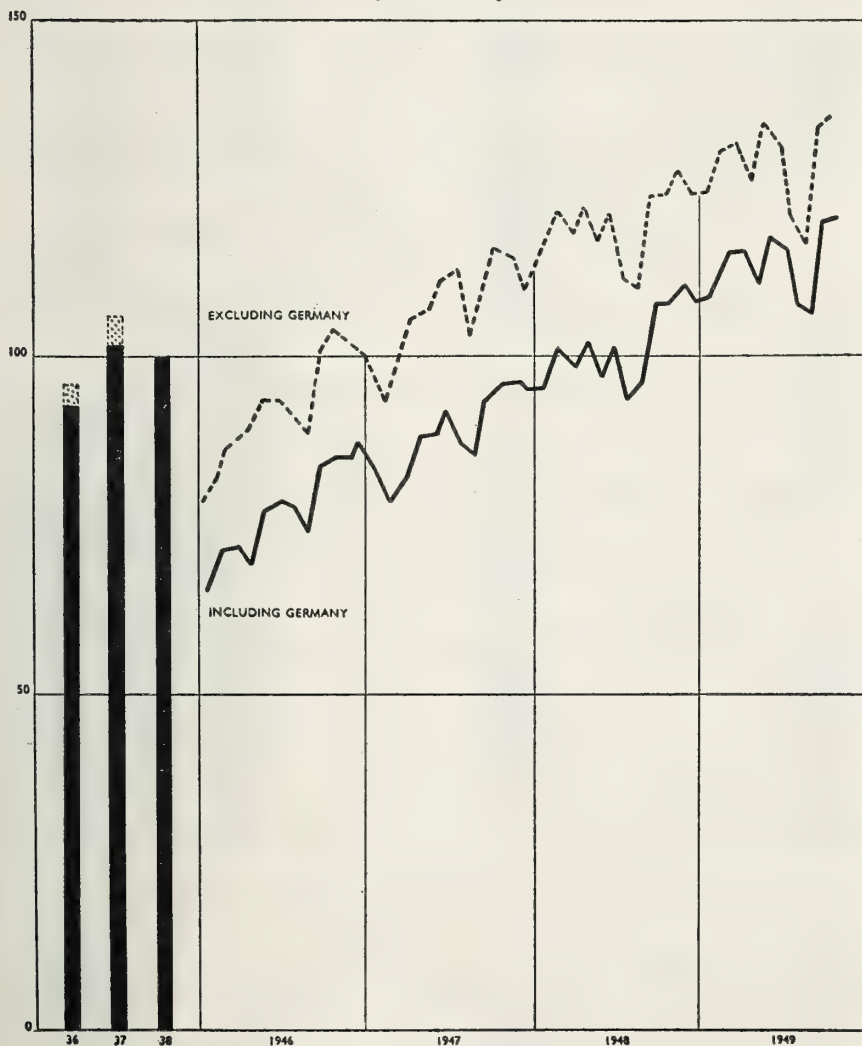
The expansion has been very strong in heavy industry—particularly steel and engineering. Coal output is still slightly below prewar, but an indication of the progress made in the fuel balance sheet is the reduction in imports from the United States from 35 million tons in 1947 to 10 million tons in 1949. It is now hoped nearly to eliminate the need for dollar coal imports in 1950-51. Apart possibly from electric power, there are now generally no critical bottlenecks in European industry; there is no single commodity which is so scarce that the lack of it disrupts the whole industrial effort. This is the central achievement of the last 2 years' work.

An accompanying chart illustrates the recovery record with respect to six key industries.

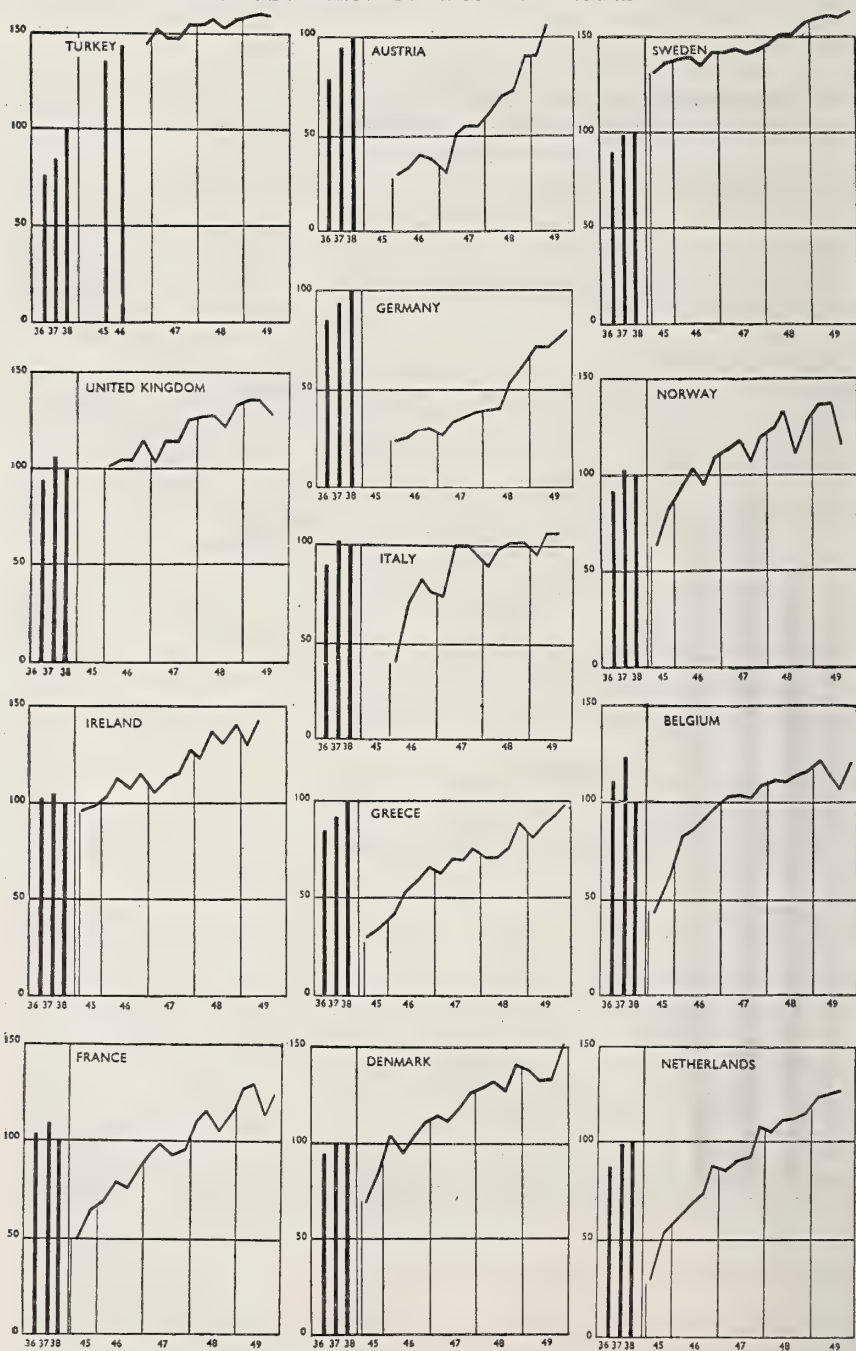
Industrial productivity.—It has become a truism of the European recovery program that its achievements must be calculated not only

THE RECORD FOR INDUSTRIAL PRODUCTION AMONG COUNTRIES PARTICIPATING
IN THE EUROPEAN RECOVERY PROGRAM

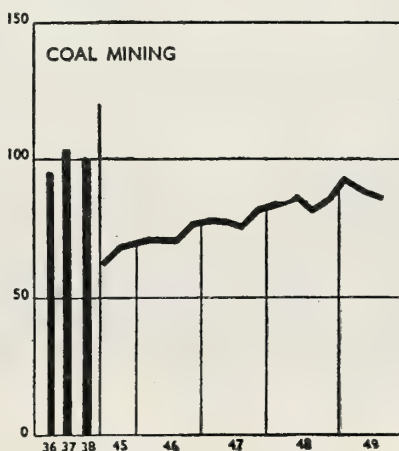
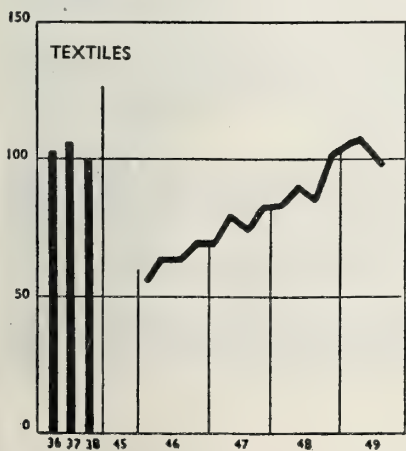
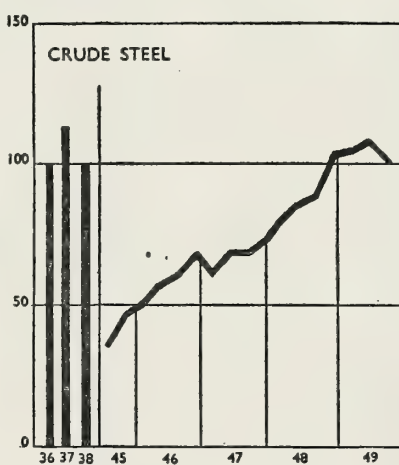
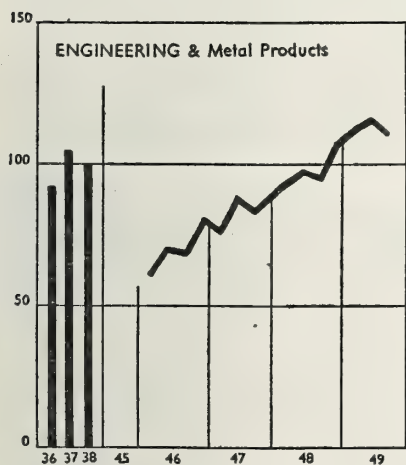
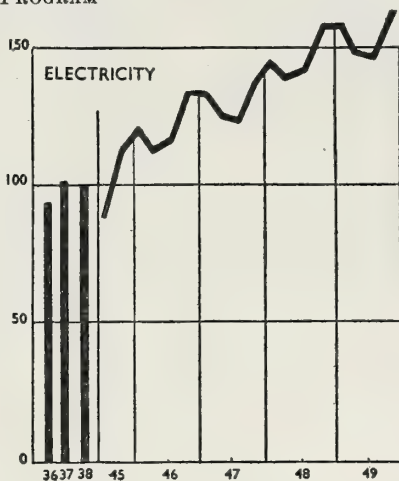
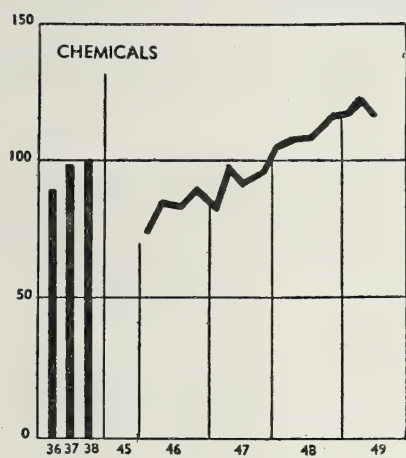
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INDEX OF INDUSTRIAL PRODUCTION OF INDIVIDUAL COUNTRIES PARTICIPATING IN THE EUROPEAN RECOVERY PROGRAM



PRODUCTION IN SIX INDUSTRIES IN COUNTRIES PARTICIPATING IN THE EUROPEAN RECOVERY PROGRAM



in production but also in productivity. Not only the total output of the industry of Europe but also the output per unit of work must be stressed in order to gauge Europe's capability of competing in the world markets and meeting domestic needs on an adequate scale. Here the record is encouraging, though not so sharply encouraging as the production record. The second report of the Organization for European Economic Cooperation reports:

These facts of industrial production are the sure proof of the way in which the western European peoples are working. Excluding Germany, output per man-year is now about 10 percent above prewar. There have been very few strikes—1 hour lost since the end of the war for every thousand worked. Above all, in few countries is there much unemployment; the only important exceptions are Italy, Germany, and Belgium, the result in Italy and Germany of a long-term problem of surplus population which Europe cannot solve by itself. In the OEEC countries as a whole, there is a marked contrast between the high employment, industrial peace, and high production of 1946–49, and the boom and slump, and strikes and sluggish production of 1919–22.

The Organization's report estimates that industrial output per man-year in countries participating in the European recovery program was 75 percent in 1946 as compared with 1938 as a base year. In 1947 the figure had advanced to 80 percent and in 1948 to 90 percent. In 1949 it stood at 100 percent. Industrial output per man-year in Germany has been lower and at the same time has been recovering more rapidly percentagewise than in the other countries. With Germany excluded from the estimates, industrial production per man-year was 90 percent in 1946, advanced to 95 percent in 1947, reached 105 percent in 1948, and was at 110 percent in 1949. The Organization's report comments:

Of the increase in industrial production between mid-1947 and mid-1949 roughly one-quarter has resulted from increased employment and the remaining three-quarters from the removal of bottlenecks, increasing supplies of raw materials, and greater productivity. Output per man-year in western European industry as a whole has virtually regained the 1938 level; outside Germany it is nearly 10 percent higher than in 1938. There are, however, considerable differences in the levels reached by the various countries.

It estimates that industrial output per man was higher in 1949 than in 1939 in France, Ireland, Sweden, Switzerland, Turkey, and the United Kingdom. It estimates that as of 1949 it was approximately the same as in 1938 in Belgium, Denmark, Greece, and Norway. A lag in the Netherlands and a considerable lag in Austria, Italy, and Germany are reported.

Performance in agriculture.—Referring to the record of production in agriculture among the countries participating in the European recovery program, the second report of the Organization for European Economic Corporation comments:

The participating countries have made great efforts to improve agricultural methods. The increased production of fertilizers referred to earlier has permitted consumption to rise appreciably. Consumption of nitrogen, phosphates, and potash is now about 40 percent higher than before the war * * *. Considerable progress has also been made in the mechanization of agriculture. The number of tractors has increased from about 200,000 in 1938 to 600,000 in 1949, and there have been notable increases in other types of equipment.

Nevertheless, in agriculture the production record has been less encouraging than in industry. The cited report summarizes the performance as follows:

* * * Unfavorable economic factors of a general character, the time needed to overtake wartime shortages of fertilizers, the destruction and flooding of agricultural land and a series of bad growing seasons kept output low after the war.

Since 1947, there has been a marked improvement. The grain harvests of 1948 and 1949, favored by relatively good weather, approached the prewar level.

* * * Recovery in the production of animal products was delayed at first by inadequate supplies of feeding stuffs and the need to restore the numbers of livestock. Recovery in 1949, however, has been rapid. Production of eggs and of fats and oils is now at about the prewar level. Some countries are planning to augment supplies of feeding stuffs by increased home production of grass, grain, and roots as compared with prewar.

The participating countries have taken action to expand the production of oilseeds. Production of vegetable oil from home-grown oilseeds is very much greater than before the war, and supplies of oilcakes from the same source have more than doubled. Fish catches of participating countries have increased compared with prewar, in spite of smaller fishing fleets. The increase has been greater in the case of herrings than other fish, and this has made possible a greater production of meal and fish oil.

The following table gives the statistical story, and a graphic presentation of the performance in regard to six commodities is carried on an accompanying page:

Estimated production of the main foods and feeding stuffs in countries participating in the European recovery program

	1935-38	1947-48	Revised estimate, 1948-49	Revised estimate, 1949-50
Bread grains.....	100	61	96	95
Excluding Turkey ¹	100	58	91	99
Coarse grains.....	100	82	96	95
Excluding Turkey ¹	100	79	95	99
Potatoes.....	100	91	130	113
Sugar.....	100	76	114	111
Milk.....	100	76	87	91
Meat.....	100	69	75	85
Fish.....	100	-----	113	130
Eggs.....	100	77	90	99
Fats and oils.....	100	80	77	99
Fish oil.....	100	132	107	121
Oilcake.....	100	145	185	225

¹ Figures are given including and excluding Turkey where the crop failed in 1949-50 owing to drought.

Summarizing the record, Administrator Hoffman told the committee:

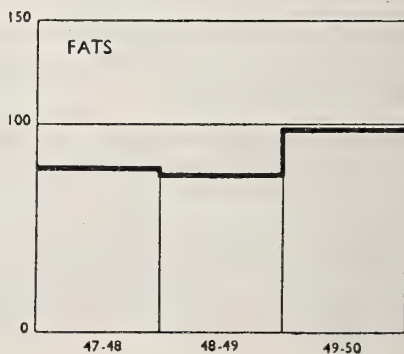
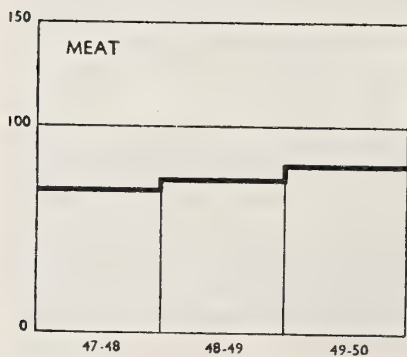
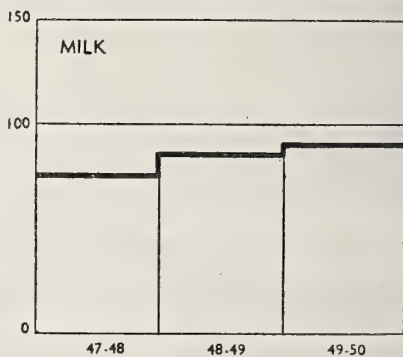
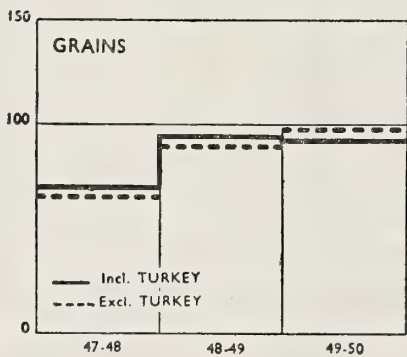
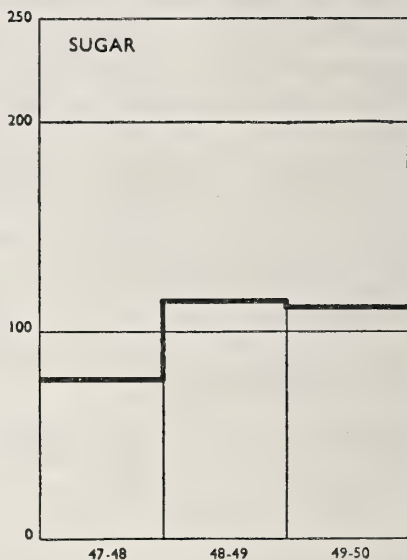
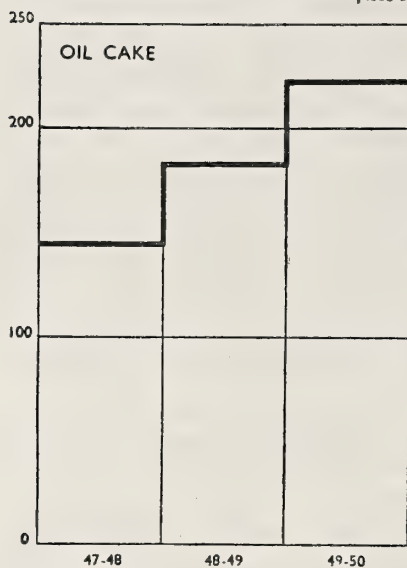
When ECA started operation, millions of people in Europe were hungry. Today the menace of hunger in western Europe has passed. Agricultural production as a whole has been brought nearly to the level of prewar and, given favorable weather conditions, will reach the prewar level or exceed it during the present crop year. In the past 2 years, after the grave crop failures of 1947, total grain production rose 30 percent, sugar 40 percent, meat 16 percent, milk 19 percent, and fats and oils 19 percent.

Yet, as the Administrator added, this record, while good, is not good enough. The participating nations recognize this, for as the Second Report of the Organization for European Economic Cooperation puts it--

Although agricultural production has recovered much quicker than after the 1914-18 war and is approaching its prewar level, the population to be fed is about one-tenth higher. If the diet of western European countries is to be improved and supplies are to keep pace with the increase in the western European population, further important increases will be necessary.

AGRICULTURAL PRODUCTION IN COUNTRIES PARTICIPATING IN THE EUROPEAN RECOVERY PROGRAM

[1938 level=100]



Accomplishments in stabilization.—The second report of the Organization for European Economic Cooperation reports "considerable progress" in "the improvement of national finances and the creation and maintenance of internal financial stability." The report particularizes by citing the data respecting wholesale prices. It found that in 3 of the 15 participating countries wholesale prices were more than 10 percent higher in 1949 than in the preceding year, while in 4 of them wholesale prices were lower. An accompanying chart illustrates the developments respecting wholesale prices.

The report finds hopeful evidence also in the improved distribution of the labor force. It comments in this regard:

* * * From the point of view of internal financial stability, the greater flexibility in the labor market in most countries, which has come about without any appreciable rise in unemployment, can be regarded as an indication that inflationary pressure is receding.

Factors behind stabilization.—The increase in industrial and agricultural production has been an important factor in bringing about an improved position with respect to internal financial stability among the participating nations. The second report of the Organization for European Economic Cooperation comments in this regard:

* * * This increase has contributed to the restoration of a balance between supply and demand, more especially for agricultural products. The slackening of inflationary pressure and the reestablishment of confidence in the currency have, in turn, favorably influenced production and trade.

A second factor helping in the direction of stabilization has been the capacity of a reviving economy to meet pent-up demand. The cited report notes as follows:

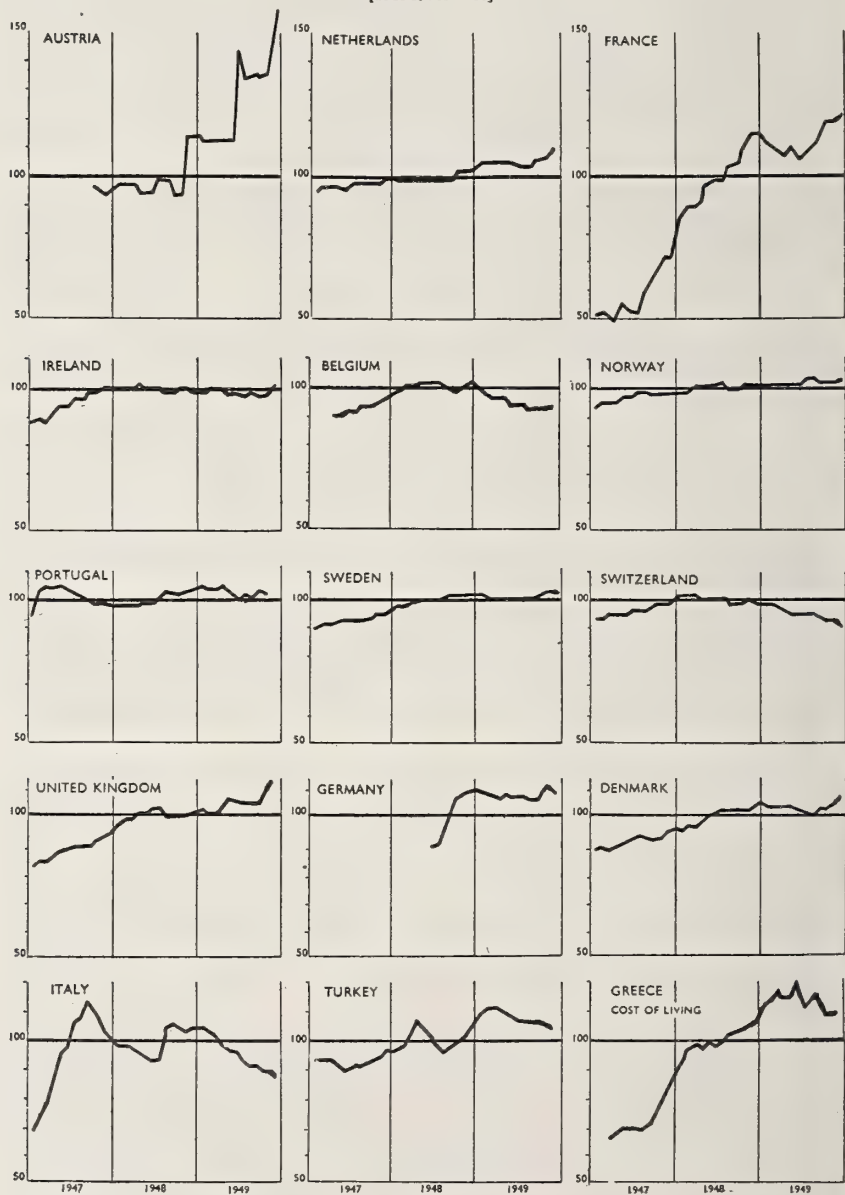
The first four postwar years have seen a replenishing of stocks and the replacement of worn-out machinery. While this process is certainly far from completed, the most urgent requirements have nevertheless been filled. Consumers' deferred demands have also, to a certain degree, been satisfied. A certain slackening of the demand for capital and durable consumer goods, on the one hand, and some increase in private savings, on the other, have had the combined effect of reducing excess demand.

Of critical importance to the progress toward stability also are the budgetary policies of the participating countries. The Economic Cooperation Administration has no direct legal authority to deal with the budgetary policies of participating governments. It has the right and the authority, however, to advise, to warn, and to be informed, for the related policies of each participating country bears directly on the hopes for the entire undertaking for European recovery. The second report of the Organization for European Economic Cooperation gave the following summary of the budgetary picture:

* * * Most countries inevitably emerged from the war with considerable budget deficits. In view of the general inflationary situation, great efforts were made to reduce and eliminate them. At the same time, in most countries receipts and expenditures have been increasingly brought within the compass of a single budget, instead of being divided into general and extraordinary budgets. In France, where an increasing proportion of exceptional expenditure is being covered by taxation, the definite improvement in the budgetary situation has contributed to the increased stability of the past year. Budgets in Belgium, the Netherlands, and Germany are now more or less in balance. In Italy appreciable progress has been made in this direction. In Austria, an effort in the same direction was made in May 1949 when subsidies were abolished and taxation raised in order to create a budget balance. Greece and Turkey have had considerable budget deficits, but in Greece the deficit has now been reduced. Portu-

WHOLESALE PRICES IN COUNTRIES PARTICIPATING IN THE EUROPEAN RECOVERY PROGRAM

[1948 level=100]



gal has continued her traditional policy of balancing the budget on current account, and is applying for investment purposes the proceeds of budget surpluses arising from reductions in actual expenditure compared with the estimates.

In some countries including the United Kingdom and the Scandinavian countries budget surpluses have been of considerable size. They have helped to relieve inflationary pressure by contributing to the finance of investment, either directly in the financing of public investment, or indirectly by repayment of the national debt to the capital market.

An important key to improvement in stability has been the monetary and credit policy of central banks. A relevant note in the second report of the Organization for European Economic Cooperation is as follows:

The war left most countries with an abnormally high quantity of money, the legacy of wartime finances. A number of countries took drastic measures to reduce the money supply through monetary reforms. Even after those reforms, most countries have had a larger money supply than before the war in relation to the value of transactions to be financed. The increase in the quantity of money continued, in some countries, even during the first postwar years. More recently, however, the increase has been checked in most countries.

High interest rates, one of the important traditional means for restricting credit, have not generally been a major factor in postwar conditions. In a few countries, however, they have been a contributing factor. In many countries, and particularly in Belgium, France, Italy, and Germany, quantitative and qualitative restrictions on bank and other loans have been the most important measures used to control credits. In other countries, including Norway, Sweden, and the United Kingdom, the measures taken by the monetary authorities and banks, to control credit, have been supplemented by a more or less extensive system of direct controls on investment through the allocation of scarce raw materials, licensing, etc. This has been particularly important in the building and construction trades.

Long-term rates of interest are high in countries such as France and Italy, but in most others they have been maintained at a comparatively low level. In some countries, including the United Kingdom, there has recently, however, been an increase in Government bond yields.

The key importance of trade.—The record regarding production, as we have seen, is good. The record regarding stabilization is fair. What of the record regarding trade among the participating nations?

This question gets close to the heart of the matter. An increase in production may be registered among the participating nations as separate economic units. An increase in stability may be registered among a collection of national entities independently considered. The question of trade, however, leads to the basic question what the participating nations are accomplishing working together as a group. It bears also on the climactic question of the actual progress toward freeing western Europe from the need of extraordinary outside assistance—that is publicly financed assistance in the form of gifts—by the close of this program in 1952.

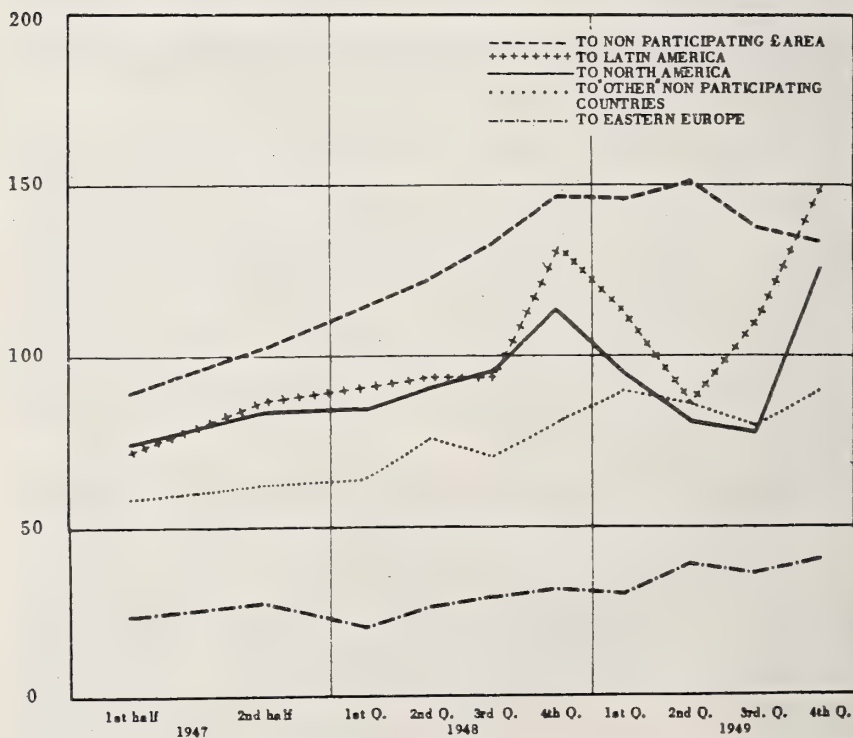
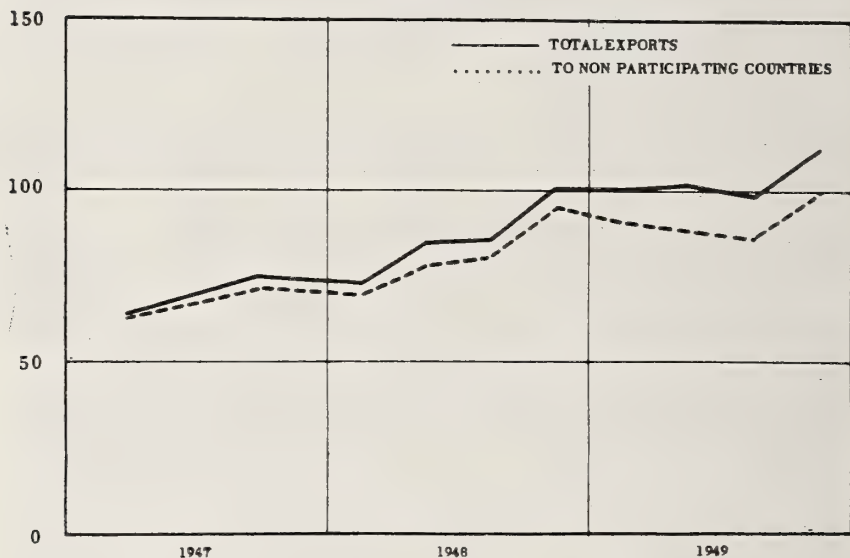
The general record of progress in trade.—Regarding the development of trade, the second report of the Organization for European Economic Cooperation contains the information that—

The total trade of the participating countries is now at about the same level as in 1938; this applies to the value both for exports and for imports. * * * total exports from the participating countries, to each other and to all areas, increased in volume by 50 percent between 1947 and the first half of 1949. Total imports showed some increase, but the increase was confined to intra-European trade, imports from nonparticipating countries falling slightly * * *.

Total exports of most participating countries have attained or are approaching the 1938 level * * *. The exports of the United Kingdom, which regained the 1938 level in 1947, are now some 40 percent higher. French exports have

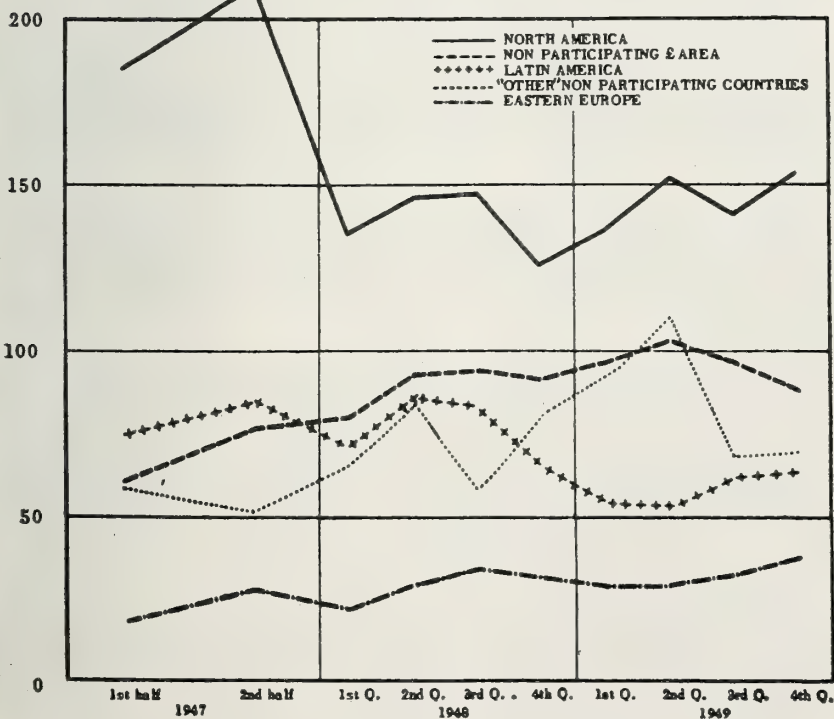
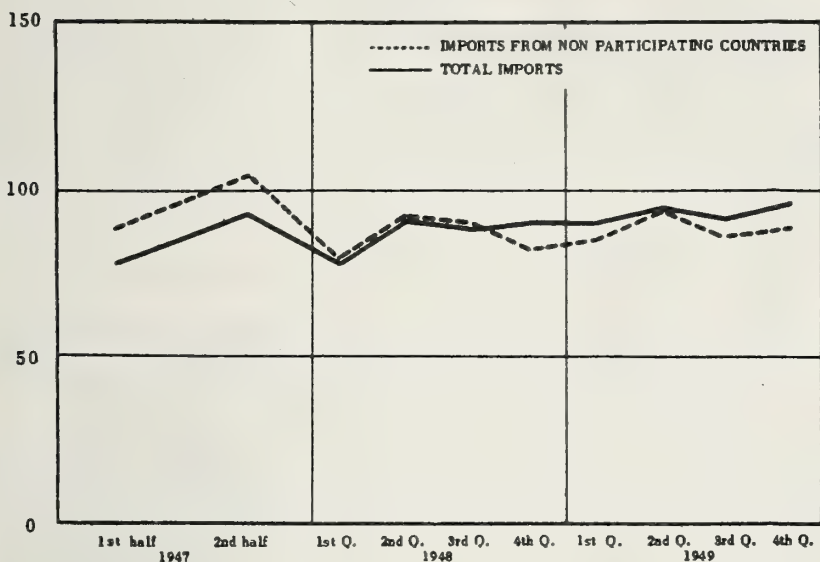
VOLUME OF EXPORTS OF COUNTRIES PARTICIPATING IN THE EUROPEAN RECOVERY PROGRAM

[1938 level = 100]



VOLUME OF IMPORTS OF COUNTRIES PARTICIPATING IN THE EUROPEAN RECOVERY PROGRAM

[1938 level=100]



been increasing rapidly and are one-third greater than in 1938. The exports of Germany, though increasing steadily, are still less than half as large as in 1938.

Total imports of many participating countries are above the 1938 level * * *. The general level of imports has been kept down mainly by the low imports into the United Kingdom and Germany; these are some 80 percent of the prewar volume. The general record of imports and exports for the countries participating in the European recovery program is portrayed in accompanying charts.

The Organization's report goes on to note a reduction in the deficit on current account with all other nonparticipating countries in step with the improvement in the balance between exports and imports. This deficit fell from nearly the equivalent of \$7,500,000,000 in 1947 to an over-all \$5,000,000,000 in 1948 and to a rate of about \$4,000,000,000 in the second half of 1948. This latter level was generally maintained in 1949.

Trade with the dollar area.—The report also summarizes the trade position vis-à-vis the dollar area:

By far the largest deficit of the participating countries (excluding overseas territories and associated currency areas) was with North America. The trade deficit which probably moved in parallel with the deficit on current account, fell from over \$5,000,000,000 in 1947 to an annual rate of about \$3,500,000,000 in the second half of 1948. In the first half of 1949, however, it rose slightly.

The changes in trade with North America * * *. Exports rose above the prewar volume in the last quarter of 1948, but fell sharply in the first half of 1949 to the level already achieved in 1947. This reduction was due entirely to a serious contraction of exports to the United States. Exports to Canada were well maintained. Imports from North America fell from about double the 1938 volume in 1947 to about 140–150 percent in 1948–49. In the fourth quarter of 1949, however, there was a marked recovery in the volume of exports to North America, to a level above the peak reached in the fourth quarter of 1948.

In 1948, western Europe's extraordinary postwar dependence upon imports from North America was declining as production at home and elsewhere developed. An expanding volume of exports to North America * * * also played a part in redressing the adverse balance. In the first half of 1949, however, the end of the sellers' market in the United States, and the expectation of adjustments in European currency values held back orders for European exports. In the fourth quarter of 1949, however, there was a remarkable increase in European exports to North America.

The record of trade between the European recovery program area and the North American countries does not tell the complete story regarding dollar balance, and the total drain on the central reserves of the participating countries has been substantially higher than the deficit on current account with North America. In explanation, the report notes:

* * * In varying degree, the participants conduct their financial settlements with other countries of the Western Hemisphere and with some other nonparticipants on a gold or dollar basis. At the same time, the gold and dollar position of their associated monetary areas must also be taken into account. The full story of developments in the dollar balance of the participants with the nonparticipating world must, therefore, take account of these relationships.

The total net gold and dollar payments made by the participating countries to nonparticipants outside North America (but not to one another) amounted to some 2¼ billion dollars in 1947 and probably about 1½ billion dollars in 1948, an improvement of about three-quarter billion dollars.

Trade outside the dollar area.—As to trade with nonparticipating nations in nondollar areas, the Organization's report notes that an adverse balance on current account amounting to an equivalent of about \$1,000,000,000 has been "greatly reduced and probably eliminated" since 1947. The report goes on:

The trade of the participants with these regions is of great interest: It reflects the recovery of production in the sources of supply which must, to a greater extent

than in recent years, provide western Europe with essential foodstuffs and raw materials, and in part, the ability of western Europe to pay for these imports.

The report particularizes regarding trade relations with three parts of the nondollar areas.

With respect to trade with Latin America it reports "a striking increase" in the volume of exports thereto from a level of 75 percent of prewar early in 1947 to more than 130 percent by late 1948. Then, the report notes, a "sudden and sharp fall" in the first half of 1949 ascribable to the imposition of severe import restrictions by various Latin American governments. This reduction was subsequently recovered with the relaxation of these restrictions. As to trade with eastern Europe, the report notes that it "has not reassumed the part it played in the prewar pattern of world trade." It specifies:

During the period under review the volume and value of exports to eastern Europe increased, though by the middle of 1949 exports were running only at about 40 percent of prewar volume.

Imports from this area rose more or less steadily from 20 percent of prewar volume in the first quarter of 1947 to about 35 percent in the third quarter of 1948.

As to trade with nonparticipating countries in the sterling area, exports from the participating countries have increased continuously in the period under review, standing at about 90 percent of prewar volume in the first half of 1947, rising to about 150 percent in mid-1949, and then declining slightly in the balance of the year. The report notes a striking rise in imports from the area:

* * * From a volume 60 percent of prewar in the first half of 1947 they had risen by the first half of 1949 to the prewar level. Both in regard to exports and imports, particularly the former, the United Kingdom is the major trading partner with this area; the proportionate shares in this trade of the United Kingdom on the one hand and of the other participating countries on the other are about the same as in 1938.

Trade among participants.—This leads to a most critical aspect of the trade picture—trade among participants (and trade with the overseas areas controlled by other participants, which is part of the same statistical picture). In summary, trade between participating countries, though generally rising in the period of the program, has remained below the prewar level. Only in the last quarter of 1949 did it pass the 1938 volume. As reported by the Organization for European Economic Cooperation, by mid-1949 most countries participating in the program were importing from each other between 80 and 110 percent of prewar quantities. Ireland and Portugal were significantly high in this respect, while Italy and Germany were significantly lagging. Most countries were exporting to other participants between 80 and 125 percent of prewar quantities. Exports from Germany to other participants were significantly low. With Germany ruled out as a factor, the trade among participants could be said to have risen appreciably above prewar levels. The general picture of trade among participating nations is reflected in an accompanying chart.

It is in point to consider qualitative as well as quantitative changes in trade among participants. The Organization for European Economic Cooperation makes a rough estimate, based upon a comparison of mid-1949 with prewar trade, that trade in manufactures has remained steady at about the equivalent of \$4,000,000,000, while trade in food has declined from the equivalent of about \$2,500,000,000 to the equivalent of about \$2,000,000,000 and trade in raw materials

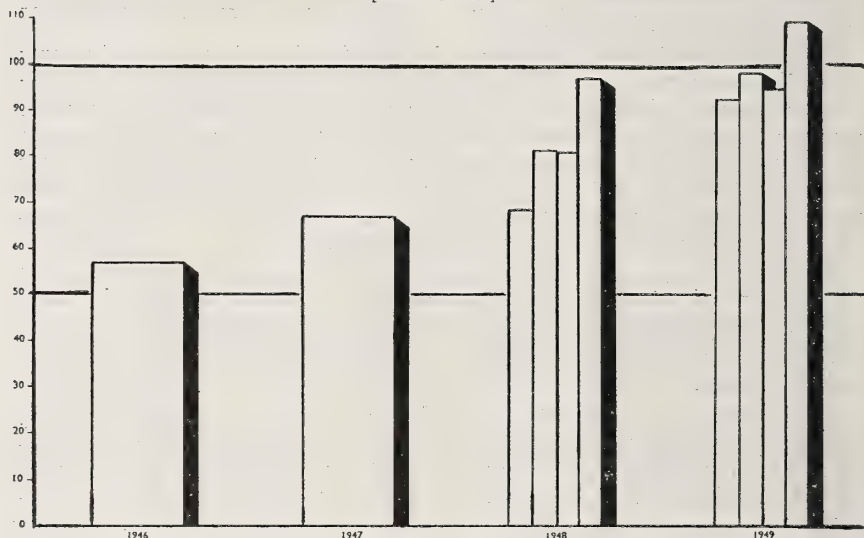
has declined from the equivalent of about \$3,500,000,000 to about \$3,000,000,000. The report of the Organization notes:

Where trade has declined, this has usually been the result of shortage of supply. This is true of basic foodstuffs such as grain, meat, butter, fats, oilseeds, and oil cakes. It is also true of coal, some chemicals, some kinds of steel, nonferrous metals, timber, pulp, raw hides, and some textile materials.

Restrictions have been placed on the export of some of these commodities and these have influenced trade. Such restrictions will tend to disappear as scarcities are overcome; this will involve the development of new sources of supply. Shortage of supply has also been a reason for restrictions imposed on entrepôt trade. Before the war this was an important element in intra-European trade, especially in nonferrous metals and textile raw materials.

VOLUME OF TRADE AMONG PARTICIPANTS IN THE EUROPEAN RECOVERY PROGRAM

[1938 level=100]



Trade in all types of products has also been restricted by quantitative import controls imposed in particular for balance of payments reasons. The fact that trade in manufactured products has regained the prewar level does not imply that it has been unhampered by trade restrictions. The expansion of trade in some manufactured products has been limited by shortage of supply, but restrictions have also played an important part. The volume of trade in manufactures in proportion to manufacturing production has not increased; trade is at present about the prewar level production—some 15 percent higher.

This latter point is of the most critical importance. Progress in trade among the participating nations has not kept pace with progress in production within the participating nations. Moreover, it has not kept pace with progress in trade between the participating nations on the one hand and the rest of the world on the other. These significant facts are reflected in an accompanying chart.

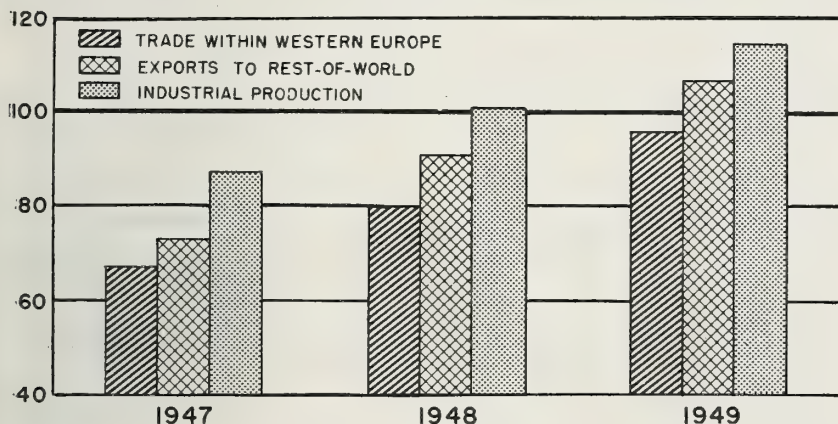
The aims regarding integration of Europe.—The circumstance that restrictions imposed and maintained by participating governments have so inhibited trade within the area of the European recovery program as to become a factor in the lag of recovery behind production

bears in a fundamental way upon the main concept of the program and on its chances to succeed.

Obviously the imposition of barriers so as to compartmentalize shortages results also in compartmentalizing prosperity. If burdens cannot be shared, then neither can benefits. The idea of a congeries of nations, each seeking sanctuary behind its own walls rather than mutuality of exchange with its neighbors, is antithetic to the original premise of the European recovery program expressed, as we have seen, in the findings and declaration of policy contained in the basic enactment. This was not to be a recovery program for several assorted nations which happen to be located in Europe. It was intended to be a European recovery program—with emphasis on "European." Implicit in the expression is the idea that recovery, if it is to be achieved in accord with the principles of the original design to free participating nations of extraordinary outside assistance,

TRADE AND PRODUCTION AMONG NATIONS IN THE EUROPEAN RECOVERY PROGRAM

[1938 level=100]



must be worked out on a common base. It was sensed by the Congress that recovery must be accomplished by a drawing together of the participating nations; otherwise the program, coming to a close in 1952, might represent only an interval which had brought a term of increased activity to the depleted economies of the several participating nations but which had brought little or nothing of permanent significance.

In setting the program in this direction, the Congress did not attempt to settle the question whether economics has primacy over politics or politics has primacy over economics; it did not attempt to say whether there must be political developments as a condition precedent to the necessary economic integration, or whether such economic integration should come first and might then lead to closer political unity on a grand scale. The Congress recognized the essentiality of some permanent drawing together among the nations participating—some change in their institutions that would reflect the interdependence of their destinies and enable their economies to merge into a greater and more effective pattern of activity. The

discernment of this necessity brought about the findings and declaration of policy in section 102 of the Economic Cooperation Act of 1948 and a strengthening of the expression of the ideas therein in the amendment of the basic act a year ago.

The role of the Organization for European Economic Cooperation.—As to the accomplishments in this direction, the first step to be noted is the Convention on European Economic Cooperation signed at Paris on April 16, 2 years ago. This convention contains the multi-lateral pledges of the participating countries and the charter of the Organization for European Economic Cooperation, a permanent body, with headquarters at Paris, charged with the responsibility to develop and carry through with the assistance of the United States the joint program for the economic rehabilitation of western Europe. Its functions were specified as follows:

(1) To prepare as often as necessary, on the basis of and after examination of national estimates or programs, such general production, import and export programs as appear necessary to further the objects of the Convention;

(2) To consider, in the light of national estimates or programs of development submitted by the Contracting Parties, the best use of productive capacity and manpower to further the objects of the Convention within both their metropolitan and overseas territories, and the measures necessary to achieve these ends;

(3) To promote consultation between the countries concerned, to consider the measures and create the machinery necessary for European economic cooperation especially in matters of trade, international payments and movement of labor;

(4) To investigate, wherever necessary, methods of coordinating the purchasing policies of Members;

(5) To assist Members, at their request, to surmount difficulties incurred in the execution of the European Recovery Program;

(6) To make recommendations, as may be appropriate, to the United States Government and, as need be, to other Governments or International Organizations, on the allocation of commodities among the Members, having due regard to the allocating functions of other International Organizations;

(7) To ensure the most efficient use of external aid and to contribute towards ensuring the most efficient use of indigenous resources;

(8) To prepare as often as necessary reports on the execution of the European Recovery Program and the use of external aid;

(9) To collect all such information as may facilitate the accomplishment of the tasks of the Organization * * *

The Organization of European Economic Cooperation is the agency for collaboration among all the governments participating in the recovery program. As noted in this committee's report of a year ago on extension of the European recovery program:

With the establishment of the Organization for European Economic Cooperation the European recovery program ceased to be merely an objective of United States policy. It became the primary responsibility of the European nations themselves acting in concert.

The governing body within the Organization is the Council, which consists of representatives of the various governments participating. The day-to-day activities are carried on by an executive committee and a set of technical committees. The force of the organization has been increased by the creation of a central executive post. This action, taken at the close of January of this year, was at the instance of the United States. Its purpose, as described by Administrator Hoffman, was—

* * * that economic proposals could more readily and promptly be translated into the necessary political decisions.

The post has been filled by the appointment of Dr. Dirk Stikker, Foreign Minister of the Netherlands. The significance of this appointment remains to be developed by events. It was speculated upon in relation to European integration by Administrator Hoffman as follows:

* * * One of my great hopes is that one of the men who feels most strongly about it, and I might say almost passionately about it, is Dr. Stikker. He feels this just must be brought on, and that the time is short. With that keen conviction on his part, with the addition of a great deal of quiet drive, I think his going into this new post gives hope that you can get these obstacles knocked down. The Europeans carry out certain distinctions in rank to an extent that we do not even understand. I mean officials speak to officials and ministers speak to ministers and foremen speak to foremen and things like that, and that is perfectly natural. Dr. Stikker is a minister, and therefore as a minister he speaks to other ministers. That is very important. However, he has this deep conviction and a growing number of people have it. We are not alone.

Care should be taken to avoid exaggerating the importance and impact of the fact of the existence of the Organization for European Economic Cooperation. Its authority still derives from the governments subscribing to it. No authority inheres in the agency itself. Its Council, the decision-making body, still acts on the principle of unanimity. It is accordingly in the actions of the member governments rather than in the existence or the activities of the central Organization that one must find the basic clues to integration of Europe in the European recovery program.

Removing the impediments to commerce.—The question then is what have the governments done to remove the impediments to commerce among their territories. As background to this, it must be conceded that the task of reviving mutual trade which confronted the European countries after the war was a difficult one. The conditions and mechanisms which gave rise to the prewar trading patterns in Europe had been destroyed. Germany was largely eliminated as customer and source of supply. Price systems were distorted by subsidies, controls of varying efficiency, requisitioning by military authorities, and black markets. Currencies for the purposes of commercial dealings in volume were inconvertible; exchange rates were often artificial and at best untested. Reserves in gold and hard currency had to be husbanded for the huge requirements of importers from the dollar area. Many countries were slow in returning foreign trade to private channels. Under these conditions European countries resorted to bilateral trade and payments agreements which typically provided for exchanging certain specified categories of goods; for offsetting at an agreed rate of exchange the sums representing goods shipped in one direction against the value of those shipped in the other; and finally, to cover the inevitable lack of balance in this trade, for lines of credit to be granted by the central bank in each country to the other, thus eliminating the necessity for day-to-day balancing of accounts, and permitting the development of substantial creditor and debtor positions over a period of time based upon ultimate settlement in gold or by other means.

Trade under these bilateral agreements showed some revival in 1946. Early in 1947 strains in the bilateral payments arrangements became visible. Practically no progress in intra-European trade beyond the level reached during the last quarter of 1946 was made in 1947. This leveling off was due in part to increased payments difficulties. In

many crucial payments relationships bilateral balance was not achieved and lines of credit became exhausted. At the same time, practically all European countries were more and more hard pressed for the financing of their purchases from the Western Hemisphere. The intra-European debtors were therefore increasingly unwilling to transfer gold or dollar balances in settlement of their debts, and the creditors became increasingly unwilling to extend new credits to the debtors because of the poor prospects of eventual repayment and concern over domestic inflationary pressures.

Developing the first Intra-European payments plan.—One of the major tasks for the European recovery program was the abatement of these difficulties. Initially the Economic Cooperation Administration financed a portion of intra-European trade by allowing the participants to purchase with program dollars needed supplies from other participants. This was a temporary device to meet a pressing problem; it did not constitute a permanent acceptance of the necessity to finance intra-European trade with dollars.

This device gave way to a more thoroughgoing approach to the problem in an intra-European payments plan signed by the participants in the recovery program on October 16, 1948. Under the plan, the participating countries estimated their anticipated surpluses and deficits of payments with each other during a specified period. Once these estimates were agreed upon, the creditor country in each case committed itself to establish accounts in its own currency in favor of its debtor to the amount of the estimated payment deficit. These accounts, called drawing rights, were made available as grants rather than lines of credit. For example, Belgium might be able to export to France the equivalent of \$40,000,000 worth of goods and services in excess of the value of the goods and services which France was in a position to export to Belgium. France, not holding Belgian credits and not having adequate gold or dollar reserves, could not buy these needed additional goods and services from Belgium. Under the payments plan, however, Belgium would agree to grant to France drawing rights in Belgian francs up to the equivalent of \$40,000,000. Though a creditor of France, Belgium might have a dollar deficit in trade with the Western Hemisphere. How would Belgium acquire the dollars to meet this deficit? Under the payments plan \$40,000,000 of the aid allotted to Belgium out of Economic Cooperation Administration funds would be conditional upon Belgium's granting equivalent drawing rights to France. In other words, Belgium would be required in effect to earn the \$40,000,000 by passing on an equivalent amount of aid to France in the form of goods and services paid for in Belgian francs. Belgium's obligations would be discharged by passing on the assistance to France. France would be obliged to deposit counterpart funds commensurate with the aid thus received from Belgium.

Accomplishments of the Intra-European payments plan through 1949.—This payments scheme, in which the process exemplified above was repeated 78 times in a set of creditor-debtor arrangements, was maintained unchanged for 9 months from October 1948 to June 1949. During this period trade among the participants was of the order of \$2,000,000,000. Some 40 percent thereof was cleared within the payments scheme and the balance by accumulation of debts and payment in gold or dollars or other means outside the scheme. About

one-eighth of the clearances within the scheme was due to multilateral debt cancellation and the rest due to use of drawing rights.

As renewed in mid-1949 the payments plan contained modifications in the direction of multilateralism. Of the \$802,000,000 in drawing rights established for 1949-50, \$285,000,000 was made multilateral. Except in the case of drawing rights granted by Belgium where special provisions proved necessary, 25 percent of drawing rights granted to participating countries was made multilateral and could be used to settle deficits with any other countries covered by the agreement. In the case of Belgium rather more than 50 percent of drawing rights was multilateral.

An accompanying table records the changes that took place in the net surpluses or deficits of the participating countries and their associated monetary areas with other participants from the beginning of the first payments scheme to the close of 1949. The figures include some capital as well as current transactions. The figures for the last two quarters of 1949 are affected by special factors associated with devaluation.

Net surpluses and deficits of countries in the intra-European payments plan and their associated monetary areas with other participants

[Millions of dollars]

	1948, October to December	1949			
		January to March	April to June	July to 18 September	19 September to December
Austria.....	-3.7	-34.3	-33.3	-11.1	-29.0
Belgium.....	+64.7	+64.5	+118.3	+99.9	-5.1
Denmark.....	-32.8	-5.6	+15.7	+12.9	+16.8
France.....	-77.8	-57.5	-38.4	+134.2	+11.0
Germany.....	+14.2	+46.1	+17.7	+31.6	-110.4
Greece.....	-26.5	-23.4	-39.2	-31.2	-40.4
Italy.....	+60.2	+73.0	+82.4	+83.2	+4.5
Netherlands.....	-13.8	-107.7	-33.2	+6.0	+14.9
Norway.....	-62.1	-23.8	-21.8	-24.6	-38.1
Portugal.....	-34.5	-36.4	-27.9	+9.8	+7
Sweden.....	+51.1	+9	+18.0	+50.6	+44.4
Switzerland.....	+14.5	+20.0	+44.6	+61.6	-32.4
Turkey.....	+5.2	+8.4	-7.4	-2.9	+20.5
United Kingdom.....	+41.3	+75.8	-95.5	-420.0	+142.6
Total of net surpluses.....	251.2	288.7	296.7	489.8	255.4

¹ Including Ireland, Iceland, and other countries in the sterling area.

Shortcomings of the existing system.—The defects of the intra-European payments plans up to now, as developed in an analysis given in the testimony of Mr. Richard M. Bissell, Jr., Assistant Administrator for Programs of the Economic Cooperation Administration, have been two:

* * * First of all, it has tended to perpetuate, or has done nothing to break down, the bilateralism of trade * * *. It is still true that Belgium receives conditional aid, and then Belgium extends that aid in turn in specific amounts to France, to Britain, to the Netherlands, for instance. It is still true with the payments plan that France or Britain or the Netherlands receives a certain amount of dollars in aid directly from us. It receives a certain number of Belgian francs, a certain number of German marks, and a certain number of pounds sterling.

Therefore, each of these European governments has, as it were, half a dozen different pockets with a different kind of money in each and a perfectly fixed amount of money in each. And the extent to which, therefore, a country that

wants to buy steel can shop around, between Germany and France and Belgium and England, is very much limited.

Now, that defect that is inherent in the bilateralism of these arrangements is reinforced by another of the mechanical sort. This payments plan has depended on forward estimates. Wherever those estimates have turned out to be wrong, a country will find that it is running out of, say, German marks, but it has a lot of sterling left. Well, that means that for a few months there is every incentive to try to buy in England to use up the sterling and restrict purchases in Germany because they are short in marks, or whatever country's currency it may be. Clearly, that induces distortions.

In the first year, by and large, I think the technicians guessed remarkably well, and this problem was not a serious one, but just about a month after they finished making their guesses for this year we had the devaluations of European currencies. They naturally completely altered trading relationships and trading patterns. The result has been that this year's guesses, made in advance, have turned out to be quite wide of the mark.

* * * * *

The other defect is that although the payments plan * * * has * * * operated to free up European trade, and permits a large gross in the volume of trade within Europe, there is nothing * * * that tends to cure the disease. That is, there is nothing * * * that provides any incentive to creditor countries or to debtor countries, to try to bring their trade into reasonable balance or close to balance within Europe.

Thus as measured by completed developments, the record, until the recent past, has given meager evidence on which to base hopes that the participating nations would use the European recovery program to consolidate their efforts to bring about a permanent solution of western Europe's economic ills rather than permitting it to become merely a passing period in which they enjoyed American bounty.

C. THE PROPOSED EUROPEAN PAYMENTS UNION

The move to provide a more adequate payments plan.—A development of considerable potential and in immediate prospect is the establishment of a new European payments union gaged to strengthen multi-lateral trade.

To correct the defects in the existing payments scheme as noted above, the Economic Cooperation Administration took the initiative last fall toward bringing about a new payments arrangement more clearly reflecting the central objectives of the European recovery program.

The impulse originated in an address directed to the nations of the Organization for European Economic Cooperation by Administrator Hoffman on October 31. After 3 months of study, at the close of January 1950, the Council of the Organization for European Economic Cooperation accepted the principles of a new set of payments arrangements. The Council's resolution expressed the will to form a payments union in keeping with broad principles.

The arrangements have not as yet been completed. An obstacle to its taking final form has been the position of the United Kingdom which must adjust its position as banker of the sterling area to the obligations it would have as a participant in the European payments union. Recent days have brought increasing indications that this dual relationship may be worked out; accordingly the likelihood of a more adequate European payments arrangement may be said to be increasing.

The new payments plan, as it emerges, will be the result of the Europeans' own efforts and own consent—albeit, with indispensable

stimulus from the Economic Cooperation Administration. As related by Administrator Hoffman:

* * * I feel that a great deal of progress has been made * * * in getting acceptance of the idea that this must move forward, and it must move forward not in order to comply with any directive from us. In other words, to be successful you have got to bring these people along to where they finally make up their minds that this is hard to do but they are going to do it.

There is one situation which has developed which gives us our real hope that this can be brought off and brought off in such a manner that there can be no criticism from anybody anywhere about it. In the first instance we told the members of the Council of the OEEC what we felt should constitute a first step toward integration: We did not say, "This is what you must do," but we said, "these are our ideas as to what would be an adequate first step." Then the members of the Council, after considering it, came to a unanimous decision as to what they would do. This was their decision. In other words, we did not say, "This is our program which we think will do this for you," but we said, "Here are certain goals we are mutually agreed upon. Here are certain avenues that should be explored as avenues that would take take us toward that goal, but you figure it out for yourselves." * * *

Now, this is their program and all we have kept insisting is that they carry out their own program.

The basic principles envisaged.—The European payments union as envisaged by the Council of the Organization would be designed to fulfill the principles set forth below, as quoted from the Organization's second report:

* * * In the first place they must facilitate the largest possible measure of liberalization of trade among the participating countries.

Secondly, they must be compatible with and support other decisions and policies * * * for the solution of the over-all western European problem. In particular, they must help, not hinder, the participating countries in their efforts to become independent of extraordinary external assistance; and they must encourage all members to achieve or maintain a high and stable level of trade and employment * * *.

Thirdly, they must be of a nature to make possible the transition from the post-war world—and in particular the first 2 years of ERP—to the period after 1952, and to provide, during the last 2 years of ERP and subsequently, some cushion to play the part which European gold and foreign exchange reserves, many of which are now depleted, cannot be expected immediately to play. It will also be necessary to make it possible for countries which improve their position to strengthen their reserves, and to encourage them to do so.

Fourthly, they must be devised in such a manner as to give reasonable hope that they will continue after the termination of the ERP period and thus provide a payments machinery of a durable character, such as may serve the needs of a trading area free from quantitative trade and exchange restrictions. To this end, they must on the one hand make some provision for such intra-European settlements to be made in gold, dollars, or other acceptable currencies of countries outside the system, as will correspond structurally to the pattern of trade of the member countries among themselves and with the outside world, while on the other hand recognizing that, in the light of the probable scarcity of dollars, there will necessarily be a limit to such transfers.

Clearinghouse functions.—A primary characteristic of the proposed arrangements is that they would serve as a clearinghouse. As described in the testimony of Mr. Bissell:

* * * as with a commercial bank clearinghouse, each of the central banks in Europe will be a member of this central clearinghouse, and monthly or quarterly or however often settlement dates may be, each member central bank * * * will report the claims it holds * * * on other banks. Those will then be cleared in the clearinghouse exactly as they are in a clearinghouse among commercial banks in this country.

* * * when the clearing operation is finished, then, of course, each central bank in Europe finds itself either in debt to the clearinghouse by the amount of its trade deficit with all the other participating countries during the preceding month, or else it finds that the clearinghouse owes it an amount of money which

represents the payment surplus with the whole rest of Europe for the preceding month. * * * it is that which is so important in making this a multilateral payments system instead of simply a bilateral payments system.

A second characteristic concerns the manner of settlement of debts between a central bank and the clearinghouse. This will be in part by credits advanced by the participating countries themselves and in part by financing through the Economic Cooperation Administration.

As explained in the second report of the Organization for European Economic Cooperation—

Short term credits would be used automatically to settle these net debit and credit positions until they were exhausted. There would be no bilateral link between the net creditor and the net debtor in respect of lending by or borrowing from the EPU; the net creditor would in fact give a short term credit to the EPU and the EPU would give a short term credit to the net debtor.

If the facilities of the system are to be preserved unencumbered, it would be essential to insure that the short term lines of credit are continually reestablished. Whenever any part of the short term credits granted by the EPU to a debtor or by a creditor to the EPU had been utilized for an agreed period, they should be deemed to have financed a semi-permanent deficit and would have to be reimbursed. Such short term credits would normally be redeemed by the use of medium or long term credits * * *.

The function of dollars.—This leads on to the question of the redress of debtor and creditor positions beyond short-term settlements. In the words of the Organization's report—

When the short term lines of credit were exhausted, recourse would be had to the medium or long term lines of credit to settle automatically net credit or debit positions with the EPU. There is general agreement that during the use of this medium or long term line of credit the debtors should at the same time pay dollars to the EPU and that, in order to discourage excessive positions, the proportions of dollar payments would steadily increase, until, by the time the debtor's line of credit was nearly exhausted, the greater part of any net deficit position would be settled by dollar payments.

Similarly, net credit positions on medium or long term would be settled automatically by a combination of dollar payments by the EPU to the creditor, and the granting of credits by the creditor to EPU.

Emphasis should be placed on the function of credit extended by the European nations themselves in this system. As pointed out by Mr. Bissell—

* * * one of the purposes of that element in the procedure is to imply an incentive to the creditor countries in this system. We do not want to make it too easy to earn dollars in Europe. If it is too easy to earn dollars in Europe, these countries will not have the incentive and the pressure to earn dollars outside of Europe. And, since earning dollars in Europe is merely earning them away from one or the other participating countries with which we are concerned, we obviously do not want to make that too attractive an opportunity.

Also, another reason for bringing this credit element into operations of the payments union is that we want to begin to build something now that will have the possibility of lasting beyond the ERP when there is no more ECA aid. And it is our view that by the time the ECA is out of the picture, this kind of a clearinghouse should be able to operate with the settlements made entirely in gold, plus credits among the European countries themselves, with no third element corresponding to the conditional aid of the present payments plan.

At the same time the employment of dollars in some degree would be essential; mechanism may be expected to work because of the presence of dollars as a lubricant. In the words of the Organization's report—

It will be necessary, in the payments arrangements now envisaged by the Organization, that a part of United States aid be used for the settlement of financial

positions arising in intra-European trade. In addition to the direct dollar aid needed by each country for its own recovery program, it will be desirable that some part of the aid for 1950-51 be put into a special fund of dollars for use in connection with the new payments arrangements. The part of the aid destined for use in this special fund must be in a form that makes it possible to finance fully and freely all transfers which may arise in the payments arrangements now proposed.

Scrutiny of financial policies by the payments union.—A third characteristic would relate to the use of the central institution to exercise active scrutiny of the over-all financial policies of the participating countries. As expressed in the Organization's report—

The equilibrium necessary for the proper functioning of a multilateral payments system may be endangered by inflationary or deflationary pressures. Inflationary or deflationary policies must not be allowed to delay the solution of Europe's general problem, to endanger the liberation of trade and the maintenance of a high and stable level of employment, or to render ineffective the mechanism introduced to provide for the transferability of European currencies.

* * * any organ set up to supervise these new payments arrangements must have not only the right but the positive duty to consult continuously with members on their relevant economic and financial policies and to use the privileges and facilities of the system to promote the underlying conditions indispensable to continued transferability.

The report observes further—

Whenever the position of a member, whether a net creditor or a net debtor, was, in the opinion of the management, the consequence of an undesirable monetary, financial or general economic policy being followed by him, it would be their duty to place conditions on access to the facilities of the EPU. They would also have the power of varying the amount of dollar payments, asking more from a net debtor or paying less to a net creditor, though it is for consideration whether such discretion should or should not be exercised while the first part of the medium or long term line of credit was being used.

The power of the management would not be limited to modifying the normal rules adversely to a member. In any case when a member was in difficulties and time was needed for the necessary corrective policies to have their effect, special additional facilities could be given to him.

Organizational relationships.—The management of the payments union would, of course, work in close relationship with the Council of the Organization for European Cooperation. [It is anticipated that the management will be in the hands of a small board whose members would represent particular governments. The board would be empowered to act with some majority less than unanimity. As indicated in the report of the Organization for European Economic Cooperation, the Economic Cooperation Administration would be associated with the board as an observer so long as dollars were being used and its approval would be necessary for any use of dollars.

It is intended also that operations of the payments union, supervised by the board, will be carried out by the Bank for International Settlements. There is also the question of relationship to the International Monetary Fund, since the payments union would be seeking to accomplish on a western European scale what the International Monetary Fund was intended to accomplish on a world scale. As observed in the report of the Organization for European Economic Cooperation—

These matters are of great interest to the International Monetary Fund of which many participating countries are members, and these countries will be concerned to ensure that obligations incurred by them as members of the EPU should be consistent with obligations which they may have as members of the International Monetary Fund. Close cooperation and consultation with the

International Monetary Fund are desirable, and it will be necessary to examine what shall be the appropriate relationships.

Need for reduction of quotas.—As a device for increasing multilateralism in trade, the payments union must be supported by companion actions to reduce restrictions in all facets of trade. This necessity has been recognized, if not as yet in action, then at least in declarations by the Council of the Organization for European Economic Cooperation. As expressed in an undertaking of the Council—

1. Member countries must make it their aim to remove, as soon as such a payments scheme comes into force, quantitative restrictions on at least 60 percent of their imports on private account from other member countries taken as a group, in the respective fields of food and feeding stuffs, raw materials and manufactured goods counted separately.

2. The Council shall decide as soon as possible after June 30, 1950, what further progress during 1950 participating countries should undertake with a view to attaining a liberalization of 75 percent of their imports on private account from other participating countries taken as a group.

This decision shall be made in the light of the circumstances then obtaining, including the result obtained as far as the suppression of practices that may prejudice free competition among European countries is concerned.

In any event quotas still existing after December 31, 1950, would have to be justified.

Further negotiations to the end of achieving the aims set forth in paragraph 2 above would take place as soon as the objectives in paragraph 1 had been attained. The undertaking of the Council continues:

* * * During these negotiations, member countries should take the following recommendations into account:

(a) This new stage of liberalisation can be used for the purpose of harmonising the liberalisation lists submitted by member countries. * * *

(b) To prepare the way for the progressive measures of liberalisation to be taken during 1950, member countries could meanwhile take steps to enlarge existing quotas.

(c) As a first step towards permitting progress towards complete freedom of transactions and transfers on a reciprocal basis, member countries shall:

I. Establish a stand still on the introduction of restrictions both to transfer and to contract in respect of all invisible transactions on current account.

II. Abolish all restrictions on these current invisible transactions which are connected with the movement of goods, the importation of which is free from quantitative restrictions in pursuance of the decisions reached by the organization on liberalisation of intra-European trade.

III. Relax to the greatest possible extent restrictions on other current invisible transactions so long as this can be done without danger to their balances of payments.

Meanwhile, studies would be pressed and recommendations made concerning the liberalization of invisible transactions and financial transfers and concerning the tariff policies of the participating countries.

D. THE CONTENT OF THE BILL RELATING TO THE EUROPEAN RECOVERY PROGRAM

Analysis of the original request.—The request as originally placed before the committee by the Economic Cooperation Administration was for a \$3,099,100,000 authorization for the fiscal year 1951. It was estimated that \$149,100,000 would carry over from appropriations made for the current fiscal year. Authority to permit continued use

of the sums carried over was sought. In addition, a new authorization of appropriations of \$2,950,000,000 was asked. The total of the carry-over and the new request would equal the total sum sought for the coming year.

An accompanying table analyzes the request in relation to the total of funds that would be available for obligation. It gives data for preceding periods of the program for purposes of comparison.

Summary of funds available for obligation by Economic Cooperation Administration

	Actual, Apr. 3, 1948-June 30, 1950	Estimate, 1950	Estimate, 1951
DIRECT OBLIGATIONS			
Appropriation or estimate	\$5,074,000,000	\$3,628,380,000	\$2,950,000,000
Public-debt authorization ¹	972,300,000	150,000,000	
Recapture from Public Law 389	14,500,000	5,000,000	
Total	6,060,800,000	3,783,380,000	2,950,000,000
Prior year balance of unallotted funds, reappropriated		78,821,869	149,100,000
Balance of unallotted funds reappropriated for subsequent year	-78,821,869	-149,100,000	
Total direct obligations and allotments	5,981,978,131	3,713,101,869	3,099,100,000
Balance of allotted funds reappropriated for subsequent year	-46,941,194		
Prior year balance of allotted funds reappropriated		46,941,194	
Total direct obligations	5,935,036,937	3,760,043,063	3,099,100,000
REIMBURSABLE OBLIGATIONS			
Reimbursements for services performed		166,000	147,500
Total obligations	5,935,036,937	3,760,209,063	3,099,247,500

¹ Excludes \$150,000,000 public-debt authorization for investment guaranties.

A second accompanying table analyzes the request from the standpoint of types of activity involved. Comparative data for other years are included.

Obligations by activities in appropriations made or requested for European recovery program

	Actual, Apr. 3, 1948-June 30, 1949	Estimate, 1950	Estimate, 1951
DIRECT OBLIGATIONS			
Grants and loans for recovery	\$5,906,058,806	\$3,705,228,063	\$3,045,995,000
Deficiency materials projects	622,500	20,000,000	20,000,000
Technical assistance	2,419,826	9,000,000	15,000,000
Ocean freight, voluntary foreign aid	12,082,205	10,500,000	2,800,000
Confidential fund	3,579	50,000	50,000
Administration	13,850,021	15,265,000	15,255,000
Total direct obligations	5,935,036,937	3,760,043,063	3,099,100,000
REIMBURSABLE OBLIGATIONS			
Administration		166,000	147,500
Total obligations	5,935,036,937	3,760,209,063	3,099,247,500

A third accompanying table analyzes the request, from the standpoint of the relationship of the factors contained in it, to equivalent factors appropriated for in previous years.

Comparative summary of appropriations and authorizations for European recovery program

Item	Actual, Apr. 3, 1948-June 30, 1949	Estimate, 1950	Estimate, 1951
Direct country aid.....	\$5,953,000,000	¹ \$4,056,152,508	\$3,009,995,000
Supplementary aid to Greece.....			36,000,000
Other assistance.....	15,128,110	39,550,000	37,850,000
Administration.....	13,850,021	15,265,000	15,255,000
Total obligations and allotments.....	5,981,978,131	4,110,967,508	3,099,100,000
Allotments unobligated.....	-46,941,194		
Prior year allotments obligated.....		46,941,194	
Comparative transfer from government and relief in occupied areas (GARIOA) for Germany.....		-397,865,639	
Total direct obligations.....	5,935,036,937	3,760,043,063	3,099,100,000
Prior year balance reappropriated:			
Allotted.....		-46,941,194	
Unallotted.....		-78,821,869	-149,100,000
Balance reappropriated for subsequent years:			
Allotted.....	46,941,194		
Unallotted.....	78,821,869	149,100,000	
Total.....	6,060,800,000	3,783,380,000	
Appropriation request.....			2,950,000,000

¹ Includes \$397,865,639 from appropriations for government and relief in occupied areas (GARIOA) for Germany.

Of the total of \$3,099,100,000 sought, a sum of \$2,925,000,000 would go for country-aid programs of the Economic Cooperation Administration related exclusively to objectives of the European recovery program. An accompanying table shows the country-aid programs in terms of dollar value of assistance. Comparative figures of the current year and the projected year are given. The relationship of the country-aid programs and the dollar deficits and the reserve changes in the countries concerned is indicated. In some instances the reserve change is positive. In such instances the assistance in dollars has been in the form of conditional aid—that is, in consideration of aid passed on to another country as a grant. The country programs will be discussed at greater length below in connection with the committee's decision to have greater direct use of surplus commodities brought about in the program.

Country aid programs of the Economic Cooperation Administration, fiscal years 1950 and 1951

(Millions of dollars)

	Fiscal year 1950			Fiscal year 1951			
	Dollar deficit	Aid	Reserve change	Dollar deficit	Pipe line change ¹	Aid	Reserve change
Austria.....	-169.5	+166.4	-3.1	-135.5	+10.0	+124.4	-1.1
Belgium.....	-194.2	+256.9	+62.7	-185.3	+35.0	+142.8	-7.5
Denmark.....	-86.2	+87.0	+0.8	-76.5	+10.0	+65.1	-1.4
Free Territory of Trieste.....	-13.4	+13.4		-10.0		+10.0	
France.....	-613.1	+673.1	² +60.0	-549.3	+40.0	+502.8	-6.5
Germany.....	-741.4	³ +740.3	-1.1	-594.3	+37.0	+552.9	-4.4
Greece.....	-156.3	+156.3		-148.8		+148.8	
Iceland.....	-7.0	+7.0		-5.2		+5.2	
Ireland.....	-57.2	+44.9	-12.3	-39.5	+6.0	+33.5	
Italy.....	-355.6	+364.0	+8.4	-319.5	+18.0	+290.6	-10.9
Netherlands.....	-260.7	+295.6	² +34.9	-226.3	+30.0	+192.8	-3.5
Norway.....	-97.1	+90.0	-7.1	-66.6	+3.0	+67.1	+3.5
Portugal.....	-48.3	+31.5	-16.8	-22.5		+23.5	+1.0
Sweden.....	-48.5	+48.0	-0.5	-21.1	+3.0	+34.3	+16.2
Turkey.....	-68.2	+59.0	-9.2	-48.8	+2.0	+44.1	-2.7
United Kingdom.....	-956.1	+919.8	-36.3	-724.0	+50.0	+687.1	+13.1
Total.....	-3,872.8	³ +3,953.2	² +80.4	-3,173.2	+244.0	+2,925.0	-4.2

¹ Pipe-line change indicates dollar value of goods for which procurement authorizations have been issued but which have not been received as yet.

² The increase of reserves in fiscal year 1950 in the case of France and the Netherlands is due, to the extent of \$91,700,000, to the return of gold taken from them during the war.

³ Includes \$397,900,000 for government and relief in occupied areas (Garios).

Other expenses contemplated in the request total \$174,100,000.

Of this sum, \$85,000,000 would go for special projects. These consist of power projects involving more than one country and overseas development undertakings.

For the power projects, the request is \$40,000,000. These are nine in number. Five are for thermal produced power, three for hydroelectric power, and one for transmission of hydroelectric power. Countries to be served by these developments are France, Belgium, the Netherlands, Luxemburg, Germany, Switzerland, Italy, Austria, Norway, Sweden, and Denmark. It should be borne in mind that a shortage of electric power is one of the limiting factors in European industrial development and that these projects relate directly to the accomplishment of the purposes of the program. Also, the projects are only in part financed by the Economic Cooperation Administration, from which source about \$110,500,000 of a total investment amounting to about \$294,000,000 will be derived. The projects will involve the development of about 1,000,000 kilowatts.

For overseas developments \$45,000,000 is sought. Included are such items as road development, drainage, and the like—short-term undertakings designed to bring about immediate increase in overseas production. The dollar assistance related to these developments will comprise only about one-tenth of the total outlay, the balance being in local currencies. Overseas territories of the United Kingdom, France, Belgium, the Netherlands, and Portugal are concerned in these projects.

Also included in the \$174,100,000 are common-use items for Greece. These would require \$36,000,000. The term "common-use items" denotes items that relate both to the economic recovery program and

to the military assistance program. These items, involving both industrial and military development, were formerly carried in the military aid budget. They are kept separate from the regular country-aid program for Greece because of their bearing on the military program.

For administrative expenses the Economic Cooperation Administration has estimated its needs at \$15,255,000. This includes salaries, travel, communications, rent, utilities, and the like.

For additional items not related specifically to economic recovery a sum of \$37,850,000 is sought. This sum includes the following: \$20,000,000 for development of strategic material sources and purchase of strategic materials; \$15,000,000 for technical assistance, \$50,000 for a confidential fund; and \$2,800,000 for ocean freight for relief packages sent to countries receiving assistance on a grant basis. It should be noted that the outlay for relief shipments will be significantly curtailed in the third year of the program. As explained by the Economic Cooperation Administration in a report submitted to the committee, the reduction will be due to the elimination of the subsidy on such shipments made by individuals and through commercial firms to certain countries with regard to which the volume of such shipments has fallen off drastically. It is planned to revise agreements with such countries providing for duty-free admission and payment of transportation costs within the countries concerned. Such shipments to the United Kingdom, the Netherlands, France, and Germany will be affected. Shipments to other countries may be affected if developments warrant. Shipments by CARE, Inc., and other such voluntary nonprofit agencies will not be affected.

The uses for the dollars allocated to technical assistance programs of the Economic Cooperation Administration are indicated in an accompanying table. It should be noted that the sum of \$15,000,000, used as a factor in the authorization, differs slightly from the total on the accompanying table, but the figures are close enough to indicate the general type of activities and the countries concerned in this part of the program.

Economic Cooperation Administration technical assistance program for fiscal year 1951, showing estimated commitments by country and by field of activity

Country	Industrial produc- tivity	Market- ing	Agricul- tural pro- ductivity	Manpower utiliza- tion	Public adminis- tration	All other	Total
Total.....	\$6,120,500	\$1,447,300	\$2,344,000	\$1,421,800	\$1,204,300	\$3,522,100	\$16,359,900
France.....	698,500	179,600	217,400	50,500	54,100	360,000	1,560,100
Germany (Federal Re- public).....	378,600	120,000	196,600			116,300	811,500
Greece.....	481,000	95,400	404,300	183,800	733,200	300,100	2,200,700
Italy.....	559,800	133,500	153,100	65,000	55,700	113,100	1,080,200
Netherlands.....	277,700	94,600	80,900	6,800	5,000	8,000	473,000
Turkey.....	1,019,000	120,000	464,200		126,600	328,600	2,058,300
United Kingdom.....	1,259,000	300,000	91,200	15,000	19,200	1,000,000	2,684,400
Organization for Euro- pean Economic Co- operation.....	601,700	106,800	190,800	1,058,000	116,800	943,800	3,017,800
All others.....	845,300	294,400	545,500	42,800	93,800	352,300	2,173,900
Unallocated program management costs.....							300,000

The dollars for development of strategic-material sources and purchase of strategic materials will be in addition to the funds drawn for that purpose out of the 5 percent reserved for United States uses from the local currency counterpart funds. The relationship between the dollars to be spent and the dollar equivalents from the counterpart funds is shown in the accompanying table (it should be noted that the dollar total in the table varies slightly from the estimated \$20,000,000). In general, the Economic Cooperation Administration explains, dollar funds are used in this program only when dollar-bought equipment is essential to the undertaking or will hasten the increased production that is sought.

Economic Cooperation Administration strategic materials projects, fiscal year 1951

[Dollars and dollar equivalents]

Country (including overseas territory)	Fiscal year 1951 (estimate)		
	Total	5 percent counterpart dollar equivalents	ECA dollars
Total.....	28,964,000	8,610,000	20,354,000
United Kingdom.....	11,062,000	2,282,000	8,780,000
France.....	3,975,000	2,760,000	1,215,000
Greece and Italy.....	4,323,000	2,968,000	1,355,000
Turkey.....			
Netherlands.....	660,000		660,000
Scandinavia and Ireland.....	3,350,000	500,000	2,850,000
Austria.....			
Portugal.....	5,460,000		5,460,000
Germany (Federal Republic).....	134,000	100,000	34,000

The country-aid programs.—The critical item in the over-all programs is that dealing with the country programs, for which \$2,925,000,000 is allocated in the estimates. It is here that the reductions would have to be made, in the main, if any appreciable cut were ordered by the Congress. It is in this part of the projected program that the aims of European recovery program will be served or frustrated, depending on the adequacy of the funds made available. The committee examined the projected figures with greatest care to assure itself that no opportunity might be missed for a saving that would not be prejudicial to the program. The commodity groups within the country programs are shown in an accompanying table. Data for the present fiscal year are included for purposes of comparison with the projected year to show in what parts of the program the principal reductions from the present year are planned. (Details for individual countries are shown in tables on pp. 454-457 of committee hearings on H. R. 7378 and H. R. 7797.)

Commodity groups in European recovery program financed by Economic Cooperation Administration in fiscal years 1950 and 1951

Commodity	Program, fiscal year 1950 ¹	Requested program, fiscal year 1951
Food and agricultural imports:		
Food.....	\$662,400,000	\$596,900,000
Feed and fertilizer.....	154,000,000	154,400,000
Natural fibers.....	464,400,000	503,500,000
Other agricultural products.....	175,800,000	141,700,000
Total food and agricultural products.....	1,456,600,000	1,396,500,000
Industrial imports:		
Fuels.....	350,800,000	301,400,000
Industrial raw materials.....	550,100,000	404,000,000
Capital equipment.....	766,100,000	516,300,000
Other manufactures and raw materials.....	152,700,000	71,000,000
Total industrial imports.....	1,819,700,000	1,292,700,000
Total commodity imports.....	3,276,300,000	2,689,200,000
Transportation.....	266,100,000	235,800,000
Total program financed by Economic Cooperation Administration.....	3,542,400,000	2,925,000,000
Carry-over from previous appropriations.....	—44,000,000	—
Government and relief in occupied areas for Germany.....	+397,900,000	—
Offshore procurement by other participating countries in Belgium.....	+56,900,000	—
Total allotment from fiscal-year appropriation.....	3,953,200,000	2,925,000,000

¹ Includes Indonesia.

The committee determined upon the following line of action—to cut the requested authorization by \$1,000,000,000 and to provide a compensatory authorization to use in the European recovery program \$1,000,000,000 worth of surplus agricultural commodities to be acquired from the Commodity Credit Corporation. The action was deliberated at great length in the committee. The division was close. The prevailing view, however, was that this method would best serve to relieve the situation regarding agricultural surpluses and the budgetary situation and at the same time would not prejudice the objective of aiding European recovery.

Other provisions regarding commodities.—Most of the other provisions in subsection (c) make subsidiary changes in section 112 of the act relating to surplus agricultural commodities.

It is in point here to consider three other parts of the subsection in question relating to certain commodities.

Paragraph (1) of the subsection strikes out subsections (b) and (c) of section 111 of the act. These sections of the act:

(b) The procurement of petroleum and petroleum products under this title shall, to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this title, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds necessary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour procured in the United States for transfer by grant to such countries under this title shall not be less than 12½ per centum of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title.

It is sufficient to note, in explanation of the committee's action, that these provisions of the act were originally based upon situations of fact that no longer obtain.

A third matter to be noted in passing relates to two new provisos concerning the procurement of wheat or wheat flour to the International Wheat Agreement of 1949. One is contained in subparagraph (ii) of paragraph (2) of subsection (c) of section 102 and the other is in subparagraph (iii) of the same paragraph. These relate respectively to acquisition of wheat and wheat flour from the Commodity Credit Corporation and from private sources. Their effect is to insure that participating countries entitled to buy under the International Wheat Agreement will be charged the prices established in accordance with that agreement.

It should be kept in mind that western Europe has a permanent food deficit. This must be filled by food from the dollar area if western Europe is not to go hungry. The deficit will continue indefinitely, notwithstanding the great recovery in production that is being achieved. In time the western Europeans will, it is expected, recover sufficiently to be able to pay for all their required food from the dollar area in dollars they have earned. They will not be able to do so during the coming fiscal year, however.

Estimates by the Economic Cooperation Administration indicate that countries participating in the program will import agricultural products totaling \$1,626,000,000 in value from the United States in fiscal year 1951. The program of the Economic Cooperation Administration includes \$1,396,500,000 in such products. Not all of the latter will be procured in the United States. The major portion—about \$1,122,900,000 worth—will be procured here, however. An accompanying table indicates the relationship of Commodity Credit Corporation stocks of food and agricultural products with such products in the European recovery program estimates for the coming fiscal year.

Commodity Credit Corporation stocks and loans, Jan. 31, 1950 compared with estimates of commodities to be financed by Economic Cooperation Administration, fiscal year 1951

	Imports financed by Economic Cooperation Administration (FAS)	Commodity Credit Corporation stocks, Jan. 31, 1950	Commodity Credit Corporation loans, Jan. 31, 1950	Loan due date
Cotton.....	\$474, 700, 000	\$614, 500, 000	¹ \$382, 500, 000	June 30.
Wheat (and rye).....	457, 200, 000	{ ¹ 382, 900, 000 74, 300, 000 }	585, 000, 000	Apr. 30.
Coarse grains.....	135, 200, 000	209, 700, 000	648, 000, 000	Apr. 30 to Aug. 31
Soybeans.....	12, 000, 000	{ ¹ 6, 900, 000 5, 100, 000 }	15, 900, 000	May 31.
Linseed and linseed oil.....	3, 000, 000	201, 600, 000	29, 600, 000	Apr. 30.
Cheese.....	5, 000, 000	8, 500, 000		
Peanuts.....	7, 500, 000	9, 200, 000	17, 600, 000	June 1.
Eggs.....	2, 500, 000	98, 100, 000		
Wool.....	7, 000, 000	40, 100, 000		
Rosin.....	8, 000, 000	17, 100, 000	12, 300, 000	Mar. 31.
Turpentine.....	1, 500, 000	{ ¹ 1, 000, 000 500, 000 }	1, 300, 000	Do.
Dried fruit.....	9, 300, 000	{ ¹ 5, 700, 000 3, 600, 000 }	-3, 600, 000	
Total.....	1, 122, 900, 000	{ 1, 595, 300, 000 83, 500, 000 }	1, 692, 200, 000 3, 600, 000	

¹ Jan. 31, 1950, stocks less than estimated requirements by Economic Cooperation Administration for fiscal year 1951.

² Jan. 31, 1950, stocks plus loans (if any) less than estimated requirements financed by Economic Cooperation Administration.

The committee's action regarding the authorization.—Subparagraph (i) of paragraph (1) of subsection (e) of section 102 reflects the committee's actions in regard to the authorization. The amount as requested is cut by \$1,000,000,000 to a figure of \$1,950,000,000.

This reduction is to be considered along with the action taken by the committee as reflected in subsection (c) of section 104. This provision revises section 112 of the act in certain particulars.

The principal one is to provide for furnishing surplus agricultural commodities in kind to the countries participating in the European recovery program up to \$1,000,000,000 in original cost or market value. The anticipated procurement by all participating countries of food and agricultural products from the United States during fiscal year 1951, including purchases financed by their own earnings as well as by funds from the Economic Cooperation Administration, is \$1,645,000,000. Accordingly, the proposal in this bill would still leave \$645,000,000 of agricultural products—roughly two-fifths of the participating countries' needs—to be financed by the recipients themselves or by dollars from Economic Cooperation Administration funds. Plans of the Economic Cooperation Administration call for the expenditure for western Europe of \$1,396,500,000 of its own funds for food and agricultural procurement in the dollar area, this figure including the \$1,000,000,000 herein proposed for acquisition from surplus commodity sources.

In the past the Secretary of Agriculture has used the discretion given him in the Economic Cooperation Act so that only \$115,000,000 worth of food and agricultural products has been procured from Government surpluses out of an Economic Cooperation Administration program involving \$2,489,800,000 worth of such products. The effect of the revision of the statute now proposed would be to compel a change in practice. To the extent of \$1,000,000,000, the surpluses on hand would be used instead of financing open market private buying of the same products.

The surplus agricultural commodities used in the program would, of course, not be given away. The ultimate recipients would still pay for the food in their own currencies. The receiving countries would have to deposit counterpart funds equivalent in value to the cost of the food.

Provisions related to liberalization of trade.—The key provision in the title related to liberalization of trade in western Europe is found in paragraph (3) of subsection (b) of section 102. It would amend section 111 of the Economic Cooperation Act of 1948, as amended, by adding a new subsection. This subsection would authorize the Administrator to transfer funds directly to any central institution or other organization established by two or more participating countries or to any countries in connection with operations of such institution or organization, such funds to be used on conditions determined by the Administrator for the purpose of promoting multilateral trade, facilitating transferability of currencies, and eliminating existing arrangements which impede multilateral trade. This provision is intended to enable the use of Economic Cooperation Act funds to aid in the operation of the proposed European Payments Union discussed earlier in this report. Under the existing legislation the Economic Cooperation Administration can only finance the purchase of goods

and services for the participating countries. The latter receive aid only in the form of procurement authorizations which obligate program funds only for the purchase of specified quantities and values of specified goods and services. Such procurement authorizations would be of no use in the operation of a Payments Union. It could derive support only from assistance in the form of dollars.

It must be borne in mind that the form of specific modes of operation of such a Payments Union have not yet been developed. The precise procedure by which dollars will be employed to bolster and support the currencies of the participating countries in such a way as to open the way for multilateral trade cannot be foreseen at this time. A question that rises in this relationship involves the terms on which dollars will be supplied. The committee took note of a memorandum on this question prepared by the Economic Cooperation Administration:

The reasonable and logical question has been raised as to whether the transfer of ECA dollars in connection with the operation of the proposed European Payments Union should be matched by a commensurate deposit of local currency.

At the outset ECA would like to state that under certain circumstances there should be a counterpart deposit of local currency to match the dollars transferred by ECA. These circumstances would arise whenever a debtor country received an advance through the Payments Union or from ECA, which did not carry with it the obligation of repayment, i. e., whenever a debtor country receives a grant. As implied by this statement, debtors will also receive advances from the Payments Union which will be in the form of credits and subject to repayment. These would be rightfully regarded by the debtor as a loan which should not carry with it the obligation to deposit local currency in addition to the obligation of repayment.

The question still left unanswered is whether the European Payments Union, as an entity, should be required to make a counterpart deposit in connection with the dollars transferred to it. The theory underlying this question is that regardless of whether the debtor receives credits from the Payments Union, the dollars transferred to the Payments Union are in the form of grants which should generate a counterpart deposit. The difficulty with requiring such a deposit is that the Payments Union would have no local currency of its own with which to make a deposit. The only local currency available to the Payments Union will be the currency of its members which may be needed for the current operations of the Union.

The role played by our control of counterpart funds will become less significant as a result of the institution of the proposed Payments Union. The primary purpose of requiring and controlling the use of counterpart funds was to influence the adoption by the participating countries of sound internal fiscal policies. Under the proposed Payments Union plan, the possible loss of gold or dollars will be an incentive to member countries to correct inflationary or deflationary conditions and to otherwise adopt sound and effective fiscal policies. Thus, more effective influence will be exercised over internal financial policies through the proposed Payments Union than is presently exercised through our control of counterpart funds.

Another point which should be considered relates to the suggestion that ECA should obtain repayment from the Payments Union to the extent that it receives repayment in gold or dollars of advances made to debtor countries. The adoption of this suggestion would have rather serious consequences. It would have a restrictive effect on the operations of the Payments Union. It would mean that its gold or dollar resources which would otherwise be available for use in its operations would be depleted, if not completely exhausted, by a repayment to the United States. It is questionable whether the Payments Union could operate successfully or permanently under these circumstances.

The institution of an effective and permanent European Payments Union is an essential part of our drive for European integration as the basis for the creation of strong and stable democracies. It is our considered judgment that the imposition of a dollar obligation on the proposed European Payments Union would undermine its permanence and effectiveness.

The committee has included language to require the deposit of counterpart funds for assistance provided in dollar form to any payments union or other such device for liberalizing trade in instance in which repayment is not required. The terms of repayment, if any such should be established, would be set by the Administrator after consultation with the National Advisory Council on International Monetary and Financial Problems. The committee was assured that in any arrangement entered into the Economic Cooperation Administration—

* * * would of course keep in the closest touch with all of its operations and would have the final determination of the purposes for which the Union used ECA dollars.

An important provision bearing on the prospective Payments Union is found in paragraph (1) of subsection (e) of section 102. The provision relates to the authorization for appropriations. It reserves \$600,000,000 thereof for use only for the purposes of bringing about arrangements for liberalizing trade in accordance with the principles of subsection (d) of section 111 of the act as amended by this bill. It should be noted that the effect is not to limit the expenditure of the \$600,000,000 exclusively to the operations of the proposed Payments Union. The funds concerned may be employed in support of companion arrangements to liberalize trade. The purpose of the committee in establishing this condition on the use of \$600,000,000 is to stimulate the development of more satisfactory trade relationships in the area of the recovery program. The issue whether to write in such a condition was discussed with Administrator Hoffman in the course of his testimony regarding the bill as originally proposed by the Economic Cooperation Administration, making such use of funds permissive but not establishing any such limitation:

Mr. RICHARDS. * * * They are always going to do these things but they do not seem to get to it. I do not believe they are going to do it until something is written in this bill for you to use as a lever. What do you think of writing something in this bill of that nature?

Mr. HOFFMAN. As you know, we are not proposing there be such a change in the law. That may or may not be necessary. But nevertheless we want the Congress to understand what we propose doing. The amendment proposed in the bill, instead of advancing funds in all cases directly to the participating nations, would give us the right, after setting aside a certain amount of the funds, to advance those funds to a central institution. The funds so advanced would in turn reach the individual nations but in such a way that we think the effect of recovery would be multiplied.

The colloquy continued:

Mr. RICHARDS. I believe you have said there is going to be no permanent road to prosperity for Europe after 1952 unless they do these things.

Mr. HOFFMAN. None in my opinion.

Mr. RICHARDS. For 2 years they have been promising to do these things. They made some headway but they have not done these things. Do you think they will do these things after 1952 when we bring this to a close?

Mr. HOFFMAN. I think this must be done and be done now. In other words, I think the next 90 days, from the standpoint of European recovery and from the standpoint of United States security and continued prosperity, are a very vital 90 days.

Mr. RICHARDS. * * * They are not going to turn down this money and I have found out they are not going to do these things if they can have their cake and eat it too. I believe we ought to write it into law. If they do not want the money we might just as well know it now.

In connection with the development of a payments union note should be made also of a provision in paragraph (1) of subsection (f) of section 102 of the bill amending paragraph (6) of subsection (b) of section 115 of the act. The provision of the act in question refers to the obligation of depositing counterpart funds by recipients of aid in the form of grants and the permissible uses of such funds. The effect of the amendment proposed in the bill would be to permit the use of such funds in support of the operations of a European Payments Union or other undertaking for liberalizing trade entered into by two or more countries.

Other provisions related to the main objectives of the program.—Section 102 of the bill contains several other provisions bearing on the purposes of this program as they concern the development of a closer unity of organization and action among the nations participating in this program.

One of the provisions amends section 102 of the act which contains the findings and declaration of policy. This provision is in paragraph (1) of subsection (a). It states the objective of the people of the United States to encourage the economic unification and political federation of Europe. As the act now stands the expression of encouragement relates only to the "unification" of Europe. The new language makes it clear that the objective must be not merely one in terms of trade and production but also one related to the establishment of a wider area of political unity. The same provision refers to the advantages enjoyed by the United States with regard to freedom from internal barriers "to trade and to the free movement of persons." This modifies an expression in the present act referring only to "trade barriers." This new language is intended to express concern over the impediments placed in the way of the mobility of the potential working force of western Europe.

A provision related to free movement of persons is found in paragraph (2) of subsection (f) of section 102. This would amend subsection (e) of section 115 of the act so as to charge the Administrator with the duty to "encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized." In this connection, it should be noted that the question was raised during the committee's hearings as to whether the Economic Cooperation Administration would require additional legislative authority to further the program of emigration from Italy. After careful consideration it was decided that no additional authority was required to carry out the program planned by that agency. As explained by Mr. J. D. Zellerbach, Chief of the Economic Cooperation Administration to Italy, the Administration intends to finance technical surveys in South America and to finance the equipping of pilot plants in South America for Italian emigrants. Such expenditures would be considered to constitute the furnishing of assistance to Italy within the scope of subsection (a) of section 111 of the Economic Cooperation Act of 1948, as amended, since the services and commodities thus financed would be of direct benefit to the Italian economy by implementing the program of emigration from Italy, a program which Congress has previously recognized expressly as essential for Italian recovery. While the commodities required for equipping the pilot

plants would be shipped directly to South America (or to other areas admitting Italian emigrants), their transfer would be directly and immediately beneficial to the Italian economy, and they would therefore constitute primarily assistance to Italy rather than assistance to the overseas site of their installation.

In paragraph (2) of subsection (a) of section 102 the bill takes note of another opportunity for the participating nations to take affirmative action in the field of economic policy. This provision would amend section 102 (b) of the act so as to include "increased productivity, maximum employment, and freedom from restrictive business practices" as among the aims which the European recovery program is intended to stimulate.

Provisions related to guaranties.—The committee took special note of the disappointing record which has been made with respect to the part of the European recovery program related to guaranties of convertibility into United States dollars of local currencies realized on investments in countries participating in the program. The investments concerned are in the field of information media—on which an over-all limit of \$10,000,000 for any 1 year is placed—and in industry. The over-all limit for both types together is \$150,000,000 as set in paragraph (3) of section (b) of section 111. This figure has not been approached. An accompanying table shows the accomplishment as of January 31, 1950. The second as to industrial investments falls particularly short of the hopes of the Congress.

Investment guaranties in the European recovery program cumulative, Apr. 3, 1948, to Jan. 31, 1950

	Total	United Kingdom	Germany (Fed. Rep.)	France	Netherlands	Italy	Austria	Norway
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Total guaranties issued and under consideration.....	56,493,996							
Total guaranties issued.....	7,511,768	3,538,815	2,545,374	1,064,362	129,880	126,845	58,892	47,600
Capital investment.....	4,683,477	3,538,815		1,064,362		80,300		
Information media.....	2,828,291		2,545,374		129,880	46,545	58,892	47,600
Motion picture projects.....	1,163,539		1,163,539					
Magazine projects.....	753,765		585,465		63,180	11,170	46,350	47,600
Book projects.....	692,047		584,430		66,700	35,375	5,542	
Newspaper and news agency projects.....	218,940		211,940				7,000	
Guaranty applications under consideration.....	48,982,228							
Capital investment.....	33,309,476							
Forward contracting.....	5,364,600							
Information media.....	10,308,152							

The proposed amendment in subparagraph (ii) of paragraph (1) of subsection (b) of section 102 would enlarge the definition of investment to make it clear that the term includes not only the furnishing of tangible property but also of services, of funds applied either to the operations of the approved enterprise or to the acquisition of ownership therein, and of such intangibles as patents and technique. It also would make clear that this investment may be made by way of loan, full or partial ownership, on participation in profits or royalties. It would extend guaranty coverages to include not only convertibility

of currency on realized investment but also losses on the investment resulting from seizure, confiscation, or destruction by any government; destruction by revolution or war; any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued. This provision also would increase from \$150,000,000 to \$300,000,000 the public debt funds provided for in the act available to discharge liabilities incurred under any guaranties. Language is included to make clear the intent of the Congress that the guaranty provision "should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this Act."

In expressing this view the committee takes note also of the explanation given by the Economic Cooperation Administration:

The relatively small number of guaranties written reflects several factors—(a) the ECA legislation provides only for a guaranty against the risk of nonconvertibility of local currency earned by the investor, (b) in general, the outflow of private investment is presently on the decline as a reflection of cut-backs in the amount of net investment currently being made abroad by American petroleum interests, which have been the major source of new private investment abroad during the postwar period, (c) investors appear to be deterred not only by risks in addition to the risk of nonconvertibility of currency, but also by the fact that a good investment market exists in the United States where the political risks associated with foreign investment are not present.

Provisions related to administration.—Finally, note should be taken of two provisions in the bill relating to administrative practices. One is found in paragraph (3) of subsection (b) of section 102. It amends section 111 of the act to provide flexibility regarding appropriations and counterpart funds relating to assistance to Germany.

Last year's funds for economic assistance to Germany were made available partly through the Economic Cooperation Administration appropriation and partly through the appropriation for government and relief in occupied areas. The latter portion was available also for other occupation purposes. For the coming fiscal year it is contemplated that there will be no GARIOA appropriation for Germany and that all funds for economic assistance to Germany will come from the appropriation authorized by this bill. It is desirable, therefore, to make provision so that both dollars and local currency can continue to be used in case of necessity for expenses in connection with the occupation of Germany similar to those for which GARIOA appropriations were available last year.

The other administrative provision, paragraph (3) of subsection (f) of section 102, incorporates into the basic legislation the provision, included in last year's appropriation act, with respect to use of local currency for informational purposes.

II. PROVISIONS RELATING TO THE FAR EAST

A. PROVISIONS RELATING TO USE OF RESIDUAL FUNDS APPROPRIATED FOR ASSISTANCE TO THE REPUBLIC OF CHINA

The provisions of the bill.—Section 103 of title I of the bill relates to uses for residual funds from appropriations made in pursuance of the China Aid Act of 1948. Of money so appropriated by Public

Law 793, Eightieth Congress, approximately \$94,000,000 will be unobligated as of June 30, 1950. The bill would make the following uses of these funds for the fiscal year 1951: At least \$40,000,000 would be reserved for assistance to areas of China found by the President to be free of Communist domination. Not to exceed \$6,000,000 would be allocated to the Secretary of State and would remain available until used in a program of assistance to selected citizens of China for academic and scientific pursuits in educational institutions in the United States. The remaining portion, slightly less than \$50,000,000, would be available for economic assistance in the general area of China.

Assistance to China.—The committee has recently reported on the subject of economic assistance to non-Communist areas of China. This was in House Report No. 1571, Eighty-first Congress, reporting the legislation which was enacted as the Far Eastern Economic Assistance Act of 1950. The provision in subsection (a) of section 103 of the bill would extend until June 30, 1951, the President's authority to use the funds involved in the same piece of legislation. Authority under the Far Eastern Economic Assistance Act of 1950 would expire at the close of the current fiscal year. The bill now reported would enable the President to continue assistance to Formosa and Hainan, where resistance to Communist conquest persists.

The provision in subsection (b) of section 103 would permit an expanded program of assistance to Chinese who are refugees from communism. This committee has reported at length on this program in House Report No. 1039, Eighty-first Congress. The legislation then reported, which would have devoted \$4,000,000 of the funds appropriated by Public Law 793, Eightieth Congress, to a program of assistance to Chinese students, was not enacted, but the same purpose was served by a provision in the Public Law 327, Eighty-first Congress, an appropriation act.

The committee took note of the following memorandum prepared in the Department of State in connection with plans for assistance to selected Chinese under the program now proposed:

EMERGENCY AID FOR CHINESE STUDENTS AND SCHOLARS

I. STATUS OF CURRENT PROGRAM

During the past year of Congress, two funds have been made available for emergency aid to Chinese students stranded in this country. The first of \$500,000 was allocated from ECA to the Department of State at the request of the Government of China. The second fund of \$4,000,000 was appropriated to the Department of State by Congress from certain unexpended ECA funds. The following is a brief summary of the status of each of these funds:

- (a) \$500,000 ECA allocation.
 - Number of grants, 594.
 - Amount of money expended, \$498,000.
 - Amount of money remaining, \$2,000.
- (b) \$4,000,000 congressional appropriation.
 - Number of grants, 1,588.
 - Amount of money encumbered, \$1,608,228.
 - Amount of money remaining, \$2,391,772.

It is estimated that the balance of the \$4,000,000 will be sufficient to take care of the foreseeable needs of Chinese students who are legally eligible for aid under the terms of this appropriation and its legislative history through the academic year which will end in June 1952. However, this statement is based on the assumption that no assistance can be given to any persons other than those eligible for aid under current legislation, and is based on the assumption that these students will cease to need Federal assistance as soon as they have reached their immediate academic objective.

II. LIMITATIONS INHERENT IN THE PRESENT PROGRAM

There are certain limitations in the present program which might well be eliminated. Aid is currently restricted to students who were engaged in studies in the United States during the academic year 1948-49. It is not possible for the Department to assist any of the 638 Chinese students who arrived in the United States during the summer of 1949, many of whom have since become destitute. It is not possible for the Department to assist students who were invalids in 1948-49, or who since have become physically unable to carry full-time courses of study. The Department is not authorized to assist mature research scholars and professors who have sought asylum in this country from China. The Department has no funds to grant scholarships to promising students and mature scholars now in Europe, or other countries of the Western Hemisphere, who do not wish to return to China and make their skills available to the construction of a communistic nation. No funds are available for scholarships to Chinese in free Formosa.

III. SUGGESTED NEW LEGISLATION

It is suggested that a sum of \$8,610,000 (for an estimated 4,200 grants of 12 months each) be made available to the Department to be expended by the Department under standard controls during the academic years of 1950-51 and 1951-52 to provide assistance as needed to the following categories of Chinese. (It is understood that in all cases the standard stipulations regarding personal and academic qualifications are to be enforced.)

(a) Students now in the United States who are not eligible for assistance under the current program.

(b) Students who do not wish to return to China after reaching their immediate academic objective and who are recommended by their academic superiors for further study in this country.

(c) Advanced scholars and teachers and researchers not now qualified for assistance under current legislation.

(d) Scholarships to be awarded on a competitive basis to picked men and women now engaged in academic pursuits outside of China and outside of the United States who do not wish to make their skills available to the Communistic rulers of China.

(e) Scholarships for Chinese in free Chinese territory, to be selected on a competitive basis.

IV. POLICIES AND PROCEDURES

The policies and procedures authorized or stipulated by the Smith-Mundt Act, Public Law 402, Eightieth Congress, will, unless otherwise specified, apply to all programs developed on the basis of the above proposed legislation.

According to estimates given the committee, there are approximately 600 individuals in category (a) as listed above, about 1,000 in category (b), about 400 in category (c), about 500 in category (d), and about 500 in category (e). The committee in general approved the program as described, but decided that a sum of \$6,000,000 should suffice for the purpose. The committee also herewith expresses its view that the program should be administered carefully so that assistance shall be tendered only to those who are in actual need.

Assistance in the general area of China.—The provision in subsection (c) of section 104 relating to economic assistance to countries in the general area of China is best interpreted by reading it in connection with subsection (b) of section 104, which would amend the Far Eastern Economic Assistance Act by adding a new section 5, which would read as follows:

The Congress hereby expresses itself as favoring the creation by the free countries and the free peoples of the Far East of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

This echoes language which originated with this committee and which found its first congressional expression in the Mutual Defense

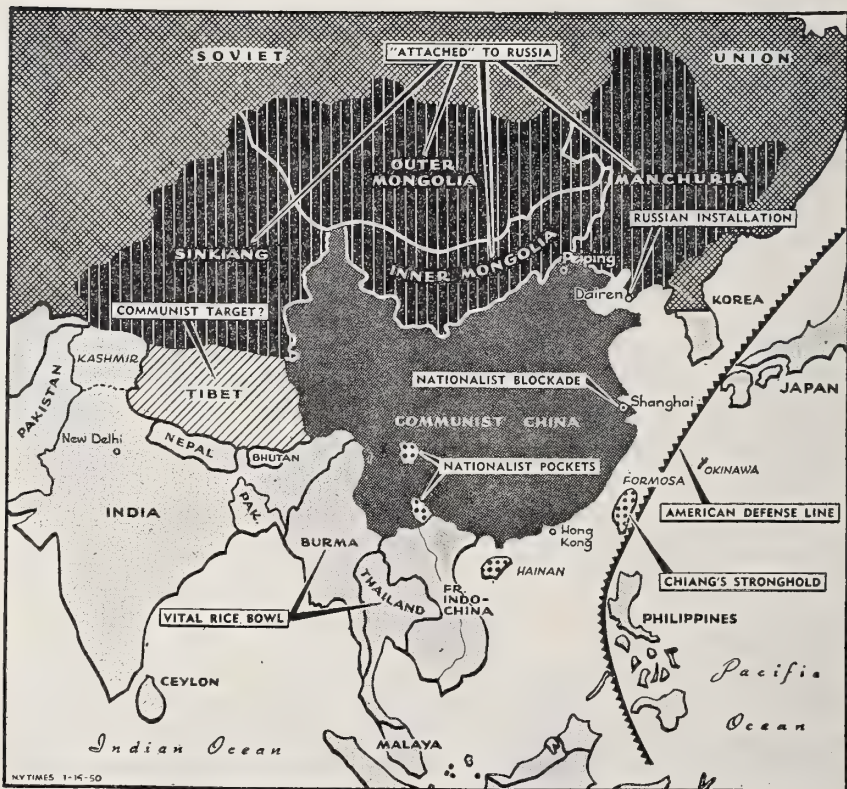
Assistance Act of 1949 (Public Law 329, 80th Cong.). The appropriateness of this language in the present legislation is obvious.

What opportunities to give economic assistance to nations in the general area of China cannot be predicted. The area, however, should be considered in accord with the explanation as given in the conference report on the Mutual Defense Assistance Act (H. Rept. No. 0000, 81st Cong.).

* * * the term "general area" may require explanation. This phrase is somewhat more restrictive than would be the phrase "the Far East." At the same time it is not intended that the phrase be interpreted as confining use of the funds to China proper. In view of the difficulty of defining in advance all of the contingencies which may develop in the unfolding situation in China, the members of the committee of conference attempted no greater precision than is contained in the term "general area." This term, however, is to be interpreted in relation to the phrase: "the concern of the United States in the present situation in China." The area envisaged is the area which bears immediately upon that situation, and which is borne upon immediately by that situation. It is consonant with the unusual flexibility in the authority given to the President by this provision that China and the other countries in that general area should be only generally designated in order that the scope of assistance might be largely determined through experience as needs arise.

The strategic situation in the area concerned is indicated in an accompanying map.

THE STRATEGIC SITUATION IN THE GENERAL AREA OF CHINA



In acting upon this provision, the committee took note of the remarks of the Secretary of State at San Francisco on March 15 to the effect that the United States was ready to give "appropriate" military, technical, and economic help to Asiatic countries with stable governments and a real desire for freedom. The significance of making provision for such assistance, should the opportunity develop, should be linked with the provisions of the Mutual Defense Assistance Act providing the President with a \$75,000,000 fund to be used for assistance in the general area of China, without limitation as to type of assistance or as to amount and without any requirement for vouchering.

In specifying that such assistance should be of the type authorized by the Economic Cooperation Act, the committee expresses the intent that the Economic Cooperation Administration should administer such a program if such a program should develop. It is impossible to specify in entirety just what specific provisions of the Economic Cooperation Act should be applied to such assistance. That must be determined in the light of the particular circumstances of the particular recipients. Such a program, however, should clearly be based fully upon the principle of self-help and mutual aid.

Background of the Korean aid program for fiscal year 1951.—In connection with that part of the title (subsecs. (a), (b), and (c) of sec. 104) relating to economic assistance for the Republic of Korea during the fiscal year 1951 it is well to recall the course of previous action.

connection with that part of the bill relating to economic assistance for the Republic of Korea during the fiscal year 1951 it is well to recall the course of previous action.

During the month of June 1949 this committee held an exhaustive inquiry into the developments in Korea from the time of the surrender of Japan in 1945 to the midpoint of the year 1949. The committee was then considering H. R. 5330, a bill to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to the Republic of Korea. In House Report No. 962, Eighty-first Congress, this committee reported in detail on the developments as adduced in the hearings.

At that time the program of assistance had been carried on for 4 years without statutory authorization by the Congress. The legal basis had been various annual appropriation acts and the general obligation of the United States under international law as occupant of a territory seized from an enemy. The legislative situation during 1949, however, was such as to preclude action by the House on the proposed authorizing statute for a program that would develop the recovery aspects of assistance as distinguished from the relief aspects. Accordingly, assistance was continued through the year by virtue of a series of interim appropriation acts which granted a total of \$60,000,000 for economic assistance through February 15, 1950.

The bill H. R. 5330 was brought to a vote in the House on January 19, 1950. After being amended so as to reduce the authorization to \$60,000,000 for the balance of the fiscal year, the bill failed of passage by one vote. A motion to reconsider was tabled on January 20, 1950. A Senate bill, S. 2319, companion to H. R. 5330, was taken from the Speaker's desk and referred to the Committee on Foreign Affairs. On January 31 the committee reported this bill as a vehicle for bringing about a reconsideration of the earlier vote which had defeated

H. R. 5330. Taking note that the expiration for authority under section 12 of Public Law 47, Eighty-first Congress, to use funds appropriated for assistance to non-Communist areas of China would expire after February 15, 1950, simultaneously with the expiration of the existing appropriations for assistance to the Republic of Korea, the committee amended the bill S. 2319 to permit further assistance both to non-Communist areas of China and to the Republic of Korea. The authorizations in each case would expire after June 30, 1950. The amended bill S. 2319 passed the House on February 9. It was signed by the President as Public Law 447, Eighty-first Congress. The committee noted in reporting the bill (H. Rept. No. 1571, 81st Cong.):

* * * It is anticipated that the Congress will be enabled to reappraise the situations with respect to each of these authorizations between now and the end of the current session and decide at the proper time on the question of extending them beyond the fiscal year 1950.

Presentation of the new program.—The committee's two earlier reports during this Congress touching upon Korea, House Reports 962 and 1571, cover the historical situation in sufficient detail to dispense with the need of further elaboration. The main considerations in connection with the new bill, insofar as it relates to Korea, are the political significance of the Republic of Korea, the economic prospect, and the substance of the proposed program.

As described in the presentation, the basic economic aims of the Korean program are to—

- (1) Continue development of coal and electric power.
- (2) Increase agricultural production with the aim of producing an export surplus of cereals while maintaining the standard of living. The fertilizer program for fiscal year 1951 is planned to provide sufficient food to make possible the export of 425,000 metric tons of rice in fiscal year 1952. During 1951, agricultural exports, principally rice, are expected to amount in value to about two-thirds of Korean exports.
- (3) Develop the fisheries industry to maximize the exportable surplus of marine products. Fish exports are a principal source of foreign exchange.
- (4) Provide raw and semifinished materials for the operation of essential industry and for the maintenance, improvement, and development of transportation facilities, and for the more effective utilization of indigenous products such as coal.
- (5) Furnish the textile industry with cotton and raw materials adequate to meet the minimum requirements for domestic consumption.
- (6) Furnish capital goods and equipment for the production of goods which will reduce imports of necessities or will increase exports.
- (7) Assist in the training of Korean technicians and specialists for work in the fields directly related to the recovery effort.
- (8) Assist the Government of Korea, and its operating personnel, in the formulation and development of policies and administrative arrangements necessary for the efficient utilization of United States economic aid.
- (9) Attain a balance of payments by 1953 which will permit the Republic to finance any deficits by private investments or by international loans.

The size of the request.—The Economic Cooperation Administration has requested a total authorization of \$100,000,000 for the fiscal year 1951 for assistance to the Republic of Korea. This amount is moderate in comparison to figures anticipated earlier. At the time of the reporting of H. R. 5330 on July 1, 1949, the amount anticipated as need for assistance in the fiscal year 1951 was \$115,000,000. This remained the estimated figure as of the time the House voted on S. 2319. The request thus represents a reduction of approximately 13 percent from what had been anticipated. The reduction compares with the 20-percent reduction in estimates for the fiscal year 1950 as between the original request in connection with H. R. 5330 and the amended request contained in S. 2319 as enacted. These figures indicate that the effort has been directed to the obtaining of maximum recovery in return for minimum amounts of dollars and that the Koreans themselves have shown a will to achieve as much as possible by their own efforts.

The request for fiscal year 1951, moreover, represents a 16 $\frac{2}{3}$ -percent reduction from the authorization for the fiscal year 1950. It compares favorably also with the amount—\$144,000,000—spent by this country on assistance to South Korea during the fiscal year 1949. It represents a reduction from the costs of assistance during the fiscal year 1948—\$113,000,000—and is not appreciably above the figure for the fiscal year 1947, when the program in South Korea was almost entirely a relief undertaking. The amount for the latter year was \$93,000,000. The record of assistance to the Republic of Korea demonstrates that it is a decreasing liability and that the expectation that the area will soon cease altogether to be an economic liability is founded upon strong grounds.

The outlook for the future.—Under the projected estimates relating to Korean recovery and assistance requirements, the estimate of assistance required in the fiscal year 1952 remains at 85 percent. It is to be hoped, of course, that in due season this estimate, too, can be reduced in proportion to the preceding estimates.

The outlook is that the need for extraordinary assistance from the United States will cease in the fiscal year 1953. This outlook is based, of course, on the assumption that hostilities in the Far East in general and on the Korean Peninsula in particular, will not eventuate into full-scale international conflict. It is based, moreover, on the assumption that the present cleavage between the two sectors of Korea will continue. Should there be a healing of the breach between the two areas, on terms consistent with the canons of democratic and responsible government, the need for assistance would probably be reduced. An accompanying table presents the projected recovery and need for assistance in the Republic of Korea as based on the indicated assumptions.

Estimated balance of payments for Republic of Korea, for fiscal years 1950-54

	1950	1951	1952	1953	1954
Current accounts:					
In-payments:					
Commodity exports.....	\$26,400,000	\$50,600,000	\$63,700,000	\$69,600,000	\$73,300,000
Invisibles.....	1,000,000	1,200,000	1,300,000	1,400,000	1,500,000
Total in-payments.....	27,400,000	51,800,000	65,000,000	71,000,000	74,800,000
Out-payments:					
Korean funding.....	24,000,000	45,900,000	55,500,000	71,600,000	68,300,000
United States funding.....	88,000,000	75,300,000	63,200,000	-----	-----
Total.....	112,000,000	121,200,000	118,700,000	71,600,000	68,300,000
Invisibles:					
Korean funding.....	3,400,000	5,900,000	9,500,000	14,700,000	11,000,000
United States funding.....	32,000,000	24,700,000	21,800,000	-----	-----
Total.....	35,400,000	30,600,000	31,300,000	14,700,000	11,000,000
Total out-payments.....	147,400,000	151,800,000	150,000,000	86,300,000	79,300,000
Current account deficit.....	120,000,000	100,000,000	85,000,000	15,300,000	4,500,000
United States aid:					
Commodity imports.....	88,000,000	75,300,000	63,200,000	-----	-----
Invisible items.....	32,000,000	24,700,000	21,800,000	-----	-----
Total United States aid.....	120,000,000	100,000,000	85,000,000	-----	-----

The key to a self-sustaining basis for the economy of South Korea is in part the development of sources of supply for domestic needs within the area and in part the development of exports. An accompanying table gives the essentials of the program in terms of export development.

Estimated value of exports for Republic of Korea, by fiscal years

Category	1950	1951	1952	1953	1954
Rice ¹	\$12,500,000	\$31,000,000	\$42,500,000	\$45,000,000	\$45,000,000
Other agricultural products.....	1,298,000	2,713,000	3,035,000	3,315,000	3,800,000
Marine products.....	8,773,000	10,998,000	12,000,000	13,000,000	14,000,000
Minerals, metals.....	2,578,000	4,087,000	4,200,000	5,500,000	7,000,000
Manufactures and semimanufactures.....	1,250,000	1,775,000	2,000,000	2,800,000	3,500,000
Total.....	26,399,000	50,573,000	63,735,000	69,615,000	73,300,000
Miscellaneous and invisibles.....	1,000,000	1,200,000	1,300,000	1,400,000	1,500,000
Total.....	27,399,000	51,773,000	65,035,000	71,015,000	74,800,000

¹ Assumed rice exports are as follows, in terms of metric tons and prices: 1950, 100,000 at \$125; 1951, 275,000 at \$112; 1952, 425,000 at \$100; 1953, 450,000 at \$100; and 1954, 500,000 at \$90.

Details of the program.—In evaluating the program it is possible to get a far more detailed understanding than is possible with respect to most other foreign assistance programs, notably the European recovery program. The South Korean program covers a strictly limited area. Its economic potential is subject to fairly precise calculation. The availability of foreign markets for its products is also susceptible of fairly precise estimate. The result is that the Korean program breaks down into precise amounts of specific items. The program for the fiscal year 1951 is presented in an accompanying table. For comparison, to indicate the trends in assistance, the estimates for the current fiscal year are included. The table follows.

*Detailed estimates by projects of proposed program of assistance to Republic of Korea,
for fiscal years 1950-51*

	Estimate, fiscal year 1950		Estimate, fiscal year 1951	
	Metric tons	Cost	Metric tons	Cost
Food products:				
Fish oil.....	300	\$119,000	-----	None
Salt.....	50,000	540,000	-----	None
Subtotal.....	50,300	659,000	-----	None
Fertilizers and agricultural supplies:				
Fertilizer.....				
Nitrogenous.....	363,462	24,689,880	475,000	\$29,590,080
(N).....	(98,709)		(130,000)	
Superphosphate.....	215,559	7,729,120	289,170	10,250,120
(P ₂ O ₅).....	(28,516)		(48,000)	
Phosphate rock.....	10,000	200,000		
Potash.....	25,000	1,355,000	36,000	1,890,000
(K ₂ O).....	(12,000)		(18,000)	
Pesticides.....	1,634	696,870	1,500	493,400
Subtotal.....	615,655	34,670,870	801,670	42,223,600
Petroleum products:				
Kerosene.....	34,276	1,424,515	9,485	317,856
Diesel oil.....	43,303	1,461,185	56,700	1,690,227
Navy special fuel oil.....	75,849	1,860,643	84,997	1,544,400
Lubricating oils.....	12,125	1,025,595	12,933	970,637
Grease.....	915	233,399	696	146,880
Gasoline.....	56,405	2,617,609	-----	None
Wax.....	100	19,984	-----	None
Subtotal.....	222,973	8,642,930	164,811	4,670,000
Medical supplies.....	200	310,000	-----	None
Raw and semifinished materials:				
Raw cotton (for textiles).....	19,200	13,534,000	10,540	7,500,000
Raw cotton (for tire cord).....	265	265,000	400	412,000
Manila fiber.....	1,600	816,000	1,400	742,000
Sulfite pulp.....	None	None	4,975	676,600
Sulfate pulp.....	4,900	704,000	200	24,200
Cement.....	50,000	800,000	50,000	800,000
Asphalt.....	15,000	845,000	10,000	560,000
Coal-tar pitch.....	18,850	1,100,000	20,000	591,000
Cresote.....	6,200	700,000	5,500	757,000
Chemicals.....	11,780	2,501,150	4,840	1,000,000
Rubber.....	3,800	1,300,000	2,915	1,000,000
Lumber.....	140,000	6,333,000	59,250	2,700,000
Iron and steel products.....	28,630	2,983,000	19,100	1,900,000
Tin plate.....	450	110,000	600	129,600
Nonferrous metals.....	1,040	478,050	994	500,000
Cotton yarn.....	1,300	1,422,000	-----	None
Worsted yarn.....	262	500,000	-----	None
Hides and skins.....	-----	-----	-----	None
Subtotal.....	303,277	34,391,200	190,714	19,292,400
Industrial equipment and supplies:				
Iron and steel products.....	6,870	1,374,000	10,125	1,500,000
Mining equipment.....	1,240	496,000	1,600	200,000
Special tools and gages.....	-----	None	40	150,000
Electrical apparatus.....	1,850	739,000	1,000	400,000
Pusan Marine Base equipment.....	400	200,000	400	200,000
Rubber-plant equipment.....	-----	None	200	115,000
Streetcars.....	900	481,000	-----	None
Miscellaneous equipment.....	-----	492,000	-----	None
Subtotal.....	11,260	3,782,000	13,365	2,565,000
Recovery projects:				
Coal-mine development.....	3,230	2,325,000	2,175	2,500,000
Steam-generating plants.....	3,000	3,044,000	3,000	1,521,000
Sumjin Gang hydroelectric plant.....	25,000	870,000	28,200	750,000
Railroad construction.....	26,300	2,630,000	76,500	2,000,000
Fishing vessels.....	-----	3,705,000	-----	2,000,000
Coal-carrying vessels.....	-----	2,935,000	-----	2,000,000
Cement plant.....	-----	100,000	21,740	3,000,000
Fertilizer plant.....	3,600	4,382,000	12,000	7,580,000

Detailed estimates by projects of proposed program of assistance to Republic of Korea, for fiscal years 1950-51—Continued

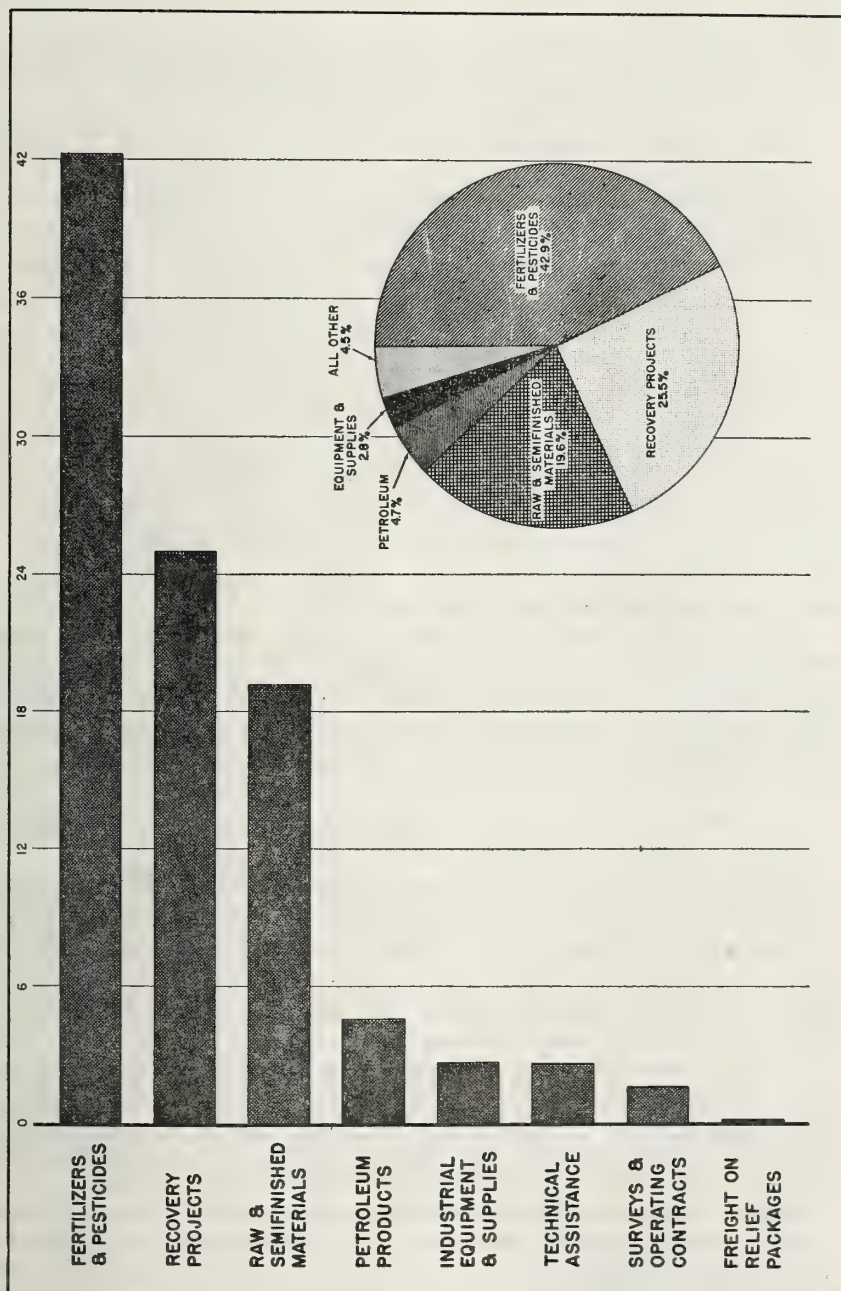
	Estimate, fiscal year 1950		Estimate, fiscal year 1951	
	Metric tons	Cost	Metric tons	Cost
Recovery projects—Continued				
Bridge construction.....	72, 000	\$2, 391, 000	28, 330	\$1, 000, 000
Irrigation and land reclamation.....	60, 000	1, 720, 000	50, 000	1, 500, 000
Flood control.....		None	16, 380	400, 000
Saltern construction.....	2, 400	151, 000	1, 232	44, 000
Harbor dredging.....		None	1, 000	440, 000
Flat glass plant.....		None	2, 200	550, 000
Railroad electrification.....	20	123, 000		None
Sangdong tungsten mine.....	625	334, 000		None
Samwha iron works.....	700	326, 000		None
Coal utilization.....	600	300, 900		None
Silk-mill rehabilitation.....		25, 000		None
Subtotal.....	197, 475	25, 361, 000	242, 757	25, 285, 000
Surveys and operating contracts:				
Power ship and power barge.....		563, 000		525, 000
Instructors in operation of Baltic coastal vessels.....		199, 000		250, 000
Marine base in Pusan.....		177, 000		215, 000
Hydroelectric power.....		100, 000		235, 000
Kimpo Airport operation.....		630, 000		400, 000
Handicraft export survey.....		120, 000		None
Chartering and repair of vessels.....		100, 000		None
KOSCO agreement.....		61, 000		None
Subtotal.....		1, 950, 000		1, 625, 000
Ocean freight:				
Transportation of relief packages.....		60, 000		60, 000
Transportation on previous period shipments.....		4, 776, 000		None
Subtotal.....		4, 836, 000		60, 000
Technical assistance:				
Management and training.....		1, 800, 000		1, 650, 000
Technical training institute.....		410, 000		430, 000
Training Koreans in the United States.....		475, 000		129, 000
Special training and assistance projects.....		100, 000		170, 000
Training supplies and equipment.....	1, 000	962, 000	500	400, 000
Subtotal.....	1, 000	3, 747, 000	500	2, 779, 000
Administration.....		1, 650, 000		1, 500, 000
Grand total.....	1, 402, 140	120, 000, 000	1, 413, 817	100, 000, 000

The program detailed above is presented graphically on an accompanying page (with the exception of the item for administration). The graph gives a ready means of comparing the sizes of the various major items in the program. The committee gave particular attention to two of the items shown: the recovery projects and technical assistance, as these two bear in a most direct and substantial way on the prospect for recovery in South Korea.

Recovery projects.—As presented to the committee, the recovery projects involve construction of bridges, transportation facilities, irrigation facilities, flood-control projects, electric-power facilities, cement and fertilizer-production facilities, fishing and coal-carrying vessels, mining equipment, and industrial machinery. In addition to capital expenditure for projects, provision has been made for supplies for deferred maintenance and replacement of worn-out facilities. The committee was told that—

* * * Korea in common with most other countries emerged from the war period with a badly depleted physical plant and a backlog of demand for producer goods. Since the recovery projects are the key to the solution of the economic

ECONOMIC ASSISTANCE TO THE REPUBLIC OF KOREA: PROPOSED EXPENDITURES FOR FISCAL YEAR 1951



problem in Korea, and since a considerable amount of pre-engineering work is being accomplished under the fiscal year 1950 program, planned allocations for this category in fiscal year 1951 are approximately the same as in fiscal year 1950. * * *

With relation to coal, electric power, and fertilizer—described as the three most important factors in the rehabilitation of the Korean economy—the committee was informed as follows:

* * * Through capital expenditures for mining equipment, it is planned to continue development begun in fiscal year 1950 of new anthracite coal fields in the Hambaik-Samchok area in the eastern part of Korea. This area is believed to have reserves of more than 200,000,000 metric tons. Expenditures for mining equipment and mine development, utilizing the results of geological surveys, will be required to obtain the coal output necessary for industrial recovery, and to maximize utilization of indigenous coal in lieu of present imports. Coal-carrying equipment is needed to transport coal from the Samchok mining area to the major port and rail head (Pusan), located at the southern tip of the peninsula. Concurrently, with the increase of anthracite coal production, expansion of electric power facilities started in fiscal year 1950 will be continued with the construction of a new thermal electric plant at Samchok, utilizing both Korean and American construction materials. The cut-off of power from North Korea on May 14, 1948, by the Soviets and the improbability that the country will be united or that power transmission from North Korea will be resumed has made it necessary to develop more power resources in South Korea. In addition to the thermal electric plant * * * it is planned to repair and complete existing thermal and hydroelectric facilities. The construction of a plant for the production of nitrogen fertilizer, begun in fiscal year 1950, will be carried forward. The plant will produce fertilizer now being imported to maintain the fertility of the Korean soil.

As to those portions of the effort related to improvement of transportation facilities, the committee was told:

It is proposed to continue the program of bridge construction started in fiscal year 1950. Bridges are needed in the mountainous Korean countryside in order to provide passage over the many streams, particularly during the period of spring floods and the summer rainy season. The railroad construction planned is to complete a link between the already existing lines of the western central portion of the country with the Samchok industrial area on the east coast. The proposed railroad lines will also open up new areas for exploitation of coal, ore, and lumber resources. * * *

Two other items among the recovery projects relate to irrigation and flood control. As to these, the committee was informed:

* * * The funds requested for irrigation are designed to expand the area of ricelands under controlled irrigation. Flood-control projects have the objective of decreasing the heavy annual loss which Korean agriculture suffers from floods. In terms of the rice crop alone, this loss averages over 160,000 metric tons annually.

The fishing industry also is involved in the rehabilitation effort. Some headway in this part of the program has already been made. The committee was reminded that—

* * * Before the war, Korea ranked sixth in the fishing nations of the world. Production during the war and during the occupation was extremely low, mainly because of a shortage of boats and fishing gear. If the fishing industry can be built up, a valuable source of foreign exchange and food for internal consumption will be provided. The Koreans are skilled fishermen and can use the boats and gear which have been requested without special training.

Another typical item is the construction of a cement plant. Such a plant, according to information given the committee, is needed in order to enable South Korea to produce locally the large quantities of cement needed for normal requirements and for construction projects and for irrigation purposes. This plant is expected to result in substantial savings of foreign exchange which would otherwise have to be expended for necessary cement imports.

A graphic presentation of the recovery items is given on an accompanying page. This relates the various items to their objectives as they bear on the general purpose of creating a self-sustaining basis for the South Korean economy. In appraising this part of the program, it is well to keep in mind that the Koreans themselves by their own efforts are contributing to the achievement of the goal along with the assistance rendered by the United States. The committee was informed that the industrial rehabilitation program—

* * * involves, in addition to economic assistance from the United States, extensive use by the Korean Government of indigenous raw materials, fabricated products, and labor. The Korean people have been called upon to help themselves to the maximum extent possible in developing and stabilizing their economy and government. In the aid agreement between the United States and Korea, signed on December 10, 1948, the Korean Government agreed to exert all possible efforts to assure maximum production, collection, and equitable distribution of locally produced supplies and to make the most effective use of Korean resources possible.

Technical assistance.—The importance of the technical assistance component of the South Korean economic aid program was pointed out to the committee in the following words, which develop the point that in a sense the overseas administration of the program is in part essentially an effort along the lines of technical assistance:

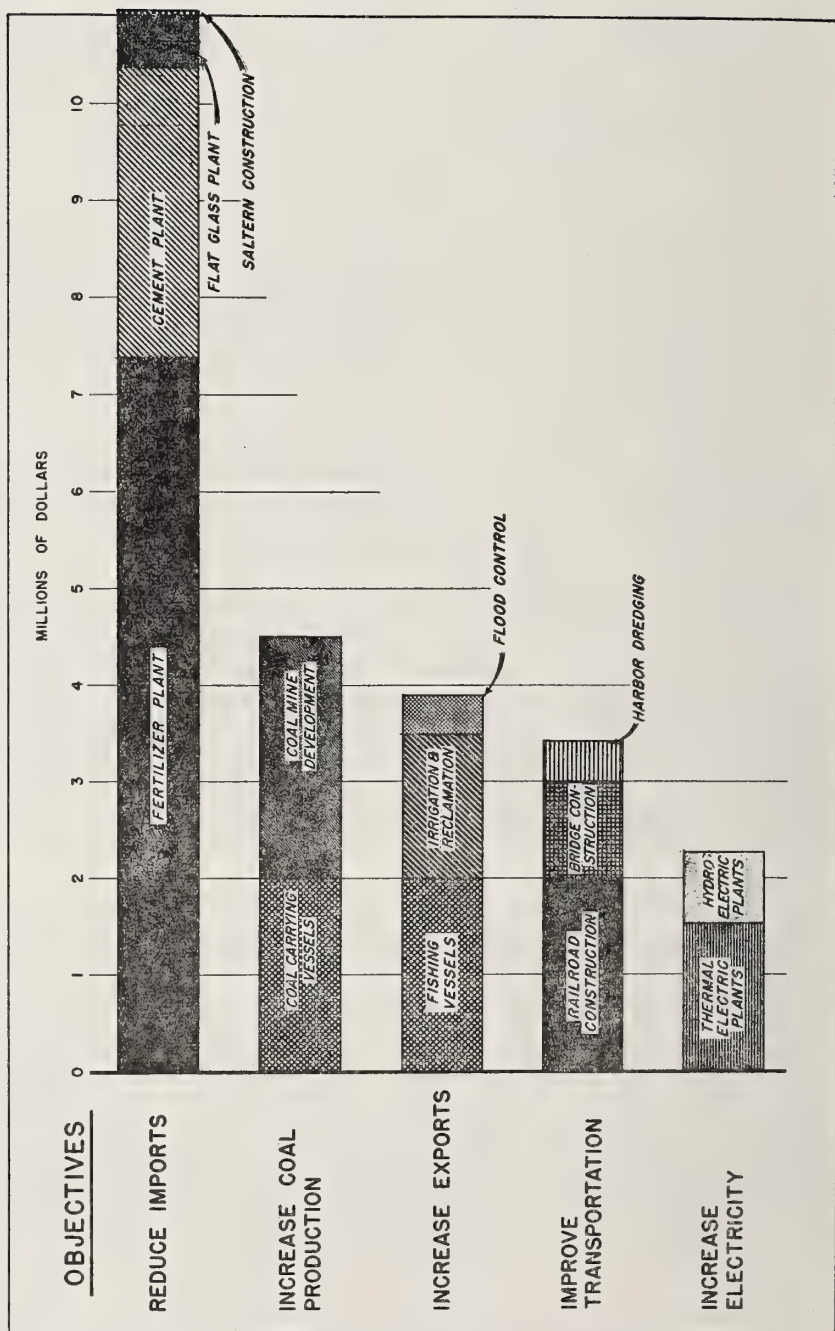
From the standpoint of promoting economic recovery, a technical assistance program is of key importance in South Korea. The cumulative effect of funds expended for this purpose will result in increased prosperity within Korea, in industry, agriculture, fishing, and other activities which play an important part in the economic recovery of the country. The technical assistance program is designed to assist in developing an import-export program, in determining requirements and export availabilities, in developing export industries, in increasing agricultural and industrial output, in maintaining essential services such as transportation and communications, in improving administration, and in effecting financial reforms needed to stabilize the economy. The basic function of the technical assistance staff will be to assist in the training of Koreans in technical and agricultural skills. The technological training division will specialize in this type of work and the major portion of the training of Koreans will be carried out in Korea.

During the 40 years that Korea was under Japanese rule, the majority of positions involving technical and administrative responsibility were in Japanese hands. Because of Korean objection to the continued presence of Japanese nationals in Korea, the United States Army forces in Korea at the time of occupation repatriated all the Japanese in Korea. Since Korean business and industry was thereby stripped of technicians and administrators, the United States is necessarily being called upon to provide far more assistance and guidance to the Korean Government than is the case with any of the European recovery-program countries. Some of the factors which serve to explain the staffing requirements of the Economic Cooperation Administration mission are: (1) The recent establishment of the Korean Government and the problems of organization facing it; (2) the fact that over 80 percent of the former vested Japanese industrial properties in Korea were turned over to the Government which is now responsible for their operation pending transfer to private interests and quasi-governmental corporations, which is now in progress; (3) the deficiency of Korean private businessmen in any degree of import-export know-how; (4) the lack of trained technicians and managers in Korean industry, mining, transportation, and communications; and (5) the relative inexperience of the Korean agencies established to work on planning, requirements and purchasing.

In a further explanation of this aspect, the committee was told:

* * * A major portion of the personnel of the ECA mission to Korea (144 of 200 at the beginning of the year and reducing to 120 of 170 by January 1, 1951) will be assigned to advisory technical functions because Koreans with adequate knowledge, experience, and training are not yet available in sufficient numbers. This group will advise and assist Koreans in many managerial and technical

ECONOMIC ASSISTANCE TO THE REPUBLIC OF KOREA: RECOVERY PROJECTS



aspects of industry, mining, finance, transportation, communications, and trade, as well as in various phases of government administration. It will also provide extensive on-the-job training in the conduct of technical activities.

Organizationally, the American personnel are interlocked with the employees working on the administrative or overhead functions. By so doing, the supervision problem is reduced to a minimum without impairment to the efficiency of the mission organization.

A second phase of the technical assistance program has been developed through the establishment of a Korea Technical Institute in January of this year. A note on this institute was given in information put before the committee:

* * * The instruction program for the institute is determined by Korea's basic economic needs and is therefore directed to a large extent to training for skilled jobs, by American and Korean teachers. Training is also provided for vocational instructors, key technicians, plant supervisors, and plant foremen in the practical application of technical skills and related supervisory, administrative, and educational functions.

The Korean Technical Institute is being operated through its first year by an American nonprofit educational institution. Korean instructors are being trained to take over the operation and management of the institute as soon as it is possible. The curriculum is being gradually expanded to include all of the basically essential skills. Therefore it is necessary to maintain a substantial number of American instructors for a second year. It is planned to amend the contract with the American educational institution so as to continue its services through fiscal year 1951.

The institute represents a joint effort of the two Governments; Buildings and equipment available in Korea are provided by the Korean Government, as well as the salaries of all Korean instruction personnel and scholarship and living allowances for deserving students. A large part of the essential supplies and equipment have been procured from the United States. Part of the pay of the teaching staff—that which goes to American teachers—is also paid by this Government. The institute gives indispensable training in the techniques of machine, electric, and sheet-metal shops, communications, electrical transmission, agriculture, and fishery. In the committee's view, this item of the program reflects admirably the constructive imagination with which the Korean aid program has been carried on.

A third item in the technical assistance program relates to the training of Koreans in the United States. In the fiscal year 1949, 18 Korean specialists were sent to observe and study American industrial and agricultural techniques and practices. During the current fiscal year an additional 65 specialists have been sent for a similar purpose. As to the plans for the next fiscal year, the committee was told:

* * * The benefits of such projects upon the industrial recovery of South Korea make it essential to provide funds for the continuance of this program during the fiscal year 1951. It is therefore, proposed to send about 50 Korean trainees to the United States for technical training in selected fields. Koreans with a knowledge of English will be selected whenever possible and, in addition, prior to leaving Korea, will be given an intensive course in English. Special English training facilities now being established by the State Department in Korea will be used. In the United States the specialists and trainees will be placed in American plants, fisheries, farms, and agricultural experiment stations, including both private and Government agencies. Their itinerary and plan of work will be closely supervised by ECA staff members and by persons selected by ECA in the places where trainees are assigned. The training received by the Koreans will be of a practical nature as opposed to academic technical training and will fit them for operating tasks upon their return to Korea.

APPENDIX I

SUMMARY OF HEARINGS

Testimony regarding the extension of the European recovery program opened on February 21 when the Committee on Foreign Affairs, sitting jointly in a morning session with the Committee on Foreign Relations of the Senate, heard the Honorable Paul G. Hoffman, Administrator for Economic Cooperation, and the Honorable Dean Acheson, Secretary of State. Mr. Hoffman discussed in their broad aspects the progress and the lags in the European recovery program in its first 2 years. Mr. Acheson spoke of the broad implications of continuation of the program in relation to the struggle for power between the free nations and the nations within the Soviet orbit.

In the afternoon of February 21 the Committee on Foreign Affairs heard the Secretary of State at greater length in a public session. The issues of the discussion were broadened both in scope and in time; the relationship between European problems and the political problems of the Orient were explored, and attention was given to the economic problems that will obtain in the sequel to the European recovery program.

On February 22 the committee held a morning session, open to the public, with the Honorable W. Averell Harriman, United States special representative in Europe, as witness. This session dwelled principally upon the activities of the Organization for European Economic Cooperation.

On February 24 the committee heard Mr. Hoffman again and Mr. Richard M. Bissell, Jr., Assistant Administrator of the Economic Cooperation Administration. Mr. Hoffman discussed in particular the accomplishments and the lags with regard to concrete cooperation among the western European nations—in other words, the integration issue—and the current financial posture of European recovery. Mr. Bissell discussed the problems of commerce in petroleum as related to the recovery program.

Beginning with a morning session on February 28, the committee directed its attention to the particular problems of key countries participating in the program. Mr. W. John Kenney, chief of the Economic Cooperation Administration mission to the United Kingdom, testified regarding recovery progress in the United Kingdom. His testimony covered such aspects as the effect of devaluation of the pound, the effect of the British social program upon economic recovery, and the special problems of British relationship to the Continent of Europe and to the sterling area. Mr. Kenney continued his testimony in a morning session on March 1.

On March 2 the committee held a morning and an afternoon session. The witnesses were Mr. J. D. Zellerbach, chief of the Economic Cooperation Administration mission to Italy, Mr. Vincent M. Barnett, special assistant to Mr. Zellerbach, and Mr. Robert M. Hanes, chief of the Economic Cooperation Administration mission in western Germany. Mr. Zellerbach dealt with the general recovery picture in Italy and such special problems as population pressure, tax reform, and land reform as they relate to Italian recovery. Mr. Hanes discussed the relationship of German recovery to the revival of western

Europe in general and the special problems of developing the conditions of freedom in German business.

On March 3 the witnesses before the committee in an all-day session were Gen. William J. Donovan, Chairman of the American Committee on United Europe, and Mr. Barry Bingham, chief of the Economic Cooperation Administration mission to France. General Donovan analyzed the accomplishments and the obstacles relating to the development of unity among the western European nations. He also discussed special problems created by the divergence of policy between the United States and the United Kingdom in relation to China. Mr. Bingham traced the record of recovery in France and the special relationship of France to European integration.

On March 7 the committee directed its attention to two vital aspects of the program—public information concerning the aims and accomplishments of the program within the recipient countries and labor relations within the recipient countries, particularly the situation as between Communist-dominated labor forces and free labor. The witnesses during a morning session were Mr. Roscoe Drummond, Chief of the Information Division, and Mr. Boris Shiskin, Chief of the Labor Division, both of the Office of the United States Special Representative in Europe.

On March 8 the committee turned its attention to the question of extending the recovery program now in progress in the Republic of Korea. Secretary of State Acheson and Administrator Hoffman appeared before the committee in a morning session. Mr. Acheson described the political implications of Korean assistance. Mr. Hoffman described the general economic outlines of the recovery undertaking there. In an afternoon session that day the committee heard Dr. A. J. Johnson, Director of the Korea Division of the Economic Cooperation Administration. Dr. Johnson presented the program in detail.

On March 9 the committee heard Dr. Johnson again and Dr. Arthur Bunce, Chief of the Economic Cooperation Administration mission to the Republic of Korea, who testified as to the local aspects and problems of the Korean program.

On March 10 the European recovery program was again the subject. The committee heard Mr. Bissell in a discussion of the contents of the recovery program for the approaching fiscal year and of the proposed European payments union. Mr. Bissell was accompanied by Mr. C. J. Dwyer, of the Petroleum Branch, Economic Cooperation Administration, who discussed problems of petroleum between the dollar area and the area of the recovery program.

On March 14 the committee heard a number of public witnesses in discussions of various phases and various viewpoints on the legislation. Included were Mr. Henry Reuss, representing Americans for Democratic Action; Mrs. Anna Lord Strauss, president, League of Women Voters of the United States; Mr. James Finucane, associate secretary, National Council for Prevention of War; Mr. John C. Lynn, assistant legislative director, American Farm Bureau Federation; Mr. J. T. Sanders, representing the National Grange; and Mr. Robert Emmet Rodes, commander, Morocco Post, No. 1, American Legion.

On March 11 the hearings closed with the testimony of two more public witnesses, Mr. L. Dan Jones, attorney, representing the Inde-

pendent Petroleum Association of America, and Mr. Henry Hazlitt, contributing editor of Newsweek magazine.

Besides the information adduced from the witnesses, the committee was benefited by a thorough documentation of progress, problems, programs, and prospects of the European recovery effort prepared by the Economic Cooperation Administration; by the periodic reports to the Congress required by section 123 of the Economic Cooperation Act; by the second annual report of the Organization for European Economic Cooperation; and by various published studies of the Joint Committee on Foreign Economic Cooperation in pursuance of its mandate under section 124 of the Economic Cooperation Act. With respect to Korea the committee was assisted in its study by two reports of high quality issued by the Economic Cooperation Administration, one entitled "Republic of Korea: Economic Guides" and the other "Korea Aid Program: Fiscal Year 1951."



FOREIGN ECONOMIC ASSISTANCE

SUPPLEMENTAL REPORT OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES

ON

H. R. 7797

A BILL TO PROVIDE FOREIGN ECONOMIC
ASSISTANCE

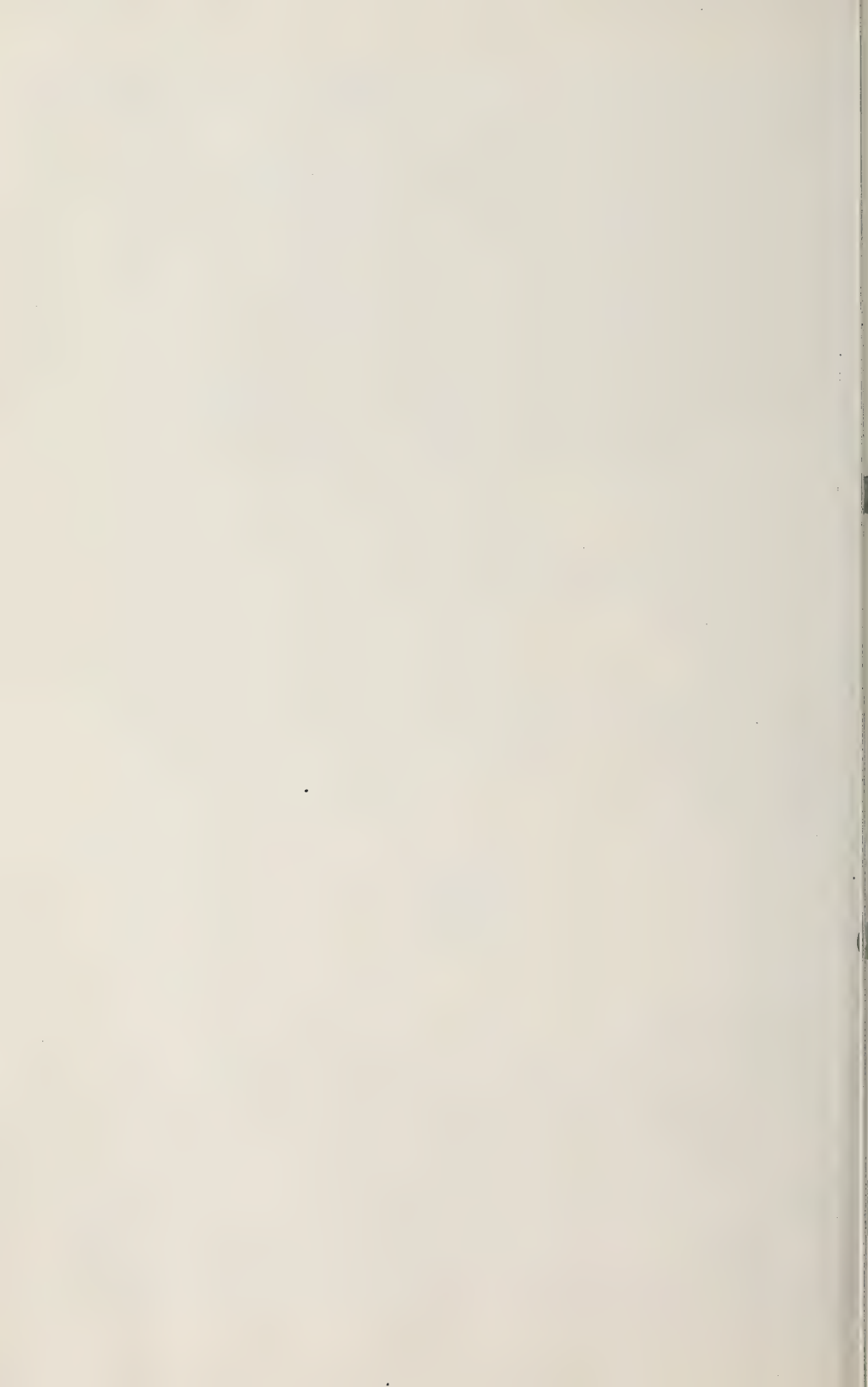
TITLE II

THE UNITED NATIONS PALESTINE REFUGEE
AID ACT OF 1950



MARCH 23, 1950.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE

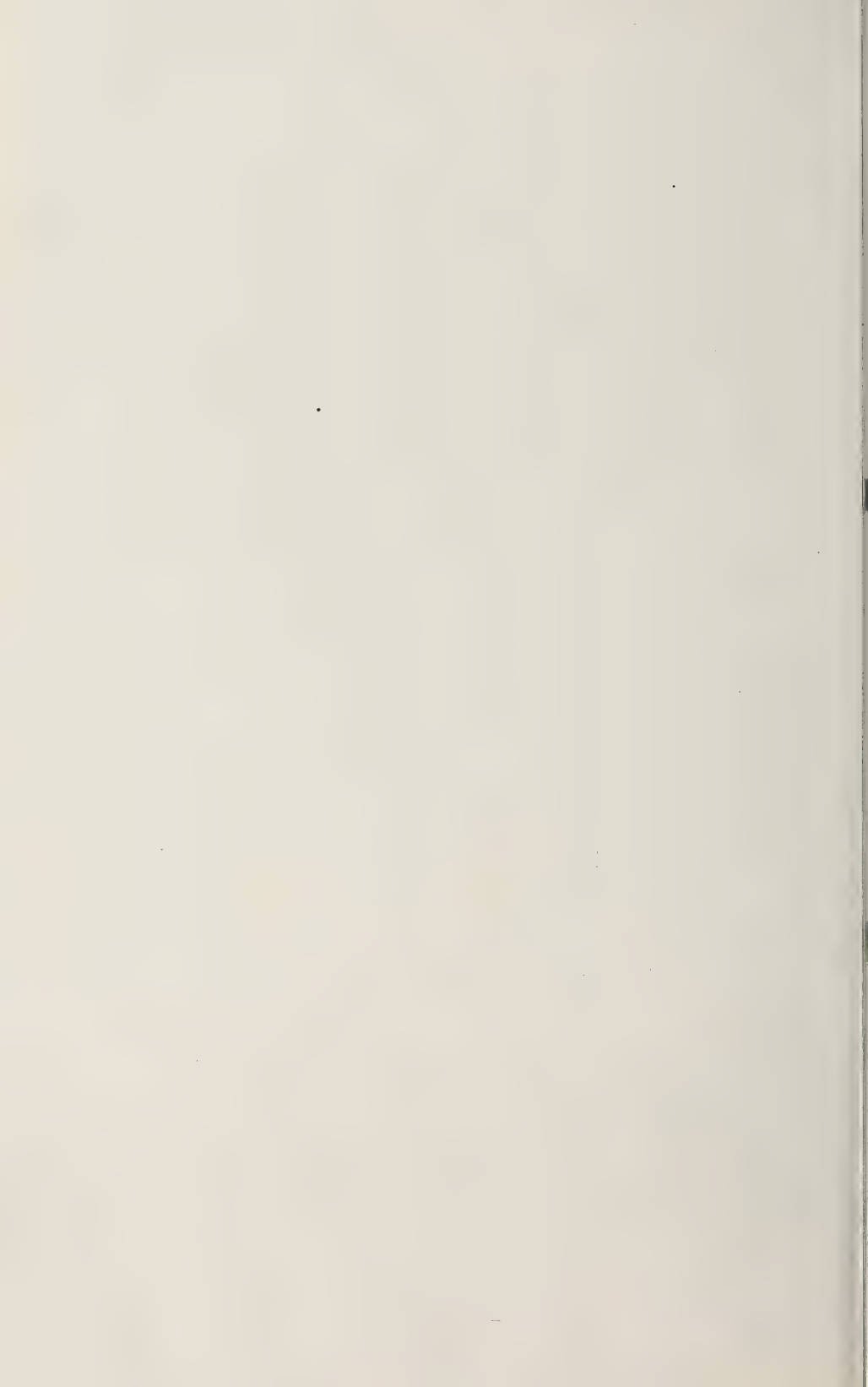


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FOREIGN ECONOMIC ASSISTANCE

MARCH 23, 1950.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. KEE, from the Committee on Foreign Affairs, submitted the following

SUPPLEMENTAL REPORT

[To accompany H. R. 7797]

TITLE II. THE UNITED NATIONS PALESTINE REFUGEE AID ACT OF 1950

This statement of views is further to House Report No. 1802, dealing with the bill (H. R. 7797) to provide foreign economic assistance. This statement deals with title II of the said bill. Title II embodies the United Nations Palestine Refugee Aid Act of 1950. It includes an authorization for the appropriation of \$27,500,000 for contribution by the United States to the United Nations Relief and Works Agency for Palestine Refugees in the Near East during the fiscal year 1951.

Legislation of the same substance as title III of the bill herewith favorably reported was proposed in a communication from the President to the Speaker of January 20, 1950. The message was referred to the Committee on Foreign Affairs. No legislation was introduced in the House. The Committee on Foreign Affairs proceeded to hold hearings on February 16 and 17 on the proposition contained in the President's message. The witnesses were: Hon. George McGhee, Assistant Secretary of State for Near Eastern, South Asian, and African Affairs; Gordon R. Clapp, Chairman of the Tennessee Valley Authority, who had served as Chairman of the United Nations Economic Survey Mission for the Middle East; and Arthur Z. Gardiner, special assistant to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs. The committee also had before it a study—commendable both for the breadth of its scope and for the high quality of intelligence reflected in it—by the United Nations Economic Survey Mission for the Middle East. This study, comprising the final report with appendixes and containing the interim report of the Economic Survey Mission, proved to be of the

greatest assistance to the committee in developing understanding of the complex welfare and economic problems of the area concerned.

The committee determined on March 21 to include the relevant legislation as a separate title in a package bill dealing with authorizations for foreign economic assistance.

Title II and the problem it seeks to deal with are discussed below in the following order: I. The Palestine refugee problem up to now; II. The new Near Eastern refugee program; III. The United States' part in the program.

I. THE PALESTINE REFUGEE PROBLEM UP TO NOW

A. SOURCES OF THE PROBLEM

The Palestine problem in 1947-48.—As a point of departure in laying the background for the legislation herewith reported, a convenient date is November 29, 1947, when the General Assembly of the United Nations accepted the proposal of its Special Committee to partition Palestine into two states, one an Arab and the other a Jewish state, and an international zone for Jerusalem. This proposal transformed, but it did not solve, the problem of antagonism between Jews and Arabs in Palestine—a problem that had persisted during the quarter century of British control exercised under a mandate originally granted by the League of Nations.

Active hostilities have died down in the years 1949 and 1950, but peace has not yet returned to Palestine. The Israeli and Arab forces still face each other in an uncertain quiet along lines generally less favorable to the Arab situation than the boundaries of the partition as proposed in November 1947—a result of Israeli military successes. The present situation is indicated in an accompanying map.

Among the Arab peoples of Palestine—numbering some 1,320,000 as against the Jewish minority of 640,000—the partition proposal was received angrily. A general strike of 3 days and sporadic violence in outlying areas soon followed. During the ensuing 5½ months this violence grew into warfare on a wide scale. Jewish forces quickly gained the ascendancy over Arab forces. Both sides then looked forward to the end of the British mandate on May 15, 1948, the Jewish forces in the hope of consolidating their positions and enlarging their holdings, and the Arabs in the expectation that the removal of third-party authority as an impediment to the armies from surrounding Arab states might open the way to a reversal of the military situation. Subsequent events disappointed the Arab, rather than the Jewish, hopes.

On May 14, 1948, the day preceding the expiration of the mandate, the Jewish authorities proclaimed the State of Israel. Open warfare and periods of armistice followed each other for the balance of the year. Peace efforts were carried on by a United Nations mediator, Count Folke Bernadotte, of Sweden, selected May 20, 1948, by the Security Council in accordance with a General Assembly resolution of May 15. Count Bernadotte was assassinated by Jewish irregulars on September 17, 1948, and was replaced by Dr. Ralph Bunche, of the United States, as acting mediator. The mediatorial efforts abated the conflict but did not remove its causes. To strengthen and continue the effort toward peace, the General Assembly on December 11,

THE MILITARY AND POLITICAL SITUATION IN PALESTINE



1948, adopted a resolution establishing a United Nations Conciliation Commission for Palestine. This Commission was composed of representatives of the United States, France, and Turkey. It was to assist the governments and authorities concerned to achieve a final settlement of all questions outstanding between them; facilitate the repatriation, resettlement, and economic and social rehabilitation of refugees whose plight was due to the circumstances of warfare in Palestine and the payment of compensation for their property losses; and seek arrangements to facilitate the economic development of the area.

The same resolution as established the Commission declared that—the refugees wishing to return to their homes should be permitted to do so at the earliest practicable date.

Appraising the present situation.—In appraising the events since the coming into existence of the state of Israel, one should be careful to avoid an excess either of pessimism or of optimism.

On the positive side of the ledger is the fact that the attendant warfare has been limited in scope and in duration. In the words of the Secretary General of the United Nations (Annual Report of the Secretary General on the Work of the Organization, July 1, 1948–30, June 1949, p. ix):

The establishment of the state of Israel in Palestine without a major war is one of the epic events in history, coming, as it does, at the end not merely of 30 years, but of 2,000 years of accumulated sorrows, bitterness, and conflict.

On the other hand, there is the paramount fact that it has not been possible as yet to bring about a durable peace as between Israel and its Arab neighbors. The refugee problem which this proposed legislation is intended to deal with is both a cause and a result of this impasse—depending on whether one accepts the viewpoint of one side or of the other. The existence in Palestine and the surrounding countries of a large body of refugees, the care of whom becomes a charge upon other nations, aggravates the already complex Near Eastern problem in a way that was not foreseen at the time of the deliberations within the United Nations leading to the proposal for partition.

This aspect of the Palestine problem, moreover, has worsened rather than abated since the General Assembly resolution of December 11, 1948, which called for the free opportunity for refugees to return to their homes.

It is not within the province of this report to attempt to fix blame for the creation of the refugee problem in the first instance or for the failure to bring about a solution. Two versions of the blame may be quoted from the United Nations Bulletin of December 15, 1949, summarizing the debate in the ad hoc political committee dealing with the Palestine question in the most recent session of the General Assembly.

The Israeli viewpoint.—The case for Israel was put by Aubrey S. Eban before the ad hoc committee as follows:

* * * the tragic fate of the refugees was a serious consequence of the war declared in 1948 by Egypt, Syria, Jordan, Lebanon, Saudi Arabia, and Yemen for the purpose of crushing Israel in defiance of an international recommendation. Those who had initiated that war were responsible for its consequences.

It was the cold and calculated decision of the Arab states to invade the state of Israel which had caused the death of thousands in battle and the flight and

exile of other thousands. It had not been the General Assembly resolution, but the military attack in violation of that resolution, which had created this misery.

The Palestine Arabs, caught between their so-called liberators and their Jewish neighbors, whom they had been taught to regard as enemies, fled to refuge in states to which they were bound by links of natural solidarity.

Those states which had caused their exile now were showing them the door. Having fought a destructive war to liberate Arabs from Jewish domination, they now were conducting a political campaign to force these Arabs to return to Jewish domination. Thus Syria, from whose territory the first attacks had been launched, had absolved itself from any collaboration for the resettlement of refugees.

The Arab states which had participated in the attack on Israel bore responsibility for all the victims of that war and could only expiate their guilt by seeking a speedy and effective solution of the problem in cooperation with the United Nations and the state of Israel. This did not mean, since the peace and prosperity of the whole region were at stake, that other states should not participate in the effort.

To Israel, economic restrictions were of secondary importance compared to the requirements of security. Surrounded by hostile states, Israel knew that a mass return of refugees would be tantamount to the destruction of the state of Israel.

But, aside from considerations of security, Israel could not ignore the fact that the existence of a large minority within a state surrounded by hostile states would raise insurmountable difficulties in the economic field. A permanent plan for resettlement of refugees could only be envisaged when peaceful relations had been reestablished.

* * * considerations of military security had been set aside in order to permit the reunion of Arab families separated by the war. The Arab population has risen to 170,000 chiefly because of the return of refugees, and work projects had been started. * * * Israel had incurred expenses of £3,500,000 in connection with rehabilitation of refugees.

The Arab case.—The counter-case was stated by several spokesmen for Arab states. For Lebanon, for example, Karim Azkoul argued:

* * * It was not true that the war had caused the Palestine Arabs to flee; the exodus had started long before.

Even assuming that Israel considered the Arab states responsible, had it the right to avenge itself on innocent populations for action taken by Arab states? Nor could its refusal to receive the refugees be justified on security grounds; it was obvious that if the Arab states intended to launch an attack against Israel they would prefer to keep the refugees and make soldiers of them. Israel, better than any other country, should recognize the right of refugees to return to their homes; that was the concept upon which the Zionist movement was based.

Dr. Fadhil Jamali, speaking for Iraq, contended:

The reason Israel would not admit the refugees was that hundreds of thousands of Jews all over the world were being induced to give up their homes and nationality and emigrate to Palestine. * * *

In the argument put forth by Ahmed Shukairy, representing Syria, it was contended:

* * * the refugee problem had been created by the Assembly decision of November 29, 1947. In the period just preceding the end of the mandate, Zionist terrorism had taken heavy toll of Arab lives and property. Despite denials, evidence proved the Jewish Agency had deliberately planned to displace the Arab population as part of its policy to force the end of the mandate. On June 9, 1949, the head of the Jewish delegation referring to repatriation, had told the Conciliation Commission that artificial re-creation of a minority group in Palestine would be a retrograde step so far as peace in the Middle East was concerned.

He argued further:

Jewish authorities had flagrantly disregarded the General Assembly's resolution of December 11, 1948. Despite the efforts of the Conciliation Commission, not a single refugee had been allowed to return home. Jewish authorities refused to accept the principles of the 1948 resolution, claiming it was unrealistic to regard repatriation as a practical solution.

* * * the head of the Jewish delegation had told the Conciliation Commission that many homes and farms of refugees had been destroyed or were occupied by others. This was not so, but even if true, it surely was a blatant violation of justice to prevent refugees from returning to their homes simply because those homes had been destroyed.

Aouney W. Dejanya, spokesman for Saudi Arabia, argued as follows:

Arab refugees allowed to return even to ruined houses would be no worse off and, within a short period of time, would be in a position to produce food * * *.

There were no weighty arguments against the return of refugees. If security were invoked, arrangements could be made to repatriate inhabitants of villages remote from the borders and the first repatriates limited to old men, women, and children. There was no question of availability of land, since up to the end of the mandate the Jews had owned less than 7 percent of the land in Palestine and had developed only 20 percent of the area they owned.

B. DEVELOPMENT OF THE PROBLEM

The nature of the influx.—Writing in the Middle East Journal for July 1949, Mr. W. de St. Aubin, of the American Red Cross, noted as to the beginnings of the Palestine refugee problem incident to the military operations of the previous year:

The movement of refugees was sporadic and unorganized. In general, those from Galilee and the north coastal cities of Israel fled to Lebanon and Syria. Others sought the nearest Arab-controlled territory in Syria and Transjordan. Some sought relatives and friends. The professional, business, and former administrative people usually congregated in the larger cities of Beirut, Damascus, and Amman. While a few were able to carry personal effects and some money, flight was generally disorderly and with almost no possessions. Many went on foot, some by ship, cars, and trucks. In certain cases, entire villages kept more or less together.

The early reception * * * by the local communities in nearby countries was one of welcome. * * *

The early refugees were often sheltered in private homes or placed temporarily in public buildings; eventually schools, convents, and former army barracks were all put to use. * * * Nevertheless, even before the end of summer thousands were without shelter, merely camped under trees or at best lodged in caves and ancient ruins. * * *

The burden on local economies.—The initial burden of care fell on the local communities and on the governments of the neighboring Arab countries receiving the refugees. As noted by Mr. de St. Aubin:

In every state voluntary contributions were offered, committees formed, and government funds and personnel made available for relief work. In Syria a Government grant of 60 piasters per day was given to registered refugees over 10 years of age and of 40 piasters to children under 10. Such medical services and other local assistance as could be provided were given without charge. In Lebanon a monthly grant of 10 kilos of flour or bread and 3 Lebanese pounds was authorized for each refugee. * * * It is estimated that with other costs included, Lebanon's expenditure on the refugees equaled 20 percent of its national budget. Transjordan attempted to give 400 grams of bread per day to around 200,000 refugees located there and in the Palestine area under Arab League jurisdiction. The Arab League made a substantial grant of funds and forwarded blankets. In Egypt a special committee, in which the Red Cross participated, raised large sums of money and provided medical and hospital services, as well as the cost of maintaining a camp for 8,000 persons. In addition to direct donations, transport, warehousing, post facilities, and other costs in connection with the storing and distribution of supplies were provided by the authorities of each of the neighboring countries.

This official and semiofficial expenditure was in addition to charitable services given locally. These were considerable, for with the break-down of civic authority in areas under military control of several armies, and with communications broken

or rendered extremely difficult, much of the task fell directly on the local communities. Because their donations varied greatly, and were often in kind, accurate estimates of this aid are impossible. But in general it can be said without hesitation that an earnest effort was made by both the local populations and governments to assist the thousands of Palestine refugees who sought shelter in their lands, and that the cost has been a heavy burden upon them.

To understand the burden placed upon the local economies, one may compare the number of refugees to the total population of the areas into which the refugees moved. In the words of the interim report of November 18, 1949, by the Economic Survey Mission (whose work will be reviewed later in this report):

* * * The population of the Gaza strip, before the Arab-Israeli hostilities, was about 70,000. Refugees have swelled the population to about 270,000 in an area of less than 150 square miles. * * *

Arab Palestine, that portion of eastern Palestine not occupied by Israeli troops, had an estimated population of 460,000 before the outbreak of hostilities. To this has been added about 280,000 refugees, an increase of 60 percent.

The refugees were able to bring few assets with them, and many of those who did have since used them up. They claimed and, in general, received the help of the countries to which they fled. For the first few months the governments of the Arab states where the Palestine Arabs sought refuge provided relief as best they could. * * *

An addition to the population, similar to that which has occurred in the Near East as a result of the influx of refugees, would imply, if occurring to the United Kingdom, an addition of 3,500,000 people, if occurring to the United States of America about 10,000,000, if to France nearly 3,000,000.

An accompanying chart illustrates the magnitude of the problem in terms of burden on the local economies. A second chart illustrates the dispersion of the refugees and the influx of Jewish population into the territory of Israel.

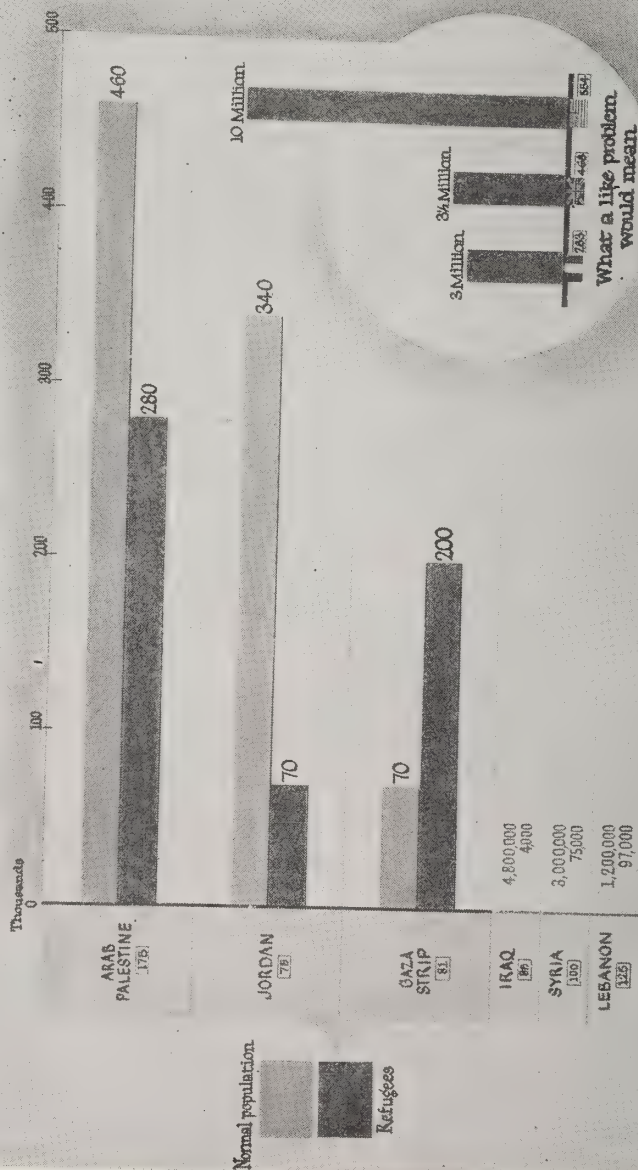
The developing need of outside assistance.—It early became apparent that the refugee problem required a solution beyond local resources. For one thing, there was the limitation of those resources. For another, the ardor of helpfulness began to cool, as noted by Mr. de St. Aubin:

* * * As the movement continued * * * and towns were overwhelmed, * * * there developed an understandable resentment against the newcomers. * * *

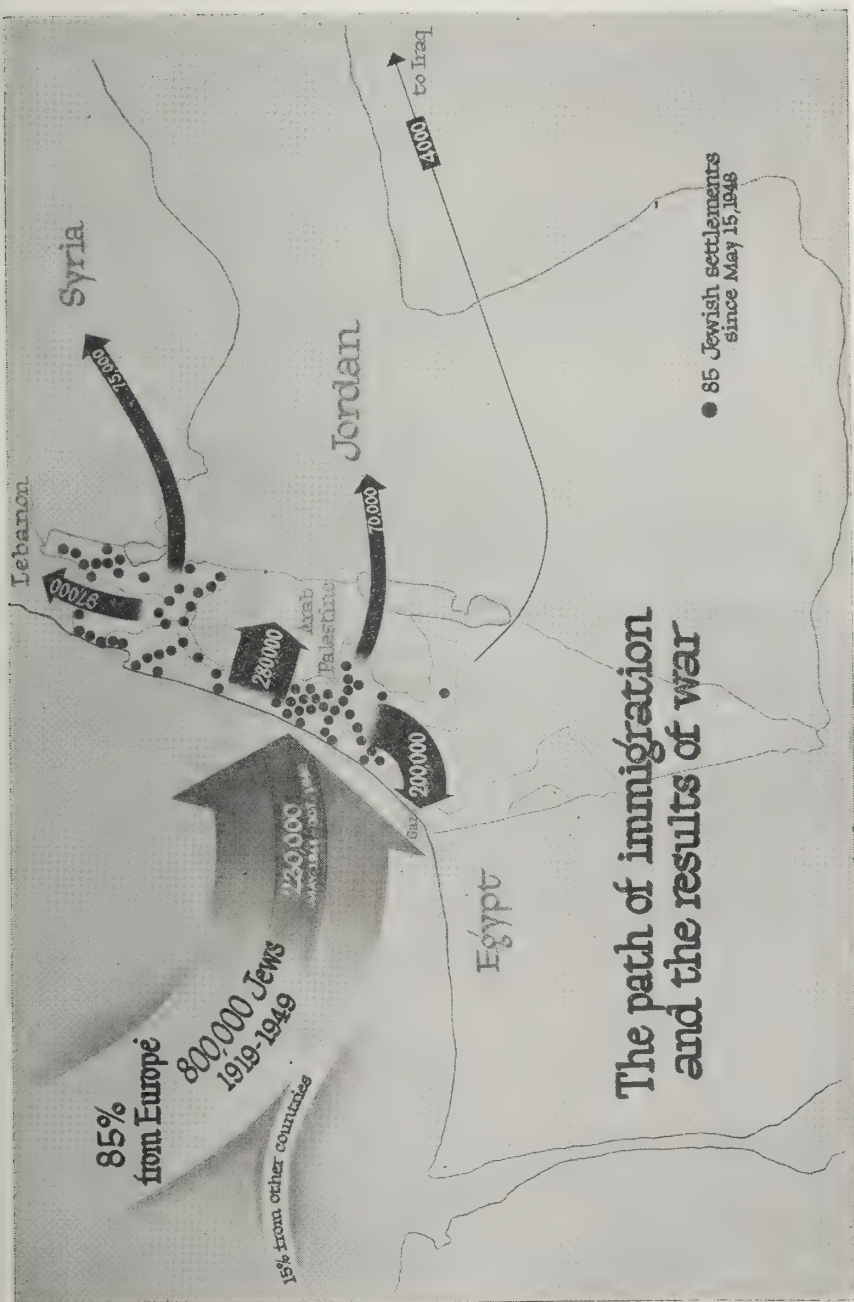
As early as June 1948 the United Nations mediator, seeing that the problem would overtax local resources, had asked the League of Red Cross Societies to make an immediate survey of the requirements. In August 1948 the mediator requested 29 countries to give voluntary donations on behalf of the refugees. Such voluntary relief, supplementing the local and governmental efforts in the Arab territories, were not adequate.

The General Assembly, convening in September 1948, had before it a report of the mediator outlining the growing seriousness of the situation and the need for immediate relief measures. The number of refugees then requiring assistance was estimated at 360,000 and the number was reported as steadily increasing. On October 18, the acting mediator noted the number of refugees as 479,000 and estimated it would soon reach 500,000. He recommended a United Nations relief program to cost \$32,000,000 and to care for a half million refugees until August 31, 1949. The General Assembly took appropriate action on November 19, 1948, in a resolution which established a program known as United Nations Relief for Palestine Refugees (UNRPR).

Magnitude of the problem



[1] Per capita per annum income in dollar equivalent 1959



Grant by the United States.—The United States undertook to contribute half of the proposed \$32,000,000 fund called for in the General Assembly resolution. Authorizing legislation for this purpose was enacted March 24, 1949 (Public Law 25, 81st Cong.), and appropriations made on June 23, 1949 (Public Law 119, 81st Cong.). The assumption at that time was that the funds in view would see the problem through to a conclusion. A spokesman for the Department of State gave the following reassurance to the Congress:

* * * The 9-month span of the program was adopted on the assumption that the condition of the refugees will be substantially alleviated with the reaping of the autumn harvest in 1949, and in the expectation that negotiations for a final settlement of the Palestine problem prior to that date would facilitate the permanent solution of the refugee question. * * *

The relief fund raised by the United States contribution and the contribution of other countries has had to go farther than was anticipated at the time it was set up. In Assistant Secretary McGhee's words:

* * * the United States contribution was matched by a similar sum from other members of the United Nations and some nonmember countries, and that the administration of the program has been so conducted that the resources available have provided for a living, poor as it is, for as many as 900,000 refugees and destitute people for a period of approximately 13 months. The cost of the program to United Nations Relief for Palestine refugees has averaged about \$2 per person per month. This has included supplies of food, medical care, and small amounts for the clothing and shelter of these unfortunate people.

The continuing need.—Meanwhile, the fund has become exhausted, and—continuing in the words of Mr. McGhee's testimony:

The refugee problem * * * still remains unsolved. It had been hoped that some of these people could settle in the countries which have given them temporary asylum, and that others would have been able to return to their homes in Israel. Except to a limited degree, neither of these hopes has materialized. While Israel has readmitted a few refugees by taking steps to reunite broken families, the Government of Israel has taken the stand that they cannot readmit any more than 100,000 of the refugees in all and these only after repatriation is made part of a final and general peace settlement with the Arab states. Since other difficulties standing in the way of such a peace settlement—particularly the determination of boundaries, and the status of Jerusalem—are not yet solved, Israel's agreement to repatriate 100,000 refugees does not serve to alleviate the refugee problem at the present time.

Insofar as the Arab states are concerned, Jordan alone has been willing to welcome refugees as citizens. Some refugees have been able to find employment in Jordanian territory. However, there are still vast masses of people concentrated in camps and other centers, within Jordan and Arab Palestine, who are unable to find opportunities to make their living. Large numbers of refugees have also fled from Israel to Lebanon and Syria. In Lebanon their numbers equal 10 percent of the population of the entire country. It is beyond the present capacity of the local economy to find work for such large numbers of newcomers, or to support them. In Syria the burden of 75,000 refugees is almost equally serious, and beyond the present ability of the Government to handle without assistance from abroad.

The United Nations Economic Survey Mission for the Middle East.—During the summer of 1949 the Palestine Conciliation Commission, on which the United States was represented in turn by Mr. Mark Ethridge and Mr. Paul A. Porter, took the first steps toward what was hoped would be a more permanent and satisfactory solution of the refugee problem. On August 23, 1949, it established the United Nations Economic Survey Mission for the Middle East. The Mission's purpose was stated as follows:

* * * to examine the economic situation in the countries affected by the recent hostilities, and to make recommendations to the Commission for an integrated program—

(a) To enable the governments concerned to further such measures and development programs as are required to overcome economic dislocations created by the hostilities.

(b) To facilitate the repatriation, resettlement and economic and social rehabilitation of the refugees and the payment of compensation pursuant to the provisions of paragraph 11 of the General Assembly's resolution of December 11, 1948, in order to reintegrate the refugees into the economic life of the area on a self-sustaining basis within a minimum period of time.

(c) To promote economic conditions conducive to the maintenance of peace and stability in the area.

The Economic Survey Mission functioned under the chairmanship of Mr. Clapp, who was given leave from his duties with the Tennessee Valley Authority for this purpose. Sir Desmond Morton of the United Kingdom, M. Eirek Labonne of France, and H. Cemil Göçken of Turkey served as deputy chairmen. The Mission assembled at Lausanne on September 8 to receive its terms of reference from the Conciliation Commission and meet with each of the delegations representing the Governments of Egypt, Israel, Jordan, and Lebanon. The Mission proceeded to Beirut, Lebanon, where it began its work in the Near East on September 12. The heads of the Mission discussed the problems covered in its terms of reference with the members of the Governments in Alexandria, Egypt; Baghdad, Iraq; Tel Aviv, Israel; Amman, Hashemite Kingdom of Jordan; Beirut, Lebanon; and Damascus, Syria. The experts attached to the Mission studied in the field the problem of the refugees, the economy of the areas where the refugees were located, and, in extensive discussions with technical committees established by most of the above governments, considered measures which might remedy the "economic dislocations created by the hostilities."

In the words of Mr. Clapp, appearing before the committee:

We had two tasks to accomplish as we saw it. First was the immediate problem of the refugees * * *. The United Nations wanted this Mission to examine into the problem of the refugees to see whether there was any possible program that could be devised that would put an end to the problem of international relief, once and for all, for this group. The second task we were asked to undertake was to examine into the possibilities in the Near East and Middle East for what you might call a longer-range economic development program. * * *

Mr. Clapp testified in detail as to the difficulties which the Survey Mission found in the path to a solution:

We were not well received in the Middle East. There was a fear in the minds of the Arab peoples that we were coming to their countries to impose upon them some preconceived plan affecting their peoples and their countries, which would settle upon them these 750,000 refugees in the face of the fact that the United Nations in its resolution had assured them that they had the right to go home. * * * We gradually made it clear that we were there to get ideas from them, that we had no preconceived notions, that we wanted to counsel with them and find out what could be done of a constructive nature that would make the lot of the refugees less serious there and that would look to their ultimate rehabilitation.

Mr. Clapp then recounted the results of the talks with the various countries, recapitulating the obstacles in the way of permanent resettlement in any of the areas neighboring on Palestine except Jordan and the obstacles in the way of repatriation in Palestine of any appreciable number. Continuing in Mr. Clapp's words:

It became clear to us rather quickly that any attempt on the part of the Economic Survey Mission to propose a scheme either of repatriation or resettlement

ment would simply underscore the bitterness * * * involved as they were in political questions not yet agreed to by the contending parties.

The point is elaborated in the interim report of the Economic Survey Mission:

* * * Why do not the refugees return to their homes and solve their own problem? That is what the great majority of them want to do. They believe, as a matter of right and justice, they should be permitted to return to their homes, their farms and villages, and the coastal cities of Haifa and Jaffa whence many of them came.

They are encouraged to believe this remedy open to them because the General Assembly of the United Nations said so in its resolution of December 11, 1948. For purely psychological reasons, easily understandable, the refugees set great store by the assurance contained in this resolution. Most men in their position, given a choice between working in a foreign land or returning to their homes and to conditions understood and experienced from youth, would strain toward their homes, even were they told that, in their absence, conditions had so changed that they would never be happy there again. They would be reluctant to believe it. They would suspect a trap to hold them in exile until it was too late for them to return. Even if they were told their houses had been destroyed, they would still claim that the land remained. This seems a final argument to farm people.

But, the repatriation of Arab refugees requires political decisions outside the competence of the Economic Survey Mission.

Why do not the refugees go somewhere else? Why not resettle them in less congested lands?

There are several reasons. The refugees do not take kindly to moving again—unless it be a return to their homes, a prospect they cling to because of the General Assembly's resolution. Moreover, the Arab governments have made it clear to the mission that they feel bound to respect the wish of the refugees. Resettlement of the refugees outside of Palestine is a political issue poised against the issues of repatriation, compensation of the refugees, and a final territorial settlement. Finally, less-congested lands are not available for the settlement of additional population until much money has been spent and work done to make the land suitable for cultivation or for industrial development.

In these circumstances, the only immediate constructive step in sight is to give the refugees an opportunity to work where they now are.

Further action by the General Assembly in December 1949.—After 2 months in the field, the Survey Mission made an interim report on November 18, 1949. It recommended a combined relief and works program with growing emphasis on the idea of projects to furnish useful employment to the refugees. In the Mission's words:

Recognizing that the plight of the refugees is both a symptom and a cause of grave economic instability, the Mission recommends in this report that steps be taken to establish a program of useful public works for the employment of able-bodied refugees as a first measure toward their rehabilitation; and that, meanwhile, relief, restricted to those in need, be continued throughout the coming year.

These recommendations are intended to abate the emergency by constructive action and to reduce the refugee problem to limits within which the Near Eastern governments can reasonably be expected to assume any remaining responsibility.

These measures, together with those which the Mission, in a subsequent and final report, will suggest for the greater use by the peoples and governments of the Near East of the still undeveloped riches of their own lands, will not alone bring peace. But if the Palestine refugees be left forgotten and desolate in their misery, peace will recede yet further from these distracted lands.

The Mission's recommendation became the basis for a further resolution by the United Nations General Assembly on December 8, 1949. The legislation here recommended for favorable action by the House would enable the United States to carry out its share of the burden imposed by the resolution. The project as developed in the resolution and as explained in the Economic Survey Mission's interim report and its final report of December 28, 1949, and in the testimony before the committee is dealt with in detail in the following section of this report.

II. THE NEW NEAR EASTERN REFUGEE PROGRAM

A. SCOPE OF THE UNDERTAKING

The numbers and location of the recipients of aid.—The first question in regard to the proposed combined relief and works program for Palestine refugees in the Near East is as to who and how many will receive assistance. The interim report of the Economic Survey Mission explains the number of eligibles as follows:

The number of refugees, in the sense of persons who have fled from Israel and are unable to return, is estimated, from the most up-to-date data available, at 726,000. This figure is arrived at by taking the former non-Jewish population of the territory at present held by Israel and deducting therefrom the present non-Jewish population of that territory. * * *

To this figure of 726,000 should be added some 25,000 people who still live at home, but are without-means because they are separated from their lands by the armistice lines, the so-called borderline cases. Therefore, the refugees considered by the Mission to be within its terms of reference number 751,000.

Not all these are in need. It is estimated that 20,000 are in employment and capable of supporting another 60,000. In addition, there are some 19,000 refugees who are presumed not to be receiving UNRPR rations (of whom 15,000 are of independent means and 4,000 are supported by the Iraqi Government). There are, therefore, 652,000 genuine refugees in need (including the borderline cases).

It should be noted that this number—652,000—is considerably less than the number of persons receiving aid from the United Nations Relief for Palestine Refugees. The report goes on to explain:

The UNRPR ration strength is now 940,000, but rations are in fact issued by the agencies to 1,019,000 recipients. Rations are allocated in bulk to the agencies, who stretch them to cover destitute and other needy persons as well as refugees.

These figures are set out below:

1. Refugees who fled Israel and are in need.....	627, 000
2. Plus borderline cases.....	25, 000
Refugees in need.....	652, 000
3. Plus refugees in gainful employment and not in need.....	99, 000
Total refugees.....	751, 000
4. Minus refugees presumed not to be receiving rations.....	19, 000
Refugees receiving rations in Arab countries.....	732, 000
5. Plus nonrefugees in Arab countries receiving rations.....	160, 000
Total ration strength in Arab countries.....	892, 000
6. Plus Arab and Jewish refugees in Israel.....	48, 000
Total UNRPR ration strength.....	940, 000
7. Plus ration receivers in excess of UNRPR ration strength.....	79, 000
Total ration receivers.....	1, 019, 000

The number used by the Mission in estimating the cost of the recommended program is 652,000, the estimated number of refugees in need, including the borderline cases.

The figure of 751,000 designated as "total refugees" in the above table is composed of 726,000 refugees plus 25,000 borderline cases.

As to the location of the refugees, this is explained in a further note in the above-cited interim report:

* * * Where did the refugees go when they left their homes? About 70,000 crossed the Jordan River to the east and are now in the Hashemite Kingdom of Jordan. About 97,000 fled into Lebanon, just north of Galilee. Some

75,000 are clustered near the south and western boundaries of Syria, and in and around Damascus and other towns. About 200,000 are crowded into the tiny coastal desert area called the Gaza strip, at present held by Egypt. About 280,000 are in that part of Palestine not occupied by Israel—west of the Jordan—from Jenin in the north to Jericho and the Arab portion of Jerusalem and on beyond to Bethlehem in the south. About 4,000 crossed the desert to Baghdad in Iraq, far to the east. In addition, some 31,000 Arabs and 17,000 Jews, classed as refugees by the international relief agencies, are in Israel.

The trend from relief to work.—The essence of the proposed program is to take the eligible refugees off relief and put them to work as soon as possible. The following table reflects the projected shift from direct relief to work schemes:

	Number for whom work can be provided	Dependents of workers removed from relief	Maximum number eligible for direct relief
1950, quarters:			
First.....			652,000
Second.....	13,000	39,000	600,000
Third.....	40,000	120,000	492,000
Fourth.....	65,000	195,000	392,000
1951, quarters:			
First.....	88,000	264,000	300,000
Second.....	100,000	300,000	252,000

In connection with the estimated numbers to receive direct relief during the first two quarters of 1951, it should be noted that it is contemplated that direct relief from United Nations funds will end at the end of 1950. The works program would continue and such direct relief as may be required would become the responsibility of the local governments. An accompanying chart illustrates the planned trend from direct relief to work projects.

B. THE NATURE OF THE WORK TO BE DONE

The availability of useful employment.—As to the opportunities of finding worth-while employment for the refugees the Survey Mission interim report states:

Direct consultations between the Economic Survey Mission and Near Eastern governments established that governments were ready to support the principle of trying to find gainful employment for the refugees in place of relief. The Governments of Iraq and Israel had already begun to develop this idea in practice. The Government of Syria had recently passed a decree granting refugees equal rights with Syrians to be employed in that country. The Government of Jordan already had plans under active consideration with the same objects in view and has already offered to grant a Jordan passport to any Palestine refugee applying for one.

Proposed Work and Direct Relief Programs

Thousands of people

940

300

800

700

NON-REFUGEES

600

652

600

492

392

500

DIRECT RELIEF

400

300

200

100

0

254

300

196

DEPENDENTS OF WORKERS
REMOVED FROM DIRECT RELIEF

120

39

88

115

WORK RELIEF

Jan-Feb-Mar

Apr-May-June

July-Aug-Sept

Oct-Nov-Dec

Jan-Feb-Mar

Apr-May-June

1950

1951

The report continues:

Conditions differ in each country. Egypt offers no opportunity for the employment of refugee labor, save in the Gaza strip. Ample labor for the great works already planned by the Egyptian Government for the development of the land of Egypt is immediately available from the ranks of Egyptian unemployed. On the other hand, certain works might usefully be undertaken in the Gaza strip. Unfortunately, this is the most congested area. Possible relief works in this small area can employ only a very small proportion of the refugees accumulated there, but soil and water conservation projects, important in their effects and value, can provide useful work for some. The Mission recognizes that the problem of the refugees in the Gaza area will not be solved, save by permitting the excess to farm their adjacent lands from which they are now cut off by the armistice lines, or to move to other regions where more work opportunities may be open to them.

In Jordan, relief works are envisaged which would soon absorb more than the breadwinners among the 70,000 refugees actually in Jordan territory. The Economic Survey Mission has learned with satisfaction that His Majesty's Government in the United Kingdom has already made to the Government of the Hashemite Kingdom of Jordan an interest-free loan of £1,000,000 sterling. This loan is to be expended by the Jordan Government on development projects considered by the Jordan Government to be of value to their country and to the benefit of Arab refugees from Palestine. The Economic Survey Mission expresses the hope that the two Governments concerned will find it possible to begin work at an early date.

The Governments of Iraq and Israel are both engaged in finding work for the relatively small number of refugees within their territories, and advised the Mission that they do not immediately need external assistance to this end.

In Syria and Lebanon works projects are available, if means can be found to finance them, which would contribute materially to the solution of the immediate problem of finding gainful employment in lieu of relief.

How much useful employment can be generated through work of the character contemplated? The interim report of the Economic Survey Mission answers on this point:

* * * work can be found, on schemes of the types described * * * for substantially all the able-bodied refugees in Jordan, Arab Palestine, and Syria. In Gaza it appears that the schemes described * * * exhaust the possibilities. In Lebanon, employment of refugees on schemes of an agricultural nature is at present excluded. It is believed, however, that a substantial amount of employment can be found on engineering works. The actual amount of employment (at the peak) assumed for the purposes of estimating the cost is, in Jordan and Arab Palestine, 75,000; in the Gaza strip, 2,300; in Syria, 15,000; and in Lebanon, 8,000.

No account is taken in the estimates of refugees who may find gainful employment outside the works program as a secondary effect of expenditures on that program and who would, therefore, become ineligible for relief. In addition, it is to be assumed that some may obtain employment not generated by the works program, as many in the total figure of 726,000 have already done. The estimates do not attempt to take account of this possibility.

Selection of projects.—The committee was told that four criteria have applied and will apply in the selection of specific work projects. The first criterion is the presence of a high labor factor in the cost. The second is the possibility of early commencement. The third criterion is the usefulness of each project for increasing the productivity of specific areas, by combining separate projects into a unified development. In certain districts irrigation, roads, and housing will be so combined that the absorptive capacity of the country in which the project is carried out will be increased. The fourth criterion is the place which given projects take in leading to more complete economic development of a country.

The interim report says, as to specific types of projects:

* * * the four major ways in which temporary refugee labor can be employed in quantity and at the same time promote the economic development of the Near Eastern countries by striking at the root of their greatest problems are—

(a) The terracing of sloping land so as to retain the natural rainfall, protect the soil from erosion, and allow the growing of better crops or the planting of fruit trees, more particularly the latter.

(b) The afforestation of land not suited to other purposes, partly as an erosion-control measure and partly to contribute additional fuel and timber supplies.

(c) The development of good roads to open up the area so as to allow materials for the construction of irrigation and similar works to pass in, and agricultural products, particularly fruits and vegetables, to pass out.

(d) The construction of irrigation projects and water-conservation works on a moderate scale.

It adds, concerning the specific item of terracing:

Terracing is not an innovation in Near Eastern countries; indeed, in many places it is already practiced. The work to be done, therefore, is of two types—the reconstruction of existing terraces in a state of disrepair, and the construction of terraces on new ground. It is considered that in some cases, even on new land, relatively inexpensive terracing will be sufficient. Many areas to be planted with fruit trees will, however, require terracing with at least a single row of stones, and in really steep country stone walls will be required; such terracing is expensive but well justified because of the greater productive capacity of the treated land. As the effects of this work will last for many years it fits readily into any long-term economic development scheme. Moreover, terracing has the additional advantage that it can be commenced early.

The report continues, as to the value of forest development in the Near East:

Very little practical action has been taken in the Near Eastern countries to extend the area under forest, although the importance of afforestation is now gradually becoming recognized. Afforestation can be carried out either by direct sowing of seeds (which results in large areas being treated in a short time), or by the planting of seedlings from a nursery. This is a comparatively slow process since seedlings may require 2 years to develop, and nursery production is thus a principal limiting factor in the rate of this type of afforestation. It is considered that schemes should include the Gradoni system of tree planting, which is simple and effective, and offers good scope for the employment of labor. This, like seed sowing, has the advantage that it can be begun almost at once. Afforestation must be undertaken with the advice and guidance of forestry specialists, and the new plantations must be rigidly closed to grazing, and in particular be protected against the inroads of man for fuel and goats for fodder.

As to the opportunity for highway development, the report says:

Adequate highway communications are unquestionably necessary for full economic development in any country, the more so in an agricultural country, since produce must move freely to the markets. Road making is clearly a suitable work project, for the labor forms a high element in its total cost. It can be begun quickly and the materials are generally present in all too abundant quantities on the spot.

However, highways by themselves do not necessarily bring about an improvement in an economy. There must first be a sound base of agricultural development or some other economic reason before highways can be of much value. In some of the areas traversed by the highways proposed in plans drawn up by countries visited, such development has not yet reached the stage which will make highway construction economical.

The road projects selected are, therefore, of two types:

(i) Highways which are missing or defective in the present system and which do have an economic justification since lack of them strangles the flow of normal traffic.

(ii) New roads required for * * * unified developments. * * *

The "unified" developments referred to above relate to the plans for better utilization of water resources. To quote again the report of the Economic Survey Mission:

Schemes considered for the utilization of water resources fall in general into two types, of which the second is based on a special concept, regarded as fundamental.

The first type of project consists in the construction, at various points, of irrigation and water-supply works already planned or commenced. Projects of this nature include canals and drainage works in Lebanon and in Syria. Such projects in the main involve construction works, but are also for the most part already planned so that they can be embarked on without undue delay. In many cases incomplete works already exist.

The conception of the second type of project stems from the view that such engineering developments as highway construction or dam building cannot be economically justified in isolation. Highways must be built simultaneously with improvements in agriculture, and agriculture cannot be improved without the simultaneous conservation and better distribution of water resources. It is, therefore, proposed for the short-term program, to develop certain comparatively small areas intensively instead of proceeding with extensive programs of highway development and the like. A typical area considered suitable for such development is the catchment basin of the Wadi Zerqa, the largest of the wadis east of the Jordan River. It is proposed that this area should at one and the same time be provided with roads, dam constructions, terracing, afforestation, etc.

In addition to the above general types of projects, engineering schemes including the improvement of certain airports have been selected. As explained to the committee, these have the advantage that plans can be prepared in a short time and that the work has a significant effect on the general economy of the Near East and may be of outstanding long-term importance. Work on a harbor at Latakia, in Syria has also been recommended for somewhat similar reasons.

C. THE PROPOSED AGENCY

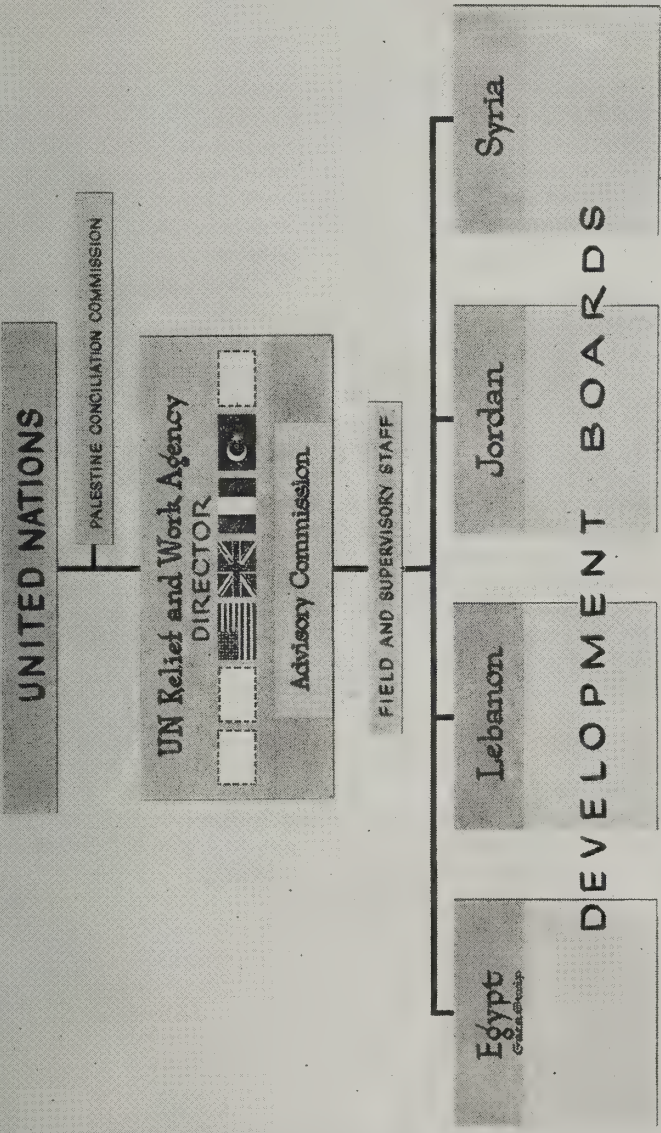
Establishment and mission.—The committee inquired carefully into the proposed establishment for control and administration of the program. An accompanying chart illustrates the envisaged set-up.

It was brought out that the program will function under an agency to be known as the United Nations Relief and Works Agency for Palestine Refugees in the Near East. It is contemplated that by April 1, 1950, or such other date as may be determined by the Secretary-General of the United Nations and the Director of the Agency, it will take over the assets and liabilities of the United Nations Relief for Palestine Refugees—the existing relief organization. The job of the new Agency will be, as described in the General Assembly resolution of December 8, 1949:

(a) To carry out in collaboration with local governments the direct relief and works programs as recommended by the Economic Survey Mission.

(b) To consult with the interested Near Eastern governments concerning measures to be taken by them preparatory to the time when international assistance for relief and works projects is no longer available.

The direction.—The new Agency will be headed by a Director. The General Assembly resolution provides for his appointment by the Secretary-General of the United Nations. The Director will be the chief executive officer. He will appoint his staff in accordance with general arrangements made in agreement with the Secretary-General of the United Nations. The staff will be recruited through the facilities of the United Nations, and United Nations rules and regulations will generally apply. Budgetary and administrative regulations for the Agency will be set up in consultation with the Secretary-General.



The Director will handle the Agency's operations in consultation with an Advisory Commission established by the General Assembly resolution of December 8. It will consist of representatives of France, Turkey, the United Kingdom, and the United States. These representatives will have authority to name three additional members representing contributing governments. The General Assembly resolution requests—

* * * the Director to convene the Advisory Commission at the earliest practicable date for the purpose of developing plans for the organization and administration of the program, and of adopting rules of procedure;

The resolution also specifically authorizes the Director to act on allocations of funds as between direct relief and works projects, in consultation with the Advisory Commission.

Local development boards.—The General Assembly resolution enjoins the Director and the Advisory Commission to—

* * * consult with each Near Eastern government concerned in the selection, planning, and execution of projects.

Thus one of the purposes of the Assembly resolution is to bring local governments into the administration of programs for the refugees so as to give these governments a realistic understanding of the problem, of the advantages to be gained by using the refugees as a source of manpower, and enhance their feeling of responsibility to the refugees. All this is of primary importance to assure that the local governments assume eventually the responsibility for the refugees remaining after the completion of the international program. In the words of Assistant Secretary of State McGhee, testifying before the committee:

* * * The administration of the actual relief and works projects, it is hoped, will to a maximum extent be conducted by the governments of the countries themselves, subject in all cases to full control and supervision of any funds provided through the works agency.

This is most desirable from the standpoint of getting these countries to assume responsibility for this problem. It is hoped that the international community will not have to continue for a long time to bear responsibility for this problem. The states concerned will only do it if they are urged to and taught to at this stage, and to the maximum extent it is hoped that these countries can assume the immediate responsibility for the administration of this program. * * *

To bring the recipient countries effectively into the programs, the Economic Survey Mission recommended the establishment by each of the governments of a national development board. Such boards would serve to insure continuity during periods when works projects were under way and would be the principal points of focus between the governments of the countries concerned and any external bodies through which financial or technical assistance might be available.

D. FINANCING THE PROGRAM

The cost assumptions.—The next question is the cost. This has been estimated on the basis of certain assumptions, the first of which is that the ration load of 940,000 obtaining last year will be reduced in successive stages to 652,000 by April 1, thus eliminating refugees not in need and nonrefugees. The original estimate of the Economic Survey Mission made the assumption that the reduction to the 652,000-ration load could be accomplished by January 1, 1950, and

accordingly set the first quarter cost of direct relief at \$5,500,000 and the relief cost for the year at \$19,000,000. The Mission's interim report added, however:

Should the United Nations decide to bring about a gradual reduction from 940,000 rations per day to 652,000 on April 1, 1950, through monthly reductions of 100,000, beginning on February 1, 1950, the cost of the alteration in schedule would amount to 1.2 million dollars. * * *

In its consideration of the interim report the General Assembly took into account the representations of the United Nations Secretary-General and of the agencies distributing relief supplies that a reduction of nearly 300,000 rations would be impossible to effect by January 1, 1950. Such a drastic cut would, it was feared, cause great hardships, result in widespread disturbances in the refugee camps and throughout the area, and would thus tend to defeat the program. It was therefore determined that to the budget of \$19,000,000 there should be added a figure of \$1,200,000 indicated by the Economic Survey Mission as the cost of the possible alteration of the schedule, making the total budget for direct relief \$20,200,000 for the calendar year.

The other assumptions forming the basis of the cost estimates are stated as follows in the interim report of the Economic Survey Mission:

* * * that the wages paid to refugees employed on work schemes, whether in cash or in kind, will be the locally prevailing rate, and that this wage will enable the worker to provide for three dependents, for whom no separate relief will be needed.

* * * that 25 percent of refugees are able-bodied men and that the numbers available for work are, therefore, in Jordan and Arab Palestine, 78,000; in the Gaza strip, 48,000; in Syria, 15,000; and in Lebanon, 22,000.

On the basis of the above three assumptions the estimated cost of the total program of direct relief and work schemes are as given in the accompanying table, which is based on data in the interim report of the Economic Survey Mission adjusted to take into account the addition of \$1,200,000 in relief outlays as a result of the General Assembly's decision as noted above.

Estimated cost in millions of dollars

	1950, quarters				1951, quarters		Total
	First	Second	Third	Fourth	First	Second	
1. Direct relief.....	6.7	5.1	4.5	3.9	-----	-----	20.9
2. Work schemes:							
(a) Labor and administration.....		.9	2.8	4.6	6.2	6.9	21.4
(b) Materials, tools, and equipment.....		.6	1.8	2.8	3.8	4.3	13.3
(c) Total cost to United Nations and local governments.....		1.5	4.6	7.4	10.0	11.2	34.7
(d) Less 45 percent of item 2 (b), assumed to be made available by local governments.....		.3	.8	1.3	1.7	1.9	6.0
(e) Cost to United Nations.....		1.2	3.8	6.1	8.3	9.3	28.7
3. Direct relief and work schemes:							
(a) Total cost to United Nations and local governments.....	5.5	6.6	9.1	11.3	10.0	11.2	54.9
(b) Less item 2 (d), assumed cost to local governments.....		.3	.8	1.3	1.7	1.9	6.0
(c) Cost to United Nations.....	5.5	6.3	8.3	10.0	8.3	9.3	48.9

A step toward a solution.—It is not argued that the accomplishment of the work now set out will bring about an end to the refugee problem

in the Near East. In the words of Assistant Secretary of State McGhee, in his testimony before the committee:

This program cannot foresee a complete end to this problem. Indeed, in the light of the political complexities of the problem, the uncertainties as to the settlement which will be reached as to Israel and the Arab states and other variables, it did not seem profitable to press forward * * * toward a solution. * * * As a consequence there still remains, in the middle of 1951, some 400,000 people all of whom will be on work, or are being supported by people on work, and who will number some 326,000 less than the present number of refugees as calculated by the Economic Survey Mission.

The program is put forth not as a final solution but as a step in that direction. In the words of the Economic Survey Mission's interim report:

* * * For the immediate future, the refugees are viewed as a reservoir of idle manpower—of greater service to themselves and to the lands giving them asylum, if given work. The administration of the relief and public works program for refugees, brought together under the initiative of one agency, can, in the considered judgment of the Economic Survey Mission, become a contributing factor for peace and economic stability in the Near East.

The cited report observes further:

The execution of such works projects, leading to improvements in the productive capacity of the areas in which they are undertaken, is bound to have a dynamic and cumulatively beneficial effect on the whole situation. It will gain time during which it may be hoped substantial progress will be made toward a settlement of the outstanding political issues by the agencies entrusted with that task.

Extensive economic development of this area must await intensive technical study. The Economic Survey Mission recognized this, and for that reason the proposed works programs were adapted to the present stages of technological advance in those countries. The programs are but a modest beginning toward developments which might be possible after further technical assistance has been made available, perhaps through some such undertaking as the proposed Point IV program.

The next steps.—As to the sequel to this program, Mr. Clapp testified as follows:

* * * what happens after June 1951? Another of the major tasks of this new agency, as stipulated in the proposals of the Economic Survey Mission's report and as incorporated in the resolution of the General Assembly, would be to negotiate and consult with the Arab governments on the spot during the course of the administration of this 18-month program * * * for developments that could be initiated after this program is over * * *.

Now, what insurance is there that any such programs will be forthcoming? The only thing I can say * * * is to express the hope that such programs will be developed * * *.

Mr. Clapp explained the foundation of this hope as follows:

* * * If several hundred thousand people who are now idle can begin to go to work over the period of the next 18 months and get off the bread line and get their dependents off the bread lines, and can begin to regain some of the morale they have lost and begin to nourish some little hope about the future, they will at least have taken part in some constructive work that will represent an improvement in the areas in which they are working. * * * They will have, by their works and by the experience which the Arab governments have obtained in helping to administer this program, stimulated and attracted some attention to the possibility of larger-scale development.

The final report of the Economic Survey Mission includes specific recommendations for pilot demonstration and development projects in the area of the Near East to serve as a guide for larger-scale develop-

ment if the interest in the governments concerned should be stimulated in that direction. Since these projects lie beyond the scope of the envisaged 18-month program, they are not reviewed in this report of the committee. They were taken into account, however, by the committee in coming to the conclusion that the program here proposed points in a hopeful direction and represents an experiment in international cooperation well worth undertaking.

III. THE UNITED STATES' PART IN THE PROGRAM

A. THE FORMS OF ASSISTANCE

Provisions of the legislation.—Under Title II of H. R. 7797, the United States would be enabled to assist in three ways in the operations of the United Nations Relief Agency for Palestine Refugees in the Near East.

One way in which the United States would assist the Near East program would be in the detailing of Government personnel. Section 204 (a) of this title would make certain provisions of the United States Information and Educational Exchange Act of 1948 (Public Law 422, 80th Cong.) applicable to the proposed operation on the same basis as they apply to the assignment of Government personnel to service with other governments. The applicable provisions of the said act are sections 301, 302, and 303. Under their terms as made relevant here any person in the Government service having special scientific or other personal or professional qualifications might be made available by the Secretary of State for the activities concerned on application by the United Nations Relief Agency for Palestine Refugees in the Near East, provided that the consent of the head of the agency with which the individual was identified was given. The individual concerned would be entitled to continue to draw his United States Government salary. This and other expenses related to his service incurred by this Government would be reimbursable by crediting an equivalent amount to the United States contribution. The individual would be protected in his rights and privileges as a Federal employee for the period of his service with the United Nations agency concerned. His detail to office with a foreign government would be permissible, subject to the qualification that such detail must not involve alienation of his allegiance to the United States. In general, this provision permitting Federal employees of particular talents to assist in the program is clearly in the interest of the success of the operation, and therefore in the interest of the United States Government, whose share in the undertaking will be greater than that of any other government.

A second way in which the United States Government would be enabled to assist would be in the procuring and furnishing of supplies, materials, and services to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. Reimbursement by the Agency would be required and might be credited against the United States contribution. Ample precedent for such action exists in the International Organizations Procurement Act of 1947 and in the United Nations Participation Act of 1945, as amended by Public Law 341, Eighty-first Congress.

A third mode of assistance would be financial. Section 202 of the relevant title would authorize a contribution of \$27,450,000 covering the period through the fiscal year 1951. Section 203 (a) would authorize the necessary appropriations. Section 203 (b) would authorize an interest-free advance of \$8,000,000 by the Reconstruction Finance Corporation, such advance to be reimbursed out of the authorized appropriations. In view of the exigency of the situation in the Near East and of the meagerness of the alternative resources for getting the program under way by April 1, 1950, as planned, the necessity of such an advance of funds seems manifest.

In the committee's judgment, the principal question regarding the assistance to be rendered will be the money question.

B. THE MONEY QUESTION

A voluntary contribution.—The General Assembly resolution of December 8, 1949, does not allocate costs among the various governments. Under the terms of the resolution, the General Assembly—

* * * *Urges* all members of the United Nations and nonmembers to make voluntary contributions in funds or in kind to insure that the amount of supplies and funds required is obtained for each period of the program as set out in paragraph 6; contributions in funds may be made in currencies other than the United States dollar insofar as the program can be carried out in such currencies.

The contribution which Title II of H. R. 7797 proposes should be given by the United States is thus voluntary. It represents 56.1 percent of the total sums which it is hoped will be contributed by governments other than those in whose areas the operations will be carried on. It represents 50 percent of the total costs of the program representing contributions of both the Arab governments concerned and outside governments. This proposal that the United States put up half of the funds is in keeping with the action of the Congress a year ago in approving a 50-percent contribution to the working fund of the United Nations Relief for Palestine Refugees (Public Law 24, 81st Cong.). In that instance, as has been noted, other nations came through with the balance of the proposed fund. It is to be assumed that they will do likewise in this instance as well.

The proportion of the cost to be undertaken by the United States is somewhat higher than the 39.89 percent which the United States contributes to the administrative budget of the United Nations. The extra percentage in this instance is justified, in the committee's judgment, however, by the circumstances that the Soviet Union and the nations in its orbit are not expected to be contributors to the undertaking, and that several members of the United Nations, notably the United Kingdom and France, are still in a stringent financial position.

The question of alternatives.—The committee raised the question as to possible alternative means of support of the program, at least in part, so as to reduce the financial burden.

It was pointed out that the United States has on hand great quantities of surplus foods held by the Commodity Credit Corporation. To what extent might they be used to meet the relief portion of the program? The question was put to Mr. Gardiner, who answered:

* * * we cannot safely or reasonably assure you that any can be used. The area as a whole with which we are dealing is generally self-sufficient in food-

stuffs. On the other hand, we are trying to assist in furthering as economical an operation as possible in this case, and we will see to what extent we can use these surplus foods.

As to possible use of surplus potatoes, it was explained that—

* * * even if these potatoes are free at a point of origin in the United States, they would cost more landed in the Middle East than would grain * * *, more per calorie.

Possible use of surplus egg products in the program was indicated, but the witness reemphasized that—

* * * we would be deficient in our duty if we left the impression with this committee that we could, or that the new United Nations agency could, operate effectively if they were required to accept part of the United States contribution in kind.

The witness summed up:

* * * it is partly balance of payments and partly domestic budgetary problems of the countries with which we are concerned. * * * they cannot, out of their own sources of taxation, find the money to keep these people from starving.

C. THE UNITED STATES INTERESTS

The humanitarian question.—It is well to keep in mind the consequences if the relief and work program were not made to function. These are discussed in the following colloquy:

Mr. VORYS. What will happen if we just do not do anything? What will happen if we do not pass this bill?

Mr. CLAPP. One can only speculate, but I think certain things are probably obvious. The Arab governments do not have the resources to feed these many, many thousands of people. * * *

I think what would happen if the funds were not forthcoming is that many of these people would starve. I do not think there is any question but what with the break-down of medical services which have been an important part of this direct relief program, serious epidemics would break out * * *. I do not think there is much doubt but what there would be disruptive effects of a political nature, which, in the long run, and aside from the humanitarian aspects, might be even more serious.

The humanitarian concern in such a situation would be evident. Yet in view of the vastness of the world's problems and the limitedness of the resources that can be brought to bear to solve them, the question of national interest as well as of humanitarian motives must be raised.

The United States stake.—In the words used in Assistant Secretary of State McGhee's testimony:

* * * the question inevitably arises as to the reasons for special concern on the part of the United States Government over this particular group of refugees, as distinguished from the millions of displaced persons throughout the world who are deserving of humanitarian consideration. * * *

In answering this question Mr. McGhee laid stress on the United States traditional diplomatic interest in the Near Eastern area. This interest, he pointed out, had been sharpened by the expansion of American economic interests in latter years. This expanding economic interest is exemplified in the growth of oil production by American companies operating in the Near East from 20,000 barrels of oil daily in 1934 to 670,000 barrels daily in 1949. Proved reserves under control of 5 American companies in the area in 1934 were estimated at 2,000,000,000 barrels; by 1949 the figure had risen to 18,000,000,000 barrels under control of 5 major and 12 smaller Amer-

ican companies. Exemplifying the development of American commercial interest in the Near East, the witness compared the total of 83 American ships—with a combined tonnage of 539,000 tons—which passed through the Suez Canal in 1935 to 2,812 ships with a combined tonnage of about 7,000,000 tons in 1947. Nine American shipping companies now advertise ports of call in the Near East, he pointed out, and American certified air carriers in a representative month make 23 round trips a week to the Near East. He added:

* * * no practical round-the-world all-weather air route, whether for military or for peaceful purposes, is possible without the use of Near Eastern bases.

The strategic aspect.—The United States, during World War II, Mr. McGhee pointed out, had for the first time assumed an active military-strategic interest in the area, upon which military operations both in the Caucasus and in the Western Desert converged, and loss of which—

* * * would have had an incalculable effect upon the prosecution, the duration, and perhaps even the outcome of the war. * * *

Bringing the strategic importance up to date, Mr. McGhee went on:

* * * Against the background of a cold war, the central geographic position of the Near East, its convergence of international surface and air routes, and its great cultural and natural resources, deserve even greater importance.

Let me speak very frankly on this question. The political loss of this area to the Soviet Union would be a major disaster comparable to its loss during war. Certainly the political-strategic position of the Soviet Union would be immeasurably strengthened by the attainment of its objectives in the Near East, and the cold war materially prolonged. The whole area between Greece and India, which, although constituting a relatively stable element, is already threatened by militant communism to the north, and would be hard pressed indeed in its efforts to hold fast to its newly won political independence. The Near East may be critical to our national interests in time of war, but it is vital to us in time of peace.

Against this background, our solicitude for the Palestine refugees, partly based on humanitarian considerations, has additional justification. As long as the refugee problem remains unresolved, the delicate equilibrium effected by the armistices is endangered. As long as this problem remains unresolved, attainment of a political settlement in Palestine is delayed, and a major source of friction between Israel and the Arab states is perpetuated to the detriment of peace in the entire Near East. Finally, as long as this problem remains unresolved, the refugees themselves will continue to serve as a natural focal point for exploitation by Communist and disruptive elements which neither we nor the Near Eastern governments can afford to ignore. In this critical area we can ill afford to stand by in the face of any major security threat. The presence of three-quarters of a million idle, destitute people—a number greater than the combined strength of all the standing armies of the Near East—whose discontent increases with the passage of time, is the greatest threat to the security of the area which now exists.

In the committee's view, it is evident that the strategic interest in the area warrants the proposed expenditure as a means of preventing a moral debacle among its inhabitants and of establishing a sounder foundation for the pacification of the Near East.

FOREIGN ECONOMIC ASSISTANCE

SUPPLEMENTAL REPORT

OF THE

COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES

ON

H. R. 7797

A BILL TO PROVIDE FOREIGN ECONOMIC
ASSISTANCE

TITLE III

ACT FOR INTERNATIONAL DEVELOPMENT



MARCH 23, 1950.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

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FOREIGN ECONOMIC ASSISTANCE

MARCH 23, 1950.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. KEE, from the Committee on Foreign Affairs, submitted the following

SUPPLEMENTAL REPORT

[To accompany H. R. 7797]

TITLE III. ACT FOR INTERNATIONAL DEVELOPMENT

I. INTRODUCTION

The occasion for the legislation

In his inaugural address, President Truman stated his proposed courses of action as "points." One of these, the fourth, proposed that the United States take the leadership in aiding the improvement and growth of underdeveloped areas of the world. The proposal has now become commonly known as "Point IV." The United States, the President said—

should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life. And, in cooperation with other nations, we should foster capital investment in areas needing development.

Point IV thus embodied two ideas: Technical assistance and the encouragement of capital investment.

On June 24, 1949, the President in a message to the Congress recommended the enactment of legislation to authorize "an expanded program of technical assistance" to economically underdeveloped areas and "an experimental program for encouraging the outflow of private investment beneficial to their economic development."

Two bills were introduced on July 12, 1949, in support of the recommendations. One, H. R. 5594, was introduced on July 12, 1949. It authorizes the Export-Import Bank "to guarantee United States private capital, invested in productive enterprises abroad which contribute to economic development in underdeveloped areas, against

the risks peculiar to those investments." The bill was referred to the Committee on Banking and Currency, and was reported to the House with amendment on October 6, 1949.

The other, H. R. 5615, authorizing an expanded program of technical assistance, was referred to the Committee on Foreign Affairs. This bill dealt only with technical assistance and made no reference to investment.

On August 16, 1949, Representative Herter, of Massachusetts, introduced H. R. 6026, a bill supported by various business groups in the United States. This bill emphasized the creation of a favorable climate for foreign investment as a necessity if technical assistance was to be effective.

Committee action

The Committee on Foreign Affairs held extensive hearings on H. R. 5615 and H. R. 6026.

Adjournment of the first session of Congress came before action could be taken on the two bills.

Subsequently, the Department of State carried on discussions with Representative Herter and representatives of various business groups in an effort to reconcile the differences—some of them substantial—between H. R. 5615 and H. R. 6026.

The result was a new bill, H. R. 6834, introduced by Chairman Kee on January 18, 1950, and referred to the Committee on Foreign Affairs. On the same day, Representative Herter introduced an identical bill, H. R. 6835.

Additional hearings were held on H. R. 6834 and H. R. 6835.

The committee began executive sessions on January 25, 1950. The result of the committee's deliberations was H. R. 7346, a clean bill retaining all the essentials of H. R. 6834 and H. R. 6835 and the changes made by the committee. Title III of H. R. 7797, the pending bill, embodies all the essentials of H. R. 7346.

II. PURPOSES OF THE LEGISLATION

The purposes of title III are two. The first is to emphasize the importance of orderly, balanced, and permanent growth of the *underdeveloped* areas of the world through the exchange of technical skill, the creation of a favorable climate for investment, and the cooperative effort of nations. Title III sets forth the findings of the Congress and lays down broad policies binding upon United States Government agencies.

The second is to authorize a long-range program of technical assistance. Title III authorizes the President to embark on a program, specifies its nature, sets the limits within which it is to be carried on, creates the necessary administrative structure, and authorizes appropriations.

III. UNITED STATES POSTWAR FOREIGN POLICY AND POINT IV

United States foreign policy since the end of the war has been based on the greatest practicable attainment of a peaceful, ordered world in which all nations can be secure, economically healthy, and free to determine their own destinies. The objectives of United States policy have been an active participation in the work of the United Nations

and its specialized agencies, support for peoples seeking to govern themselves or to maintain free governments, military advice and assistance in strengthening resistance of free governments to aggressive acts threatening their security, and economic aid of various kinds to restore economic health to the world. To a certain extent these policies were originally predicated on the hope of great power harmony, which so far as not been attained.

Emphasis on security

As the rift between east and west developed and deepened, United States policy has had an increasing security emphasis. Economic aid to Europe through the Marshall plan became a policy of securing western Europe against the Soviet threat, as well as one of economic recovery. Military security arrangements in the Atlantic, the Mediterranean, and the Western Hemisphere became matters of necessity, and of necessity they have required vast sums of money and the alert attention of the people of the United States.

There is no need at this point to discuss the value of the European recovery program, Greek-Turkish aid, the military assistance program, or other aspects of these policies. They are settled policies of this Government, bearing the stamp of approval of the Congress.

The important point is that United States foreign assistance policy, conceived and executed on a far-reaching and constructive basis, has become preventive in emphasis, directed to certain areas or situations. Circumstances have restricted the major effort to the economically advanced areas of western Europe, and to other areas vitally important to the United States militarily, economically, or politically. Comparatively little economic effort has been devoted to the economically underdeveloped areas. Activities of the type involved here were being carried on, but they did not constitute a major objective of policy.

Extension of our postwar foreign policy

The prior demands of security, recovery, and development in the economically advanced areas of Europe have been a first charge on our attention and resources. A considerable geographical area of the world remains that is contributing little but has a vast potential. The United States opportunity for leadership in the underdeveloped areas can now be utilized more fully than in the past. This is the aim of Point IV. In this sense, it is an extension of our postwar foreign policy. The content of Point IV is not new; its roots lie in already settled policies.

The Point IV proposal rounds out our postwar foreign policy in several respects. It emphasizes as a policy a type of activity that can assist in redressing the balance in the world economy.

It offers United States leadership in an area where improved economic and social conditions can contribute directly and indirectly to the security of the free world and the security of the United States. It complements the security emphasis of our policy. Where political, economic, and social instability prevail, the siren song of Communist promises is music to many ears.

Point IV proposes to reduce unrest by creating more stable economic and social conditions through cooperative effort. Increased national stability and firmer hope for the future reduces the Communist

threat and strengthens the security of the nations concerned. It strengthens the security of the United States as well.

Point IV is also a part of our present policy of fostering world trade and economic cooperation among nations. In this respect, it would enlarge the opportunities for foreign investment under conditions that forswear the old-fashioned methods of the past.

At the same time, Point IV adds another element. For the first time the United States has made the economic development of underdeveloped countries a major policy objective.

IV. THE UNITED STATES OBJECTIVE

Economic development

The geographical application and the method of approach to the development idea is what distinguishes Point IV from other foreign-assistance programs in economically advanced areas. The essential element here is the coordinated approach by many means and methods to the various conditions affecting economic development.

The committee does not mean to imply that present activities such as those carried on by the Institute of Inter-American Affairs, by the Department of State under Public Law 402, Eightieth Congress (the Smith-Mundt Act), and by the Economic Cooperation Administration in the so-called "Jimmy Yen" program have not made an unusual contribution in the areas where they have operated. On the contrary, the success of these programs demonstrates the wisdom of expanding them and adding others in a coordinated effort to deal with the underdeveloped areas.

Technical cooperation programs, and methods to encourage the flow of investment capital are the means available. They are mutually complementary and indispensable to economic development. Section 302 emphasizes this point, and section 303 embodies it in policy instructions to United States Government agencies.

The premises

The objective rests several definite premises in established policies of this Government. The premises are: (1) That the program must be a genuinely cooperative one between nations; (2) that the self-help principle must be paramount; (3) that United States assistance is not and will not be used as an opening wedge for the old-fashioned type of colonial imperialism; (4) that the resources of the United States available for economic development are limited; (5) that a maximum effort can be exerted with a minimum cost; and (6) that the program must serve the interests of the United States, directly or indirectly, as well as the interest of those who will be assisted.

The premises are implicit and explicit in title III. United States policy toward underdeveloped areas will operate within them.

The interests of the United States

Our economic interest assumes that economic development means new markets, an outlet for American capital, an expanded international trade, and new sources of materials needed by this country. The United States needs many products of strategic importance that it cannot now get. Many of these are controlled by potential enemies. Many can become available from underdeveloped countries.

The problem

The objective of economic development can be attained. It cannot be accomplished overnight nor by the action of the United States alone.

The importance of the premises, the necessity for a careful and coordinated approach, and the complexity of the problem are underlined in the extended quotation given below from the introduction to the Final Report of the United Nations Economic Survey Mission for the Middle East.

The contrast between poverty and plenty within a single country, like the contrast between the so-called rich and poor regions of the world, is a source of envy, a stimulant to unrest, a basis for fear and an incitement to wars—both cold and hot.

How simple, therefore, to suppose that could the poorer people and the poorer regions but acquire from those more blessed materially a pro rata share of the world's goods, poverty would be eradicated and a great cause of strife would disappear.

But comparative differences in standards of living cannot be adjusted so easily. Indeed, the different values for which human beings expend their energies illustrate the lack of agreement on the validity of purely material standards as a measure of advancement—or even of content. One should be slow to condemn the peasant who eschews a tractor for a nailboard plow, because he may not covet the leisure the tractor would afford. He may find a greater value in inefficiency, as judged by western standards, than in an idleness to which he is unaccustomed, or a leisure which he knows not how to use. Speculation about what he might do with his leisure, if he had it, begs all sorts of controversial questions. Perhaps his children, or his children's children, will come to think differently about these things.

Technical and scientific knowledge can contribute to increasing material standards of living in underdeveloped areas. The better use of water and land, the control and eradication of disease and pests, an increased manufacture and flow of goods and the spread of education, require the application of what man knows or can find out about the productive capacity of men and things.

But higher living standards cannot be bestowed by one upon another like a gift. An improved economy does not come in a neat package sold or given away in the market place. A higher standard of living must grow out of the application of human skill and ingenuity to the physical resources of a country or a region.

The highly developed nations of the world did not make their way by wishing. By work and risk they forced the earth, the soil, the forests, and the rivers to yield them riches. They pooled their energy and resources by taxation and mutual enterprise to discover new ways of doing things. They worked, they invented, they educated and trained their children, and they invested in their national and in their private enterprises. This they must continue so to do, if they are to maintain the standard of living they have achieved.

There is no substitute for the application of work and local enterprise to each country's own resources. Help to those who have the will to help themselves should be the primary policy guiding and restraining the desire of the more developed areas of the world to help the less developed lands.

V. THE AREA OF OPERATIONS AND THE MEANS

A. AREA OF OPERATIONS

The underdeveloped areas

The Point IV program is intended to apply only to the economically underdeveloped areas of the world.

The extent of economic development of a country is not precisely measurable; it is a comparative, measurable by a variety of tests. Geographically, the underdeveloped areas are grouped together. They include two-thirds of the world's population and comprise, roughly speaking, the following: The countries in the Western Hemisphere

south of the United States, Africa and its adjacent islands, the Near East, the Middle East, the Far East, and Oceania. Not all the countries in these geographical areas are "economically underdeveloped." For example, the Union of South Africa and Australia are not included. Argentina does not consider herself as "underdeveloped." The area does, however, include dependencies, colonies, and possessions, some of them belonging to or administered by countries receiving ECA aid. But, geographic location is not a sufficient test.

Standards

The best measure of economic development is the ability of the people of a country to produce economic goods. The best measure of this is the average annual per capita national income. Using figures for 1939, the last year that suitable figures were available, the United States ranked first of 53 countries with a per capita annual income of \$554. Fifty-two other countries ranked down the list to Indonesia, with a per capita national income of \$22. On the basis of these figures, a country may be considered "underdeveloped" if its per capita national income was \$100 or less. Twenty-eight countries are in this group. All of them, with a few exceptions, are located in the geographical areas described above. The average annual per capita national income for these countries, using the 1939 figures, was \$41. Using the same figures and the same dividing line of \$100 or less, the other 25 countries fell into two groups. In those of "intermediate" development, whose per capita national incomes ranged from \$101 to \$200, the average was \$154. In the developed countries, whose per capita incomes ranged from \$201 to \$554, the average was \$464.

The per capita national income in the United States today is \$1,500, about three times what it was in 1939. To make the comparison in today's dollars, the 1939 figures should be about doubled, assuming the average price level has about doubled. Even by this comparison, the United States shows an increase in productivity. It is doubtful if those in the lowest national income group have a similar increase.

Conditions affecting development

Per capita national income reflects the many conditions that affect the ability to produce. Some of these are: The use of energy; industrial investment per worker; the capacity of the people of a country to work as measured by the rate of per capita food consumption, the health conditions, average life expectancy, the rate of literacy, and the availability of qualified technical personnel; and the amount of capital equipment with which to produce economic goods.

In all those countries considered as "underdeveloped," on the basis of the per capita national income standard, the statistics on the conditions affecting productive power show a corresponding correlation. In the underdeveloped areas, the horsepower hours per day per capita are about 1; in the developed countries, about 26. The industrial investment per worker in developed areas is nine times as high as in underdeveloped areas. The calorie rate of food consumption averages 2,250 in underdeveloped areas, barely over the minimum necessary to sustain life. And, even for those above the average figure, the type of food consumed does not provide the energy to make good workers.

Health conditions are generally poor. The average number of doctors per 100,000 population is 17 in the underdeveloped areas, as

against an average of 106 in the developed areas. Death rates are high. Life expectancy is short—only 30 years; but twice that in developed countries. This affects productive power. It means a large number of children, economically nonproductive, and fewer remaining adults who are less productive than they might otherwise be.

Illiteracy is high: 78 percent of the total population over 10 years old are unable to read and write as against 5 percent of the total population of the developed areas. The number of qualified technicians and experts, as well as skilled labor, is small. Training facilities are extremely limited, if existent at all, and educational opportunities are severely restricted.

Point IV and ECA countries

The \$100 per capita income standard as a dividing line between “underdeveloped” and “developed” is an arbitrary one. There are some countries in Europe—some now receiving ECA aid—that are in the lower half of the intermediate group. From the development point of view, these countries may need and be able to use assistance to improve the conditions affecting productive power. The Department of State, however, does not at the present time include them in its plans except where they may be included in multilateral programs of the United Nations. Dependencies of ECA European countries are included. They are “underdeveloped areas” by the economic standards discussed above and are located within the geographic area to which the Point IV program will apply. Arrangements have been made between the State Department and ECA on this matter and are discussed in detail in section VII of this report.

B. THE FIRST MEANS—TECHNICAL ASSISTANCE

Economic development cannot be achieved in underdeveloped areas simply by providing dollar aid to purchase equipment, food, or raw materials. Funds spent for these purposes in these areas would not go to the root of the matter. They could not be efficiently utilized in many cases. To a large extent they would be wasted. The problem is primarily one of assisting peoples to make more effective use of their own resources, human and physical, than they have up to this time. This will require capital in the beginning or later, in the form of loans or investments.

Two of the most effective means to achieve economic development are technical assistance and a greater flow of investment capital. Both are necessary if levels of national income, as measured by economic productive power, are to be raised. The cold figures of energy consumption, health conditions, life expectancy, and the like, show that until some improvement can be effected, productive power will remain low no matter how much capital flows in. At the same time, it is footless to embark on a program of utilizing resources more efficiently if the flow of investment capital is not encouraged.

Technical assistance and technical cooperation programs

“Technical assistance” and “technical cooperation programs” as used in this title mean programs of assistance through the use of expert technicians working with others in exploring what needs to be done, how it can be done, and showing them how to do it themselves. It is assistance through interchange of skills and their application to the

situations that can and need to be improved by this means. This covers a vast field, as the committee found in hearing testimony.

In some areas, what needs to be done is known. In others, a first step is a careful survey by experts to determine what is most urgently needed.

Technical assistance covers a variety of methods in any given field. Its efficient application may involve more than one country. In agriculture, for example, the most urgent need may be research and experimentation to develop new products. Or it may be extension work to utilize knowledge already known. In industry, the need may be studies on management, labor-management relations, and improvement of production methods; or on-the-job training to get more and better skilled workers. In the health field, it may be anything from research in diseases to teaching people the most elemental sanitation habits. This is why section 317 (a) defines the term "technical-cooperation programs" selectively rather than exclusively.

A review of the Department of State's plans for the first-year program show the meaning of section 317 (a) more precisely. The plans include surveys, studies, scientific research, experimental work, demonstration and training, and joint management operations in the following fields: General economic development; agriculture and forestry; fisheries; reclamation, hydroelectric power, and flood control; mineral resources; industry; labor, including activities in the field of labor organization and labor-management relations; transportation; health; education; social security and social services; general statistics; public administration; finance; housing; communications; hydrographic and geodetic surveys; and weather forecasting.

Two of the technical assistance methods to be used in the Point IV program deserve mention here. They are the "joint management operations" and the "Joint Commission for Economic Development."

Joint management operations

The "joint management operation" is the "servicio" device now used in the program of the Institute of Inter-American Affairs. It is a cooperative service organized under a specific intergovernmental agreement as a bureau in one of the ministries of the host country. The director is usually an American, the technical expert in chief. The staff includes technicians from both the United States and the host country. The servicio is financed through a joint fund provided by both parties to the agreement. Its special function is to explore, plan, and supervise. The committee understands that this device will continue to be used wherever it is appropriate.

Joint commission

The "Joint Commission for Economic Development" is specially provided for in section 10 of the pending bill. This device is a commission of experts, made up of an appropriate number from the United States and the host country. Section 10 of the bill permits the addition of experts from international organizations by mutual consent. Costs of the commission are borne by both countries. The purpose of this type of commission is primarily to study and recommend what needs to be done and in what priority action should be taken.

The joint commission will not be used with every technical cooperation program. It is not designed for this purpose. It will be used

where a program of economic development requires a thorough overall survey and study of needs, resources, and conditions. This is the intent of section 310 (b) setting forth the duties of the joint commission. Like the *servicio*, the joint-commission device is not new. The most recent example was the Joint United States-Brazil Technical Commission, known as the Abbink Commission (so named for its chairman).

Existing programs

Presently existing technical-assistance programs are those carried on by (1) the Interdepartmental Committee on Scientific and Cultural Cooperation (SCC) under the authority of Public Law 402, Eightieth Congress; (2) the Institute of Inter-American Affairs (IIAA) under the authority of Public Law 369, Eightieth Congress, and Public Law 283, enacted in the previous session of the present Congress; (3) the Economic Cooperation Administration, under the authority of Public Law 472, Eightieth Congress, as amended; and (4) various other subordinate agencies under authority of the International Aviation Facilities Act and the Philippine Rehabilitation Act of 1946.

In the fiscal year 1949, the SCC program drew upon the technical bureaus in about eight departments and agencies and spent \$2,704,647 in technical-assistance activities in Latin America. The technical-assistance projects included the following fields: highways; housing and urban development; public administration; labor activities; health, welfare, vital statistics, and unemployment insurance; fisheries, pest control, mining, metals, fuels, water control and power; census, aviation, coast and geodetic survey, industrial research, and business statistics; and agricultural development and demonstrations.

The Institute of Inter-American Affairs spent \$5,725,487 in fiscal 1949 on health and sanitation projects in all Latin-American countries except Argentina and Cuba, education projects at various times in 14 countries, and food production and agricultural programs in 4 countries.

The Economic Cooperation Administration intends to spend about \$9,000,000 in this fiscal year for technical assistance.

Under the terms of section 317 (a), ECA technical-assistance activities are not included in Point IV, nor are those undertaken under the International Aviation Facilities Act and the Philippine Rehabilitation Act. Section 317 (a) puts the SCC and IIAA activities under Point IV, but it leaves out of the program those activities under Public Law 402 not primarily related to economic development.

Need for new legislation

As a United States policy, the interchange of technical assistance is not new. It has been thoroughly tested and approved by the Congress on previous occasions.

The committee wishes to point out, however, that present programs are limited in scope and objective. They do not encompass the whole problem of the underdeveloped areas. Balanced and integrated economic development is not necessarily their objective. This is not a criticism; these programs were not originally conceived for this purpose.

The point is important to economic development. To accomplish the objective, the technical-assistance programs must be carefully planned, developed, and executed to suit it. Many programs may be

necessary, or only one may be adequate. They must relate to each other, for each is a means; economic development is the end.

In view of the experience the United States has had with this type of activity, and of the first-hand evidence given in testimony, the committee is convinced of the value of this approach to economic development.

C. THE SECOND MEANS—INVESTMENT CAPITAL

Technical assistance is not the total answer to the problem of economic development. At some stage in the process, investment capital is required, whether it be local or foreign, private or public. The committee has not explored every aspect of the investment problem thoroughly, and other legislation is pending before the House on this subject. The committee has, therefore, no opinion on the questions of how the capital-formation process can be best promoted, the extent of capital requirements in the underdeveloped areas, or the most effective means of encouraging the flow of American investment capital. The committee does, however, have some observations to offer.

The "favorable climate"

The evidences of economic nationalism are everywhere. Expropriations, restrictions on the right to do business, on the right to manage one's own enterprise, and on the right to income from investment are some of the major ones. All these have a history, much of it rooted in what the host countries regard as unsatisfactory experiences with foreign investors. At the same time, investors in foreign enterprises have had experiences with foreign governments equally unsatisfactory from their point of view. The creation of conditions of mutual confidence—the favorable climate—is a first requirement for any appreciable flow of investment capital whether the investment is an industrial enterprise in an underdeveloped country or an offering of securities to purchasing investors in the United States.

Investors, both at home and abroad, whether private individuals or the United States Government, must have some assurance of fair and reasonable treatment before they can be expected to invest.

The committee feels that every opportunity should be taken by the executive branch to establish conditions of mutual confidence that will attract private capital to those areas where it is needed to assist or can contribute materially to economic development.

The treaty program

The present treaty program of the Department of State should be pushed vigorously. This is a program to secure in governmental commitments an assurance to United States investors of nondiscriminatory, reasonable, fair, and equitable treatment. The commitments include assurances (1) that the treatment of our investors will in general be no less favorable than that accorded to the nationals of a foreign country or to nationals of a third country; (2) that United States-owned enterprises have reasonable freedom to operate, control, and manage their holdings; (3) that, in the event of expropriation of an investor's property, prompt, adequate, and effective compensation will be made in the investor's own currency, or, if this is not possible, in local currency with an assurance of convertibility that will pro-

tect the investor's interest; (4) that the investor have some right to withdraw and convert to his currency earnings and reasonable amounts of principal.

Treaties of this type have been signed with a few countries. The most recent example is the one between the United States and Uruguay signed in November 1949.

Other incentives to investment

The question of tax incentives may need careful attention. Some testimony was received by the committee on this point but was not considered. The Committee on Foreign Affairs is not the proper forum for discussion of this question.

The committee believes that other foreign policies of the United States that seek to create political stability, increase production, and expand international trade should be vigorously promoted. The technical-assistance program in title III can create conditions improving the demand for investment capital and enhance the business soundness of investment opportunities.

In the light of the Point IV program, the investment capital potentialities are perhaps greater than they have ever been. The committee believes that the Government should exercise great care in its loan policies lest it become the competitor of private investment capital that this program seeks to attract.

VI. THE CHANNELS OF ACTION

Title III provides two channels for carrying on technical assistance: (a) a multilateral program through the United Nations and other international organizations; and (b) a bilateral program between the United States and individual foreign countries. Section 304 provides for the multilateral program. Sections 305 and 307 provide for the bilateral United States program.

The choice of both channels is deliberate. The United Nations and its specialized agencies, and other organizations of which the United States is a member, already have some technical assistance programs in operation. In other instances they have already surveyed the field or are better equipped to survey it. In some fields, the experts must be recruited from many countries to do a job effectively. In others the situations requiring technical assistance cover more than one country. In these instances the multilateral channel is the most effective.

The bilateral channel is equally necessary. Experience with bilateral programs has demonstrated their soundness. The effective facilities of the United Nations are limited, in contrast to what can be done by bilateral action. A multilateral approach is not an effective or desirable method in many instances.

A. THE MULTILATERAL CHANNEL

The United Nations technical assistance programs will be supervised by two coordinating agencies within the United Nations Organization and operated by some of the specialized agencies and some units of the Secretariat. It will be financed through voluntary contributions of those members of the United Nations desiring to participate.

Organization

The coordinating agencies are the Technical Assistance Board (TAB) and the Technical Assistance Committee (TAC). The TAB is to be composed of the Secretary-General of the United Nations, and the executive heads of the specialized agencies participating in the program. It will be responsible for day-to-day coordination and planning of operations. The TAC will be composed of representatives of the 18 governments that are members of the Economic and Social Council (ECOSOC). It is a general supervisory body. It will receive the annual proposals and recommendations of the TAB, examine them and transmit them with recommendations to ECOSOC. The Secretary-General of the United Nations is responsible for coordination between the United Nations program and those of other regional international organizations.

Comparison with principles and standards in bilateral programs

The principles and standards governing United Nations multi-lateral technical-assistance programs are generally similar to but not identical with those provided for United States bilateral programs. The main differences are in the location and extent of control over the assistance and the manner in which it will be rendered.

Under the terms of the United Nations resolution, the recipient governments have the ultimate power of decision on the kind of services to be rendered. The assistance is to be provided so far as possible in the form desired by the recipient.

In the bilateral programs, the United States will have the ultimate power of decision on the kind of services it will render and the form in which they will be rendered.

In both the United Nations and bilateral programs, the terms will be the subject of negotiation and agreement. This is important. It means that no country can be forced to take assistance it does not want nor in a form unacceptable to it. It means also that, whichever set of standards are applied, neither the United Nations agencies nor the United States is obliged to undertake a program it considers undesirable or unsound.

The United Nations principles specify that assistance be given "only to or through governments." In bilateral programs the United States will use private agencies and persons as well as the channels of government.

The undertakings expected of requesting governments are likewise similar to but not identical with the provisions of section 307 (c) of the bill prescribing the qualifications for assistance in a bilateral program. Under the United Nations resolution, requesting governments "should be expected to agree" to the conditions. In the bilateral programs, assistance is available "only when the President determines" that the country fulfills the statutory qualifications.

Under the United Nations resolution the requesting governments should agree "normally to assume responsibility for a substantial part of the costs," and at least that part payable in the local currency. Section 307 (c) requires the requesting country to pay a "fair share" before assistance can be made available.

The differences between the United States and the United Nations principles and standards are understandable. The United States can, without question, fix the terms of its program and the basis of assist-

ance it will render. These are within its sole discretion. Neither the United States nor any other nation has a sole power of determination in a multilateral decision. It could hardly be expected that the United Nations principles and standards would be identical with those in this legislation.

Viewing the United Nations plans as a whole, this is not necessary; the committee feels that the interest of the United States is adequately served.

Operation

Five of the specialized agencies and the United Nations Secretariat will operate the United Nations technical-assistance programs. The specialized agencies are: International Labor Organization (ILO); Food and Agriculture Organization (FAO); United Nations Educational, Scientific, and Cultural Organization (UNESCO); International Civil Aviation Organization (ICAO); and the World Health Organization (WHO). These organizations will handle programs in their fields of competence. The Secretariat will handle projects in fields where there is no specialized agency to do the job. Some of these fields are: manufacturing industries; control and utilization of water resources; inland road, rail, and water transport; wire and wireless communications; and government administrative services. The Secretariat will also make comprehensive surveys and operate all exchange fellowship programs.

Financing

Two methods will be used to finance the United Nations program. One is by contributions of member nations of the United Nations to a central fund set up by the Secretary-General. The other is the additional payment of certain program costs by those United Nations members which will receive assistance.

The central fund set up by the Secretary-General will consist of contributions made by member nations of the United Nations for carrying on programs in all nations requesting and qualifying for assistance.

Three important provisions govern the creation of this fund. First all contributions are to be made on a voluntary basis. Second, contributions may be made in convertible currencies such as dollars, the currency of contributing country, or in services. Third, the contributions must be made without limitation as to use by a specific agency or in a specific country or for a specific project.

The nations contributing to the special fund are in two categories: "nonrequesting" and "requesting." The "nonrequesting" nations contribute but do not expect to request or receive technical assistance provided by the United Nations. The "requesting" nations expect to request assistance and to negotiate agreements with the United Nations to provide it.

The "nonrequesting" nations will make only one contribution—to the central fund. Most of the "requesting" nations will, in effect, contribute twice to the cost of United Nations programs. They will, like the "nonrequesting" nations, make a money contribution to the central fund. In addition, each of them will be expected to pay the local costs of United Nations programs being carried on in its own country, as well as the "substantial part of the costs" it is obligated to assume in any agreement providing technical assistance.

Nineteen nations, including the United States, have indicated their intention to contribute to the Secretary-General's central fund. The contributions of some of the "requesting" nations will be small, not more than a token, and will be made in "soft" currencies. Circumstances, not lack of desire, dictate these token contributions. The soft currencies are usable by the Secretary-General only to the extent of hiring technicians or obtaining services in the country making the token contribution. These countries do not have a supply of technicians adequate to make effective use of more than the small contribution.

The amount of each nation's contribution to the central fund will be negotiated at a Technical Assistance Conference to be held in the spring of 1950.

Spending

No contributions have yet been made by member nations. The United Nations has determined a schedule of allotments to its participating organizations for the expenditure of funds when they become available as follows:

1. The first \$10,000,000 and 70 percent of the second \$10,000,000 of contributions will be automatically available to the participating organizations. Each organization will receive the following percentage:

	<i>Percent</i>
United Nations.....	20
ILO.....	11
FAO.....	29
UNESCO.....	14
ICAO.....	1
WHO.....	22
Total.....	100

2. Thirty percent of the second \$10,000,000 and all contributions beyond \$20,000,000 will be retained as a reserve for subsequent allocations. These will be allotted by the TAB in its discretion.

All of the United Nations program is a special one, carried on in addition to its regular program. The financing involved is also outside the regular budgets of the United Nations and specialized agencies to which members make a regular annual contribution

Bases of United States participation

Section 304 determines how the United States will participate in multilateral programs. Participation is directed "wherever practicable." This section establishes the principle of participation only where these programs will accomplish the purposes of the act as effectively as would participation in comparable bilateral programs. Within these limits, the President is authorized to make financial contributions for the programs of international agencies. The contributions will be made from the single appropriation covering all activities under title III.

The United States financial share

Section 304 (b) authorizes the President to make more than one contribution. This is intentional, so as to make clear his authority to contribute to the United Nations programs and to those of other international organizations outside the United Nations structure.

Present legislation fixes ceilings on United States contributions to certain of the organizations involved in multilateral programs. Of the United Nations specialized agencies, ceilings apply to FAO, ILO, and WHO, but not to ICAO, UNESCO, and the United Nations itself. Of the non-United Nations agencies, ceilings apply to the Caribbean and South Pacific Commissions and two of the six inter-American organizations. Ceilings do not apply to the Organization of American States and other international organizations likely to be engaged in multilateral technical assistance activities.

Where the ceilings are in effect, they apply to the regular budgets of the organizations. The contributions will be made to a special fund not part of the regular budgets. With a few exceptions, the multilateral technical cooperation programs here involved are in special budgets and are not included in the regular budgets of these organizations.

Section 304 (c) is designed to permit the United States, on an advance of funds or reimbursement basis, to furnish international organizations the services of technical experts, nonpersonal services such as laboratory work, and statistical analyses. "Facilities" are those such as laboratory equipment and room space necessary to the services performed.

B. THE BILATERAL CHANNEL

Bilateral technical cooperation programs are those of the type now operated by the United States with individual foreign countries.

The committee believes that the bilateral channel is a particularly effective one for technical cooperation programs. The experience of the past bears this out.

The committee understands that more of the technical cooperation activities of the Point IV program will actually be carried on bilaterally than multilaterally, at least for the first year. It wishes to emphasize, however, that getting the job done most effectively is the test of the channel to be used.

Broadening the scope and base

Sections 305 and 307 are designed (1) to broaden the scope of the existing bilateral programs; (2) to give the necessary authority to operate on a broader base; and (3) to prescribe conditions to keep the whole effort properly focused.

Section 305 gives the President authority to centralize the direction of all bilateral programs now carried on by United States Government agencies, to exercise central policy direction, and to allocate the funds to executive agencies to be used for technical cooperation programs.

Grants-in-aid and agreements

The committee wishes to call the attention of the House to sections 305 (e) and (f). Section 305 (e) authorizes advances and grants-in-aid. This is particularly necessary for those programs involving training fellowships on an exchange basis.

Section 305 (f) is most important. All of the bilateral programs will be set up and operated according to the terms of contracts or agreements negotiated by the United States Government with the parties to the program.

Private resources

Programs of the kind authorized in this title must utilize all available resources if the objective is to be accomplished. Much of the success of the effort lies not in spending money but in securing the people with the know-how and the understanding of how to disseminate it effectively to others.

The Government has no monopoly on technical skill and the ability to use it effectively. Private agencies and individuals in the United States and elsewhere provide a large pool of the kind of talent needed in this effort. The committee heard testimony and received statements from representatives of religious organizations, business firms, private consulting groups, and from individuals who have been actively engaged in technical assistance work. All emphasized that the approach must be from people to people rather than exclusively through governments.

Information furnished by the Department of State shows clearly what is already being done by private resources. Seventy-one voluntary agencies, 143 business firms in 22 States and the District of Columbia, and 98 colleges and universities in 36 States and the District of Columbia have been engaged in technical assistance exchange operations in some form. This is only a partial list.

Section 307 (a) emphasizes the use of private resources. It directs those administering the program to seek the participation of private agencies and persons "wherever practicable."

Administrative standards

Sections 7 (b) and (c) are administrative standards for treating requests from other governments. They are necessary requirements. Without them the technical assistance program could become something else than it is intended to be; its administration could not be kept in line with the objective of balanced economic development. The committee does not consider these requirements as any kind of "veiled imperialism." They are reasonable and sensible.

The requirements of section 307 (b) are not intended to be statutory prerequisites as are those in section 307 (c). They are made explicit in the bill so that those who seek assistance will know the intention of the United States to hew closely to the objective, and so that United States agencies will apply standards in assessing carefully the prospect of results.

The standards of section 307 (c) that must be met by requesting countries are intended to be continuously applicable and are not restricted to an initial request for assistance. The determination of compliance is the duty and responsibility of the President. Such flexibility is desirable and necessary. The committee feels that Congress has ample authority and opportunity to review performance.

The requirement of cost sharing is an essential element of our presently existing technical assistance programs. Without this there can be little self-help. It is neither possible nor desirable to fix a cost ratio in the legislation. On the basis of past experience, the United States assumes the larger share of costs initially but thereafter the United States share is negotiated downward and recipient country's share upward. This practice has proved satisfactory in the past. The committee believes the principle can work equally well in the future. The intent of this clause is that over a reason-

able period "fair share" means an increasing share of cost assumed by the recipient of the assistance.

The requirement of "necessary information" is obvious. Without it an initial request cannot be intelligently reviewed nor can an existing program be properly evaluated. The requirement implies that the information be furnished to the United States. It is not the intention of this clause to require that information be available to any and all countries.

The requirement of full publicity has a broader purpose than merely advertising the good will and assistance of the United States. Full publicity can bring public understanding and active public support to the program in the receiving country. Such support is urgently necessary. This has proved true in all cases of like activities of United States agencies in the foreign field and especially in the activities of the Institute of Inter-American Affairs.

VII. ADMINISTRATION OF THE PROGRAM

Administrative arrangements necessary to carry on the program within the United States Government are provided, but every detail of administration is not specified. Such specific provision was considered unnecessary in view of certain arrangements already in existence. What the bill provides are the required additional arrangements. Representatives of the executive branch have informed the committee of their plans for administration. These were taken into consideration in writing the bill. The committee believes it will be helpful to the House to have this information.

The President

In the first place, all the administrative authority is conferred on the President. He is directed to create one necessary organ of administration—the advisory board—and is given the discretion to create others and to delegate authority to conduct the program. This course was chosen deliberately. The committee believes that the principles of sound administration require it.

The President is authorized by section 312 to exercise his powers under the act through the Secretary of State or "through any other officer or employee." The committee understands that it is the present intention of the President to delegate his general authority to the Secretary of State. Control of the technical assistance program will be delegated to an officer specially chosen as provided in section 313 (a) who will be subordinate to the Secretary of State.

Although the present intention is to center direction of the program in the Department of State, this may not always be the case. Section 12 takes this into account. It gives the President sufficient flexibility and permits him to operate through an agency other than the State Department.

Head of the program and his organization

The officer to be chosen as head of the program is intended to have a rank and salary commensurate with that of the director of the military assistance program. In the State Department administrative organization, he will be subordinate to the Under Secretary but may receive a salary above that of an Assistant Secretary.

He will have an organization to assist him. This group will be a planning, coordinating, and policy group, not an operating agency. It will maintain contact with the voluntary agencies and private groups concerned as well as the operating Government agencies. One of its important responsibilities will be to plan and coordinate Government operations with those of private groups, over which it will have little if any control.

The advisers

The officer in charge of the program will have two groups of advisers one concerned with general or basic policy matters and the other with coordination of the programs.

The first group is the "advisory board" which section 309 directs the President to create. It is to be composed of 13 members, including the Chairman, whose appointment is made subject to Senate confirmation. The committee understands it is presently contemplated that the Chairman will be the officer-in-charge of the program.

Section 9 specifies generally the interests that should be represented on the board. It is understood that the members will be chosen on the basis of their interest in the program and without reference to political considerations.

The second group will be a program board, set up to advise and coordinate planning and program operations. The number has not yet been determined. The membership, however, will comprise representatives of the operating agencies—those executive departments and agencies actually engaged in carrying on programs.

Institute of Technical Cooperation

Section 12 authorizes the President to establish an Institute of Technical Cooperation. If established, it will be an operating agency similar to the Institute of Inter-American Affairs and not a policy agency of the officer in charge of the whole program.

In the opinion of the committee, the authorization to create a new institute as an operating agency in the program has a sound basis. The Institute of Inter-American Affairs as an operating agency has proved its worth. Its scope of operations is, however, limited functionally and geographically. Such an agency may be needed for other areas of the world. No useful purpose would be served by expanding the geographic scope of the Institute of Inter-American Affairs.

The regular agencies of the Government will continue to operate their programs subject to the direction and control of the officer in charge of the program in the Department of State on matters of policy, programs, coordination, and planning. None of their present operating functions will be removed from them. It may, however, prove necessary to supplement them in various respects in order to do the job effectively. This is the purpose of the Institute of Technical Cooperation.

Section 12 authorizes the President to establish the institute either within an existing agency or as an independent agency. The committee was advised by the executive branch that the present intention is to establish the institute, if created, within the Department of State. As a separately organized operating group the institute will have its own head. It will, however, be subject to the direction of the Secretary of State and to the officer-in-charge of the technical assistance program, as other operating agencies will be.

Field operations

For operations carried on by or through governments, the technical experts operating in the field will receive their technical instructions from the operating agencies they represent.

In each United States mission abroad, there will be a "Point IV officer" assigned by and subject to the Department of State and under the supervision of the Chief of Mission. Each project will have a "project officer" in the United States mission. These officers will be technical men, charged with supervision and operation of the actual field projects. On matters of general policy control and relations with the host government, they will be subject to the guidance of the Point IV officer and the Chief of Mission.

Operations carried on by voluntary agencies or private groups will not be subject to this degree of control. The committee feels strongly on this point. It does not wish to see Government control extend beyond that which will actually be operated by Government.

The present intention of the executive branch is that there will be close consultation or other suitable arrangements between the Point IV officer in the United States mission and the private programs, so as to avoid confusion and duplication of effort.

Relationship with ECA

Some of the ECA countries have dependencies that are "underdeveloped areas" within the meaning of this title.

Section 317 excludes ECA technical assistance activities from the Point IV program. However, since there is obviously an overlapping here, the committee took pains to clarify this situation. It was advised by Mr. Paul Hoffman, ECA Administrator, that arrangements have been made with the State Department especially on this point.

During the existence of ECA, no Point IV programs will be operated in ECA European countries except for multilateral projects. Point IV programs will operate in dependencies of ECA European countries on the following agreed basis:

1. The fields in which ECA generally operates are agriculture, forestry, fisheries, mining, industry, power, transport, and similar fields.
2. Point IV could appropriately supplement ECA with technical assistance in the fields of education, health, and similar activities which condition ECA development.
3. ECA and the General Manager of Point IV will arrange for a full exchange of information on their respective plans and activities in dependent areas.
4. Before undertaking any new project in a dependent area, the General Manager of Point IV will consult ECA to make certain that ECA does not intend to undertake that project.
5. For the present, contacts with metropolitan governments concerning technical assistance in dependent territories will be made through the Paris office of ECA with consultation and participation of the General Manager's staff.

VIII. LIFE OF THE PROGRAM

Duration and review

Title III is intended to be a continuing part of the foreign policy of this Government. It is long range in character because economic development is a long-range process. Recognizing this, the committee has framed this title as permanent legislation. It recommends that the House consider it as such.

The committee, however, has not been willing to recommend a blanket authorization, unlimited in time and amount of funds. It

believes that a thorough review by the Congress from time to time, and particularly at the end of the first year, is desirable and necessary.

Section 315 (a) provides for authorization and appropriation of funds "from time to time." This permits authorizations beyond the end of the first year to be made at such times and for such periods as the Congress may determine.

In the opinion of the committee, the whole program should be reviewed at the end of the first year. For the first year, however, the Congress should authorize funds sufficient to launch the program. This is the intent of the proviso in section 315 (a).

Termination

The committee has given careful consideration to the means and conditions under which technical cooperation programs can and will be terminated, whatever the channel being used to carry them on.

Section 311 of the bill covers all such programs, whether multilateral or bilateral. Termination includes "participation" and "support for."

The terminating agent in all cases is the President. Authority is given to the President to conduct the whole program; an allowable discretion in terminating all or any part of it should also be his.

The words "shall be terminated" in section 311 of the bill impose a mandatory duty upon the President. He is required to terminate United States support for and participation in any technical cooperation program under any one of four prescribed conditions. The President has the discretion to make a finding as to the existence of three of the conditions. When, and if, he makes this finding, he is then required to terminate our support for and participation in any or all technical cooperation programs to which his finding applies. The fourth, termination directed by the Congress, comes into existence at the discretion of the Congress.

The purpose of section 311 (a) (2) is to underline the intention of the United States to cease participation in all technical assistance programs—multilateral or bilateral—any time the General Assembly so recommends in a specifically described resolution formally adopted by it. The extent of the President's discretion in this instance is extremely limited. Termination is not mandatory on him until he finds that the United States is acting contrary to the resolution.

The effect of sections 311 and 304, taken together, should be noted. The United States must participate in multilateral activities wherever practicable. It can on its own decision cease to participate in multilateral or bilateral programs or both. It must cease to participate in either or both when the United Nations General Assembly so recommends by the adoption of the specified resolution, and when the President finds that continued support and participation is contrary to the resolution.

When the Congress, by concurrent resolution, directs termination the President has no discretion to determine the conditions. He is required to act. The Congress can prescribe in the concurrent resolution the terms and conditions to govern the President in complying with the duty mandatory upon him.

In the final analysis, the concurrent resolution check will insure that congressional safeguards, policies, and standards will be observed.

IX. THE COSTS

Technical assistance is a field where maximum effort can be exerted and maximum results attained at a minimum cost. This principle has been followed in making the cost estimates for title III.

General estimate

The cost estimates are given here in two ways: (1) The total estimated costs of all technical-assistance programs carried on by the international organizations and the United States (including contributions to multilateral programs and the cost of bilateral programs), less the amounts that will have to be paid by others, leaving the net cost of United States activities; and (2) the total cost of United States activities, both bilateral programs and the United States contributions to the United Nations programs.

I. Total estimated cost of all technical-assistance activities (includes bilateral and multilateral activities of all countries and international organizations).....		{ \$80, 500, 000-
Less—		{ 85, 500, 000
A. Local costs to requesting countries (either to United States bilateral programs or to United Nations programs or both).....		\$28, 500, 000
B. Contributions estimated from United Nations contributing members (excluding the United States).....		{ 7, 000, 000- 12, 000, 000
Total.....		{ 35, 500, 000- 40, 500, 000
Total estimated costs for United States activities (including bilateral programs, contribution to United Nations programs, and IIAA and Public Law 402 activities already authorized).....		45, 000, 000
II. Total estimated cost of United States programs includes—		
A. Cost of IIAA and Public Law 402 activities already authorized but which will be requested as part of Point IV appropriation.....		10, 000, 000
(1) IIAA.....		\$7, 000, 000
(2) Public Law 402.....		3, 000, 000
Total.....		10, 000, 000
B. New appropriations required for purposes of this act.....		35, 000, 000
Includes—		
(1) Net administrative costs.....		2, 900, 000
(2) Department of Commerce Service to Business for Foreign Economic Development.....		500, 000
(3) New programs (includes bilateral program and United States contribution to United Nations and other international organizations).....		31, 600, 000
Total new appropriation.....		35, 000, 000
Total United States costs.....		45, 000, 000

Explanation of certain costs

1. Item I-A: Costs to requesting countries. This figure is the estimate of the amounts requesting countries will put up, either as contributions or payments in United Nations programs or as their share of bilateral programs with the United States.

2. Item II-A: Cost of IIAA and Public Law 402 activities already authorized. The authorization for IIAA activities made in Public Law 283, Eighty-first Congress, covers a period of 5 years and a sum of \$35,000,000 for the 5-year period. The authorization in Public Law 402, Eightieth Congress, is unlimited.

The item of \$3,000,000 is for those activities now conducted by the SCC under authority of Public Law 402 but which by the terms of this bill would become Point IV activities. The item does not include activities authorized under Public Law 402 such as the Voice of America and purely cultural activities.

Under the terms of this title, II-AA and Public Law 402 activities (as defined in section 317) will become Point IV activities. Budget requests have already been made for these. However, when this title is passed, these requests will be withdrawn unless they have already been acted upon and put into the one consolidated request that will

be made for Point IV activities. The consolidated request will amount to \$45,000,000, which will include \$35,000,000 not requested before, and the \$10,000,000 for II-AA and Public Law 402 activities. If the II-AA and Public Law 402 requests have already been acted upon, these amounts will not be again requested, and the consolidated request will be reduced by these amounts.

3. Item II-B (2): Department of Commerce Service to Business for Economic Development. This is a service carried on by the Department of Commerce for American businessmen and investors. It consists of gathering information on investment and business opportunities in underdeveloped countries, disseminating it in the United States, and putting Americans in touch with interested foreign citizens.

4. Item II-B (3): New programs. This item includes the United States contribution to the United Nations program. The amount of the contribution is not listed separately for these reasons: (1) No contributions to the United Nations program have been made public by any country, including the United States. These amounts will be negotiated at the forthcoming Technical Assistance Conference; (2) The Department of State has fixed tentatively its negotiating limits. It feels that to reveal them would be to give away our bargaining position. The Department of State feels that by guarding its bargaining position it may be able to convince other nations to contribute more than they otherwise might. The committee recognizes this and has not, therefore, included the item in detail.

Where the money will go

The table below shows how the funds will be spent. The figures are given in three columns to correspond with the items of the cost estimate shown in the table above. The column "New program cost" shows the totals only for the program funds not previously authorized. The other columns show details for programs already authorized.

Category of activity	New program cost (whether in bilateral programs or as part of contribution to multilateral programs)	Programs already authorized		Total
		Public Law 402	II-AA	
1. General economic development.....	\$1, 295, 600			\$1, 295, 600
2. Agriculture and forestry.....	7, 015, 300	\$1, 385, 000	\$2, 086, 000	10, 486, 300
3. Fisheries.....	505, 600	64, 200		569, 800
4. Reclamation, hydroelectric power, flood control.....	2, 496, 400	26, 200		2, 522, 600
5. Mineral resources.....	1, 042, 800	258, 300		1, 301, 100
6. Industry.....	2, 812, 400	11, 200		2, 823, 600
7. Labor.....	1, 801, 200	215, 000		2, 016, 200
8. Transportation.....	2, 117, 200	353, 000		2, 470, 200
9. Health.....	6, 035, 700	264, 000	3, 255, 000	9, 554, 700
10. Education.....	3, 412, 800		1, 659, 000	5, 071, 800
11. Social security and social services.....	979, 600	95, 300		1, 074, 900
12. General statistics.....	316, 000	205, 000		521, 000
13. Public administration.....	537, 000	22, 600		559, 600
14. Finance.....	158, 000	14, 500		172, 500
15. Housing.....	442, 400	6, 700		449, 100
16. Communications.....	189, 600			189, 600
17. Hydrographic and geodetic surveys.....	347, 600	52, 000		399, 600
18. Weather forecasting.....	94, 800	27, 000		121, 800
Total.....	31, 600, 000	3, 000, 000	7, 000, 000	41, 600, 000
Administrative cost.....				2, 900, 000
Department of Commerce service to business.....				500, 000
Total.....				45, 000, 000

X. CONCLUSIONS

At this juncture in world affairs, the United States must continue, as in the past, to utilize every practical opportunity offered for constructive world leadership.

The program in title III elaborates further some of the settled policies of this Government. It puts a fresh policy and geographical emphasis on the need for economic development. It offers United States leadership and assistance in a long-range program of economic development for those areas whose need and potential is greatest. The objective and the means to accomplish it rest upon bases of policy and methods that have been followed by the United States since the end of the war.

The use of technical assistance and freer flow of investment capital—particularly from private sources—offer no quick panacea for all the ills of underdevelopment. The committee is fully aware of the obstacles that hinder economic development. It firmly believes, however, that the task should be undertaken.

The cost is small as compared with other foreign assistance programs now carried on by this Government. This type of program makes possible maximum effort and maximum results at a minimum cost.

The program in this title is intended to be permanent and long-range in character. Safeguards have been provided in authorization of funds, in the requirement of legislative review, and in the termination requirements sufficient to enforce executive responsibility.

In the considered opinion of the Committee on Foreign Affairs, title III will further the interest of the United States. It merits the approval of the House.

ADDITIONAL VIEWS WITH RESPECT TO TITLE III

I. THE NECESSITY OF CRITICAL APPRAISAL

Under our constitutional system the control of foreign relations is the responsibility both of the Executive and of the Congress.

Communication with other governments is an Executive task. It is the President who sends and receives envoys. It is he, and those who work under his authority, who articulate and administer our foreign policies in the day-to-day routines. It is he and his subordinates who deal directly with other governments and with the international organizations through which this Government collaborates with other governments.

It is the Congress, however, which enacts the authorizing statutes and which votes the money to support the international undertakings of this Government.

In an earlier day, when foreign relations consisted principally of the expression of official national attitudes on the problems at hand, the predominant position of the Executive in foreign affairs was manifest.

In the more recent phase, however, foreign relations have come to involve more and more the spending of money to promote national purposes abroad. This has brought a shift in the balance of authority. The consent of the Congress has become necessary, if not to the inception, then at least to the realization of an increasing proportion of the national aims in world affairs.

This shift makes for a certain real difficulty in constitutional relationships.

For the constitutional habit of mind within the executive establishment is to think of the traditional preeminence of the executive in foreign affairs—and to proceed as if any project in that area of activity undertaken by the executive imposes a special obligation upon the Congress to concur. Repeatedly the plea is put to the Congress that it must not let the executive down; that it must uphold explicit commitments, and implicit commitments as well, undertaken by the Executive in the name of the Nation.

Within the Congress, on the other hand, the constitutional habit of mind is to be scrupulous with respect to its responsibility for the purse. This habit of mind has not been invariably the guide; yet it lingers as one of the underlying ideas of constitutionalism in our Nation. The United States owes its beginnings as an independent Nation to differences with the parent government over the raising and disposition of funds. A sensitivity over the sources and uses of money within our Government has remained as the surest evidence of constitutional rectitude. Jealousy of the purse signifies alertness to the value of representativeness in our Government.

It was observed by the Committee on Foreign Affairs in the last Congress that—

the responsibility for the purse as it relates to foreign policy cannot be separated from the root and substance of foreign policy.

The Congress, in giving its assent to projects in foreign affairs proposed by the Executive, must not subordinate its responsibility for the purse to the concept of Executive preeminence in the field of foreign policy.

It will be argued, of course, that this view means that the Executive must proceed in foreign policy never sure of the ultimate power to make good on undertakings, and that the authority and standing of the Nation among other nations must accordingly be prejudiced.

In answer, it must be conceded that the principle of separation of powers does impose certain difficulties in the conduct of foreign affairs. Indeed, it imposes difficulties in the paths of all governmental processes. Our governmental system so far has outlived many dozens of alternative systems based upon more facile patterns of action. It will continue to survive—but not by easing the course of public policy.

In an era of huge spending in the field of foreign affairs, it becomes ever more necessary to maintain a sense of accountability in money matters. It becomes ever more necessary to keep alive the sense that those who govern are spending other people's dollars, and that they must be allowed to spend them only in execution of a trust to maintain the security and promote the welfare of the United States and its people.

That sense of accountability would not be maintained—it would only be prejudiced and replaced by prodigality and frivolousness—if the Congress were to relax its scrutiny and vigilance in regard to expenditures on foreign affairs. That sense will not be promoted—it will only be defeated—by any abdication of Congress' prerogatives in deference to the delicacy of foreign relations and to Executive preeminence therein.

So, notwithstanding the risk of disappointing unrealistic hopes and notwithstanding the chance that a negative result might embarrass the Executive, the Congress must assess on its intrinsic merits the proposition contained in this title.

This is a difficult thing to do. The proposition, in its conception, in its development, and in its final form is overlaid with rhetoric and burdened with vagueness. To attempt to appraise it is like trying to weigh a bucket of steam.

II. THE CONCRETE QUESTIONS

A. WHAT IS TECHNICAL ASSISTANCE?

Title III of this bill is one of two measures stemming from a portion of President Truman's inaugural address of January 20, 1949, dealing with United States foreign policy.

In detail, the proposals dealt with the lightening of investment risks and with the underwriting of part of the cost of economic development abroad—this latter item under the name of technical assistance.

The legislative proposal dealing with the lightening of investment risks by transferring them in part to the shoulders of the taxpayer rather than leaving them as a burden on the investor is the subject of other legislation coming within the jurisdiction of another committee of this House. The proposal is based upon the premise that capital for the type of investment envisaged is in short supply and that special assumption of risks by the public must be undertaken in order to

coax capital out of hiding. This premise challenges considerable doubt, but the merits thereof must be put aside here because they do not pertain to this legislation. What is at issue here is the proposal to underwrite part of the cost of economic development abroad.

That is the basic idea of title III; the language in this title and in the presentation about technical assistance should not be permitted to obscure that idea.

Ordinarily, of course, a governmental enterprise seeking economic development would undertake to pay for technical advice, research, exploration, and the like, along with materials, transportation, and all the other outlays incident to the undertaking.

Under the scheme proposed here, the American taxpayer, through governmental grants, would absorb a portion, represented by technical assistance, of the costs of the foreign developments. Thus, a part of the real costs would be concealed by a subsidy. The assumption appears to be that the concealment of part of the costs would make development more attractive to governments and entrepreneurs abroad. It probably would—just as assumption of any other portion of the real costs would make such development more attractive.

In his inaugural address, from which this program stems, the President spoke of this aspect as follows:

* * * We should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life. * * *

There is no showing that such technical knowledge is not available to other nations and areas. As a matter of fact, American invention and American technique have already contributed mightily to economic advance in all quarters. The record indicates that it is available to those who will pay for it or will create conditions attractive to prudent investment. Making technical assistance available to other nations, in relation to this program, appears actually to mean paying the bill for them—or paying such part of the bill for economic development as relates to the activities of technical advisers.

B. WHERE WILL THE MONEY GO?

Who will receive the direct benefits of the subsidy to which the American taxpayer will thus be committed?

The answer in title III and in the presentation is: underdeveloped areas.

The phrase "underdeveloped areas" is obviously vague as a standard for administration. What is the norm to which an area is to be compared in determining the fact of its underdevelopment? Will this policy extend to areas deficiently developed in comparison to the United States? Will it extend to areas deficiently developed in comparison to a world average? Will it extend to areas that are less developed than neighboring areas? Will it extend to area whose people simply have not exacted from the ground as much of the earth's benefits as they would like to have? Will it extend to areas where theoreticians and idealists envision the opportunity for adding to the tangibles and intangibles of human welfare?

Title III itself gives only partial clues.

It refers in section 302 (b) to—

* * * the efforts of the peoples living in economically underdeveloped areas of the world to realize their full capabilities and to develop the resources of the lands in which they live.

The reference to "areas of the world" clearly rules out possible inhabited areas on other planets. Otherwise, the language seems to make eligible any area whose full capabilities have not been realized and whose resources are still undergoing development.

Other references give little more light. Section 302 (d) gives us only the hint that an underdeveloped area is one whose production, living standards, and trade might be enhanced in international agreements negotiated through the United Nations. Section 303 (a) gives us the clue that an underdeveloped area is one whose people wish to improve their living conditions.

More precise standards may exist in the mind of the President. His message to the Congress on June 24, 1949, in connection with this legislation mentioned:

The grinding poverty and the lack of economic opportunity * * * in the economically underdeveloped parts of Africa, the Near and Far East, and certain regions of Central and South America * * *.

Moreover, in an address on November 8, 1949, discussing the Point IV project, the President said:

I stand in my office and look at a globe * * *
I see immense undeveloped rivers and valleys all over the world that would make TVA's and Columbia Valley developments. I see untold resources in South America, in Canada, and in Africa. All it needs to get it into the markets of the world is somebody who knows the technical approach to their development.

The Euphrates and the Tigris Rivers can be brought back and turned again into the Garden of Eden. In the time of Nebuchadnezzar, that valley supported from 12 to 25 million people, all the time, in luxury—and can do it again. And that will make their neighbors rich. And they have the resources with which to make that development possible, if they are shown how to do it. I can name you place after place around this globe where that sort of situation exists. * * *

The above quotation may give some hint of the scope of the undertakings envisaged.

The point here is that no relevant limitations are contained in title III.

C. HOW MUCH WILL IT COST?

A critical question likely to occur in the minds of the Members is: How much will it cost?

This is of greatest moment to the whole country. It involves more than the budgetary consideration, which itself is crucial. It involves the heart of the proposal itself. For questions of quantity are questions of quality. One cannot understand this proposal without some clue as to its size. Its size can be measured only in dollars—the only proper denominator for keeping count of financial undertakings in United States legislation.

One looks in vain for any definite indication in this title as to the size of this undertaking in dollar terms.

There are relevant hints in a publication entitled "Point 4," prepared by the Department of State with assistance of an Interdepartmental Advisory Committee on Technical Assistance and of the staff of the National Advisory Committee, and released in January of this year. It says on page 7:

* * * The value of the program should be measured in human terms, not in dollars.

When proponents of a world-wide economic undertaking propose that its accounts be cast in nondollar terms, it is well for those who appreciate the relevance of money to take heed.

The cited publication says also this:

* * * The cost * * * is exceedingly modest. The appropriations requested for the first year * * * amount to approximately \$45,000,000.

It gives no light as to the cost in subsequent years. There is a hint of what is to come, however, in the reference to a \$45,000,000 beginning as "exceedingly modest."

One may find a more definite clue as to the size of things to come in the estimates drawn up by the United Nations as to the operations to be undertaken by the United Nations and its related agencies during the first and second years of the effort. The broad implications of participation by international organizations in the spending aspects of this program are discussed elsewhere in this minority report. Here it is relevant only to compare the data (taken from p. 2 of a United Nations report entitled "Economic Development of Underdeveloped Countries"):

	First year	Second year
United Nations:		
Through United Nations itself.....	\$4, 855, 500	\$7, 643, 500
Through specialized agencies.....	1, 084, 500	1, 601, 500
Total.....	5, 940, 000	9, 245, 000
Specialized agencies:		
International Labor Organization.....	4, 678, 400	6, 793, 500
Food and Agriculture Organization.....	9, 425, 456	11, 345, 383
United Nations Educational, Scientific and Cultural Organization.....	6, 150, 000	10, 705, 500
International Civil Aviation Organization.....	516, 000	1, 007, 500
World Health Organization.....	10, 624, 410	13, 604, 352
Total.....	37, 334, 466	52, 701, 135

Thus it can be seen that the plans of this group of international organizations call for a 44-percent increase in the second year as against the first.

The publication entitled "Point 4" gives one more clue—albeit a vague one—in a reference to—

* * * the salaries and expenses of the few thousand technicians, experts, and students * * * in the projects to be undertaken. * * *

One can construe this much—that the public servants who will be on the pay rolls of this undertaking are to be measured in thousands.

If one could arrive at the precise number of thousands and have data as to the salaries, then one might be able to guess also the overall cost of this so-called program, provided that one could also derive from the crystal ball how long it is to go on. For one cannot derive the answer to this from the language of title III itself or from the evidence. On page 6 of the official statement, entitled "Point 4," we are told only this:

* * * This must be a long-range program. Its duration * * * will be measured in decades rather than years. * * *

A witness before the committee, Mr. R. W. Gifford, appearing on behalf of the Detroit Board of Commerce, observed:

There is not anything in any part of the statement or publications today that says what the ultimate goal is. Are we shooting at another 5 billion, 6 billion, or

8 billion, or 1 billion dollars a year out of the American taxpayers, and are we leading these people abroad to feel that they can look to us for all future needs?

So far, the questions have not been answered; they are not answered in this legislation. One can only echo Mr. Gifford's further statement:

I honestly think that the American taxpayer should be given some idea of what he is going into. In other words, you just do not make a down payment on something without knowing what the final cost is liable to be.

III. WHO WILL DO THE SPENDING?

A. THE PROVISIONS IN TITLE III

It is clear enough, though, who will pay the undefined amount of money whose outlay is involved in this title—the American public.

Who will spend the money? Here the answer is less clear.

Section 303 (b) refers to the applications for aid as being reviewed by agencies of this Government. Section 305 refers to bilateral undertakings to be carried on by any United States Government agency. Section 313 refers in detail to the employment of persons to carry out the provisions of the title.

But section 304 (a) says:

* * * The United States shall participate in multilateral technical cooperation programs carried on by the United Nations and the Organization of American States and their related organizations, and by other international organizations. * * *

Under what limitations? None whatever. The section in question says that such participation shall take place "wherever practicable." Section 304 (b) authorizes the President to effect such participation whenever that mode of operation will—

* * * contribute * * * as effectively as would participation in comparable programs on a bilateral basis.

One does not have to be an expert to detect that the language contains no administrative standard whatever. It requires the Executive only to measure one guess against another.

Following out the same course, section 304 (b) authorizes—

* * * contributions to the United Nations for technical cooperation programs carried on by it and its related organizations * * *.

A like authorization as to contributions to the Organization of American States and other international organizations is added. What are the limitations? None whatever, except—

* * * the limits of appropriations made available to carry out the purposes of this Act.

In other words, every cent to be appropriated under the authorization, limitless in years and limitless in amount after the first year, might be turned over to international organizations to spend.

B. THE ROLE OF INTERNATIONAL ORGANIZATIONS

The implications of this will be challenging to those Members who recall the unhappy experiences of this country in attempting to do something for the world in the days of the United Nations Relief and Rehabilitation Administration. It may be argued that the UNRRA episode came early in the history of United Nations efforts and that

in the meantime the organizations in the United Nations cluster have meantime taken on a more permanent character—in other words that the effort envisaged here might be expected to be on the UNRRA model with UNESCO modifications. It may be well, however, to recall the implications of the proposal to handle the spending through international organizations as these implications were given in testimony.

The first quotation, a lengthy one, is from the testimony of Mr. J. T. Sanders, of the National Grange. It is in point for two reasons: First, Mr. Sanders gave the most cogent of all the arguments for channeling funds through international organizations. Second, Mr. Sanders brought forth the most pointed recollections as to what the channeling of funds through international organizations has meant previously—to wit, in the days of UNRRA. The excerpt is as follows:

Mr. SANDERS. * * * This Nation must of necessity be even a greater proportionate financial contributor to a world-wide or international Point IV program than we were to UNRRA, which was over two-thirds of the financial support of UNRRA. The main difference is that UNRRA was a one-way street. Point IV must truly be mutually profitable to the suppliers of financial support and to the recipients of it. As long as we believe explicitly in the superiority of the capitalistic system and in democracy, practical politics tells us that Point IV cannot be set up so as to stimulate the growth of a totalitarian economy in any country. That to my way of thinking was the basic reason for the United States abandoning support of UNRRA.

* * * I was on the inside and I cannot keep from believing that that was a major reason why we dropped UNRRA. Whether it was a valid reason or not, I do not know. I am inclined to believe there was a good deal of validity to it.

Mr. JUDD. Do you mean in some places it was being used to build up totalitarian regimes?

Mr. SANDERS. Yes; and to strengthen them. And often, as I viewed it, it was used to cater to that rather than to try to build up a democratic spirit and a democratic inclination in the people. * * *

Mr. JUDD. Is it not a fact, that the reason was not so much a thought-out policy in that direction determined by the people at the top, as policy determined by the personnel who administered it? The personnel for whatever reason had a large percentage of people who themselves had those views that they used it, the assistance, in that direction. Is that right?

Mr. SANDERS. I will agree with you entirely. I will say this much, that I think at least about half of my time I was directly under communistic people who came from Russia and went back to Russia.

Mr. JUDD. They obviously were not using our American money, or money that was more than two-thirds from America, to help build up a system of self-reliance and democracy.

Mr. SANDERS. Indeed not. I can give you one small example of that: The man who was above me in Farm Machinery Purchases was a man who went through the siege of Leningrad. He was a very likable man. In the matter of purchasing tractors for Poland, I insisted on purchasing small, two-plow tractors with mounted tools that could be handled in small fields and on small farms. Mr. Varonzov insisted for over 2 months that I must get caterpillar tractors. Seemingly, I was just stopped. I could not get around him. Every time I would send up an order for the small tractors, he would send it right back and then we would have another round. That went on for about 2 months, so it occurred to me that the way to get around him was to call up the machinery manufacturers and frankly explain the predicament I had gotten into and call the representatives of the machinery factories in and get them to tell this gentleman that they did not have and would not have any caterpillar tractors but that they had other tractors for sale. That is the way we got around him.

Mr. JUDD. Why did he want the caterpillars?

Mr. SANDERS. To collectivize the farms, that is obvious. He did not want the small tractors to operate on the small, independent farms. It was not hard to see that, of course. He would never admit the reason he was doing it. He constantly said it would save a lot of labor and would tend toward efficiency.

At a later point in the testimony, the interchange was renewed:

Mr. JUDD. * * * You dwell at some length on the importance of doing as much of this as possible through the United Nations organizations. If you do that, how are you going to prevent a recurrence of the troubles you had in UNRRA where they had you working under this Russian?

Mr. SANDERS. I do not know. It is true we have Russia in the United Nations, and we hope she will stay there.

* * * We cannot afford to have this Point IV program appear to be a purely United States affair. We know that in the end most of the material contributions to this program will come from this country, but we do want to set up machinery to use the UN, especially, it seems to me, along the lines of technical advice. * * *

Mr. JUDD. I wonder why you are so emphatic in saying that we certainly must do this, insofar as possible, through the United Nations. Why should we not do the bulk of it directly between ourselves and the recipient country?

Mr. SANDERS. Because first, Dr. Judd, if this program is viewed in its broadest service, it must not be guided, supported, and advanced solely by one great nation. If we intend to live in this world and create a peaceful world, we must some way have an effective world government.

Mr. JUDD. But how does our doing this pretty much on our own while cooperating with the organizations already set up under the United Nations, how does that indicate that we are insisting on living by ourselves or that we are not sympathetic toward the organization. I wonder if we are not being sort of technical there. As long as we are providing the bulk of the assistance, and everybody knows we are, why should it not be done directly? Everybody on our side knows it; why should not the people on the recipient side know that the bulk of the assistance comes from a country that has our kind of a government? If you put it under United Nations, I will bet the leftists will be so skillful in their propaganda that the recipients will believe it is the economic type of democracy or the people's democratic dictatorship as it is called in China, which is affording this help to the people, rather than people under a capitalistic form of government who are giving the help.

Mr. SANDERS. * * * I know we should have some sort of a world government in which we can have implicit faith. If we do not have implicit faith in it we should have one in which we can have the most faith possible. We should constantly be alert to strengthening that government. The thing we are worried about is that nothing should be done in this bill to weaken the United Nations and everything should be put into the bill, if there is any possibility of using this to strengthen the United Nations.

Mr. JUDD. If I saw a way whereby we could use this to strengthen the United Nations, I would agree with you. I have grave doubts that it will move in that direction. * * *

The second excerpt is from a statement of Hon. Spruille Braden, former Assistant Secretary of State for American Republic Affairs:

Even worse than developing this program through United States governmental instrumentalities would be to put it under the less experienced United Nations and the latter's specialized agencies. This Nation would continue to make the major financial and technical contributions; yet the direction and control thereof in most cases would be vested in those organizations where our single vote would be overwhelmed by those of the plan's beneficiaries. The UN, like all bureaucracies, seems ambitious to expand its activities and, at best, to be only grudgingly tolerant of private enterprise. To coordinate its operations with those of private organizations would be a Sisyphean task. The evils of statism and bureaucracy from which we already suffer within our own country would be expanded into an infinitely more dangerous international superstatism and hegemonic bureaucracy.

The ineptitude of both the UN and OAS in these matters has already been demonstrated. True, the International Bank for the nonce has a competent administration, but such agencies may change for the worse and cannot be counted upon as being permanent. Therefore, for the long pull, the prospects of using the UN are not auspicious, even in respect of such preliminary work as preparation of studies and surveys. This particular aspect of the program requires the most careful scrutiny, especially as it may be expected that both the UN and OAS, together with the many so-called experts in Washington, will attempt to grab the ball and run off with it in every direction. To the extent they succeed it will mean more Government in business, more proliferation of bureaucratic

structure, and more extravagance and inefficiency. All which will spell the defeat of the ends the President seeks.

Is there current evidence as to the extravagance which might be anticipated in turning over a portion or all of the spending in this effort to international organizations? Yes, there is. It is found in the comments made by Hon. Willard Thorp, United States Assistant Secretary of State for Economic Affairs, speaking at Geneva on July 21, 1949, before the Economic and Social Council of the United Nations in regard to the estimates as then set up by the United Nations and related organizations as to their share of the spending. (The figure at that time for the first contemplated year was \$35,862,576; subsequently it was raised to \$37,334,466—the figure noted elsewhere in this statement.) To quote Mr. Thorp:

* * * I would suggest a range from \$15,000,000 to \$25,000,000. The United States believes that the United Nations and the specialized agencies could spend effectively no more than \$25,000,000 in the first year. * * *

The figures I am using are comparable to the \$36,000,000 proposed * * *. I believe it would indeed be a great achievement if we could spend wisely an amount of money ranging from \$15,000,000 to \$25,000,000. Even the lowest figure would represent an extraordinary increase to be accomplished in a single year.

In other words, Mr. Thorp's estimate was that the United Nations' planners, in their first bite, had bitten off 44 percent more than they could chew.

One should note in this connection the antipathy for private action reflected in the United Nations' planning in connection with Point IV.

Section 307 (a) provides that—

In carrying out the programs authorized in section 305 * * * The participations of private agencies and persons shall be sought wherever practicable.

The above provision is to be read with caution. It represents an attempt, at least in language, to get away from the deadening over-emphasis of government-to-government dealings. It applies, however, only to assistance tendered under bilateral agreements. It does not apply to assistance rendered through the agency of the United Nations and its related organizations. The way to possible private participation in that sector of activity has been closed. It was closed by a resolution of the Economic and Social Council, affirmed by the General Assembly on November 16, 1949. Section 2 (d) (ii) of the guiding principles thus adopted provide:

Technical assistance shall be given only to or through governments.

It may be argued by some that the attitude reflected in the views of the undersigned is one of hostility to international cooperation. Such an attitude of hostility is specifically disavowed. It is no act of friendship to international organizations to fasten upon them responsibilities for which they are not fitted. No greater disservice to international cooperation could be made at this time than that of placing upon the shoulders of international organizations the burden of an excessively great operational undertaking. Moreover, no greater disservice could be done to a program than that of vesting the expenditure of its funds in those who are not accountable for such funds. No lesson in administration, whether in private business or in the business of government, is more readily demonstrable or more important than this: That sound results are to be achieved only when the authority

to spend the dollars is confined to those who must answer for the results.

IV. EVALUATING THE PURPOSES

In his address of November 8, 1949, touching on Point IV, the President said:

We are somewhat famous for the technical knowledge which we have been able to accumulate under this Republic of the United States. What I propose to do is to present to the peoples of the world that know-how, and that knowledge, for the development of the resources in these other great countries for the welfare and benefit of the inhabitants of those countries, and not for their exploitation. That is what Point IV means.

He added:

* * * And that, my friends, when it is properly developed, means peace in the world, because most wars are fought for economic reasons, or because some country is overpopulated, or because some country wants some riches that some other country has.

As to the objective of peace, the above-quoted speech echoes the President's earlier message to the Congress of June 24, 1949, which carried the assurance that—

The development of these areas will strengthen * * * the fabric of world peace.

The thought is echoed in turn in section 302 (a) of title III, which expresses the Congress' finding that—

* * * the economic and social progress of all peoples * * * can further * * * the maintenance of world peace.

The "will" has been reduced to a "can." The assurance has become a speculation. Questions about the relationship of this proposal to world peace may still be raised, however. Did Germany twice overrun Europe because it was economically disadvantaged in comparison to its neighbors? Did economic underdevelopment lead Japan to overrun the Orient and to bomb Pearl Harbor? If wars are caused because some country covets another country's riches, will peace be served by further enrichment of the backward areas? If wars result from overpopulation, then one must take pause at the prediction made on page 8 of the Executive brochure entitled "Point 4":

* * * Economic development * * * will lead to * * * substantial increases in the population * * *.

These questions are not asked in the expectation that they will be answered. The ultimate causes and cures of wars lie beyond the scope of economic treatment. Peace must be sought in the minds of men and not merely in their standard of living. These questions are asked merely in the hope that the proposition in this legislation will not be accepted uncritically merely because it has been labeled with the magic word of peace.

As to the proposition "to present to the peoples of the world that know-how," it should not be forgotten that the gift will not be free—at least from the standpoint of the American taxpayer. The gift aspect will be a distinguishing feature of the assistance proffered in this undertaking as against technical assistance which the receiving governments could obtain for themselves by paying for it. A second distinguishing aspect will be that the technical assistance will be parceled out on a basis of global planning by governmental and inter-

national organizations. The effort will be on a government-to-government basis and on an agency-to-agency basis. This is public planning on the grand scale, and the American taxpayer will be expected to pay the bill in the hope that by increasing economic well-being across the globe he will also be helping to found a more stable peace.

That is a profoundly worth-while hope. It is so estimable an objective that the means to it deserve better than uncritical examination. For even in the wildest dreams of world planners the role that governments and international agencies can play will be small in comparison to the role that capital itself can play if given the opportunity. Title III itself contains a pale reflection of this thought in its references to investment and trade.

The legislation here proposed relates to the development of areas which are economically lagging. Economic development is another name for investment—but with this distinction: Investment necessarily means development for the sake of profit. And profit is a touchy subject.

Profit is, of course, the increment in what is produced by an economic undertaking as against what is put into the undertaking. It is the measure that shows whether the investment was sound. Keeping books is economically the only way of making sense. When the assumptions of an investment prove correct, the books show a balance. That is profit. In the Marxian folklore, profit is something sinister. In the attitude of the governments of many economically lagged countries, profit is likewise sometimes regarded as evil, depending on who gets it.

The peoples of most countries whose resources are capable of being developed want outside capital to come in. They and their governments are generally perfectly willing to see machinery and talents brought in from abroad. When the machinery and talents from abroad prove successful in application to their economic objective, however, and an increment of wealth is produced, the natives and their government often resent the share of the increment that goes to those who supplied the machinery and the talents. The question naturally rises: Why not keep the machinery and the talents and all the increment as well? It is at this point that the idea of inherent unreasonableness of profits arises. This idea reflects itself in the nomenclature of investment in many areas of undeveloped resources. Thus the Latin-American nations are wont to speak of a permit to an investor as a "concession" and of the act of development as "exploitation." This psychology produces the notion that the extraction of wealth involves the exaction of wealth—that in some way he who draws forth the resources of a nation deprives the nation. This is the basis upon which many nations which thirst for economic development at the same time erect barriers and discriminations to keep foreign investors away, tax to the point where profits vanish, place taxes upon production itself, and actually tax the possession of extractive tools.

It is the source of the temptation, which rises all too frequently in the paths of governments of areas undergoing development, to appropriate investments, particularly foreign investments; and if the requital to the investors can be made on an inadequate scale or paid in coin that they cannot remit, so much the better for the expropriator.

This contradictory attitude about investment—exemplified in the desire both to attract and to repel it at the same time—has impeded the course of progress in many an economically backward country. Along with ancestor worship, feudal traditions, caste systems, and the systematic denial of private property rights, this form of xenophobia has been one of the most potent factors in keeping some of the world's peoples lagging behind the others in economic development.

It is with respect to the encouragement of investment that the legislation and the presentation become most vague and unsatisfactory.

The President is quoted as having said on November 8, 1949—

We have immense stores of capital in this country * * *

That being so, there would be no inherent reason why the capital could not move abroad on the basis of private volition, if given profitable opportunities. But the key word in the condition just expressed is "profitable." Will the potential recipient countries allow the opportunities to be profitable?

Apparently the essence of this program is to dodge the issue. In his inaugural message of January 20, 1949, the President declared:

* * * The old imperialism—exploitation for foreign profit—has no place in our plans.

This reflects the habit of mind that identifies profit with exploitation. It squares with the attitude which results in barriers against the very investments which are needed.

The title under discussion is ambiguous on the point. In section 302 (b) it speaks favorably of—

* * * the cooperative endeavor of all nations * * * to encourage the flow of investment capital.

Of course, what is required is not "the cooperative endeavor of all nations"; all that is needed is a unilateral awakening on the part of the nations which have chosen to impede investment.

Section 302 (c) tries to get a little closer to the heart of the matter. It speaks of the need of—

* * * confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will negotiate adequate wages and working conditions for local labor. * * *

It goes on to speak of the need of—

* * * confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation; that they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.

All this is merely declaratory—an echo of the phrases in the President's message of June 24, 1949:

We believe that American enterprise should not waste local resources, should provide adequate wages and working conditions for local labor, and should bear an equitable share of the burden of local taxes.

Even so, the statements are notable for their avoidance rather than their confrontation of the issues.

The main issue regarding local taxation of foreign investments, for example, is not whether the outside investor will bear his "fair share." If local taxes are excessive, the outside investor may see no reason why he should rush in to assume his portion. For what is a fair share of an inequitable tax? Nor is the essential question one of discriminatory taxation. It is no comfort to the outside investor to know that he will be taxed only at the rate of the local investor if the local investor must pay at a rate beyond what he can bear or must pay on what he produces rather than on what he clears. A government that is hostile or capricious toward foreign capital is likely to be likewise toward native capital.

The statement about the need of confidence that outside capital will negotiate adequate wages and working conditions is questionable. The concept of free bargaining is all too likely to be more foreign to the backward area than is the source of the capital in question. The idea that the people of underdeveloped areas must be reassured against their anxieties that foreign investors will impinge upon their free bargaining traditions is a misconception. The issues about wages do not arise—except in marginal cases—from refusal to enter into free bargaining. The difficulties arise, rather, from the imposition by local governments of wage rates that are exorbitantly higher than would obtain under a free bargaining system.

Or take the matter "reasonable opportunity to remit their earnings" for investors. What is "reasonable opportunity"? It is opportunity, unqualified. Then why attach the qualification "reasonable"? One can only express the opinion that the qualifying word "reasonable" echoes the statement in the President's message of June 24, 1949:

* * * With the best will in the world a foreign country, particularly an underdeveloped country, may not be able to obtain the dollar exchange necessary for prompt remittance of earnings on dollar capital.

The answer is, of course, that the dollars will be available if the government concerned has not chosen to preempt them from their owners. This does not require the "best will in the world"; it requires only the will to refrain from preempting dollars.

Beyond the references in the legislation analyzed above, title III contains a few more ambiguous references to investment.

Section 303 (c) speaks encouragingly of—

* * * the flow of investment capital to countries which provide conditions under which such * * * capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity, and expanding purchasing power.

Section 303 (b) provides that in reviewing requests involving use of capital, consideration shall be given to the question—

* * * whether private capital is available either in the country or elsewhere upon reasonable terms and in sufficient amounts * * *.

The first of the above quotations is merely an expression of an attitude. It has no force whatever as an administrative standard. Nor can the second be called, in any sense, an administrative standard. The administrator is asked by it only to take into account the availability of private capital. He is compelled to follow no particular policy in such an event. In view of the lack of real standardization controlling the administration of the policy in this respect, nothing in the hopes behind this bill is more likely to prove more disappointing

than the idea that we can encourage other nations to give private initiative its chance by giving them the unconditional opportunity to share in our largess.

The allusions to trade in title III are as lacking in substance as the allusions to investment. Section 302 (a) expresses the belief that "mutually beneficial commerce" will help understanding, good will, and peace among nations. Section 303 (d) contains the following assertions:

Greater production and higher standards of living in the economically underdeveloped areas and international trade between these areas and the economically advanced areas of the world can be promoted through international agreements negotiated through the United Nations and its specialized agencies to establish fair labor standards of wages and working conditions, including the encouragement of collective bargaining between management and labor.

But the critical question is not as to the aspirations of the legislation. It is as to the likelihood that the launching of this policy will do anything substantial to freeing the channels of world trade, impeded as they are by the interposition of governmental controls on every hand.

The effort proposed here is all too likely to have precisely the opposite effect. That conclusion arises from no particular provision in the bill. It arises from the climate of opinion among the nations which may be expected to share in the benefits and make technical improvements in their economies at American expense.

We find, for example, the following excerpt from the report of the Economic and Social Council of the United Nations, detailing the consideration given to the preparations for the Point IV undertaking:

Some members were of the opinion that the guiding principles proposed for an expanded program of technical assistance failed to take into account the need for simultaneous development of all branches of industry and agriculture in underdeveloped countries and did not sufficiently emphasize the importance of industrial development including the development of heavy industry * * *.

It would be comforting to be able to report that the majority of the Economic and Social Council set the Members right on this part of the problem. It would be a source of satisfaction if one were able to note that it was explained to them that no attitude would be more likely to confound the hopes behind this undertaking than the attitude that every country should develop "in all branches of industry and agriculture"—in other words, should seek self-sufficiency. Unfortunately, however, the majority did nothing of the sort, for the report continues:

* * * the majority maintained that the statement of principles was sufficiently broad and that, in any case, the assistance was to be rendered only at the request of governments and in the form in which they requested it.

And such is the underlying principle as adopted by the Economic and Social Council, section 2 (b) of which reads:

The kinds of services to be rendered to each country shall be decided by the government concerned.

This principle was affirmed by the General Assembly of the United Nations on November 16, 1949.

That means carte blanche for the government of every underdeveloped country to call the tune for economic self-sufficiency. More backward countries are all too apt, in an excess of national ambition, to seek to stand alone economically. Wealth and industry are not necessarily the same; neither are poverty and agriculture.

But the economically underdeveloped countries are prone to believe they are. In its present conception the Point IV undertaking is all too likely to eventuate into a program for assisting the underdeveloped nations along the road to autarchy, with mischievous results for world trade and for the international cooperation which the effort is supposed to encourage. It should be noted that section 305 (b) of title III expresses the design to—

assist other interested governments in the formulation of programs for the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas.

“Balanced and integrated development” will mean one thing only to the recipients of this assistance. It will mean self-sufficiency.

V. CONCLUSIONS

The proposal contained in this legislation has a worthy objective—the encouragement of higher standards of living and greater economic efficiency among the economically underdeveloped nations.

The loftiness of the aims should not induce us to be uncritical of the means. Experiments noble in purpose may come to dismal conclusions unless based upon realistic premises of action. The Congress must look to the premises of action rather than confining its attention to the high purposes.

It is when one examines the premises of action that doubts arise concerning title III.

It contains no administrative standards for selecting the areas to be helped or the type of help to be given.

It gives no hint of the duration of the effort or the cost involved. In that sense, it is not a program at all. It is merely a statement of a hope.

It involves the dubious proposal of spending the money through international agencies which will not be accountable for the results achieved and which are inadequately prepared for the functions to be thrust upon them.

It is at best equivocal in its relation to the encouragement of international investment.

It is harmful in its implications respecting the development of international trade.

In brief, it fails to justify the claims made on its behalf.

ROBERT B. CHIPERFIELD.
LAWRENCE H. SMITH.



instances, to show that on roll call 83 and on roll call 112 I was present and answered to my name.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

SPECIAL ORDER GRANTED

Mr. HOFFMAN of Michigan asked and was given permission to address the House for 10 minutes on Monday next following the disposition of business on the Speaker's desk and the conclusion of special orders heretofore granted.

EXTENSION OF REMARKS

Mr. BIEMILLER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

GREEK INDEPENDENCE DAY

Mr. BIEMILLER. Mr. Speaker, tomorrow marks the official observance of Greek independence day. Specifically it celebrates that day in 1821 when the Greeks threw off Turkish tyranny after generations of misrule.

Greek independence day is more than that, however. It is a symbolic celebration of the independence of the Greek spirit that is as old as Athens and the Acropolis, as forthright and courageous in action at Pindus in World War II as at Thermopylae before the birth of Christ.

We have had even more recent testimony to the durability of the independent and democratic spirit in Greece. Battered by the events of World War II which made Greece a battleground, racked by the forays of Communist guerrillas supplied and directed from the Soviet Union, the people of Greece have come through a decade of almost unmatched destruction and chaos. Yet they went to the polls last month and elected a Government of moderate, democratic parties, pledged to carry out a progressive program for all the Greek people.

Americans can take pride in the achievements of the Greeks in the post-war years. American aid has helped these guardians of the eastern bastions of democracy in Europe, has helped them throw back the threat of the Communist guerrilla bands in the north despite constant Russian help to the guerrillas.

The European Cooperation Administration, through the mission to Greece headed by Paul R. Porter, has played a major role in helping the Greeks to help themselves economically. Homes have been built, not by the hundreds, but by the thousands. The main harbor at Piraeus has been both repaired and improved. The Nation's road system has been reestablished and improved. Bridges have been built, railroads salvaged, canals reopened.

Greek agriculture is better off than it was before the last decade of misery began. Agricultural machinery has been imported to help mass production. Ero-

sion control, crop rotation, contour plowing, drainage, and other soil conservation measures have been put into practice. And much land thought hopelessly lost to the ocean or swamps has been reclaimed.

Everyone in Greece knows and acknowledges that the Truman doctrine with its effective aid to Greek democracy at the moment of greatest danger is the keystone of the Greek arch of triumph. Certainly this aspect of our foreign policy, which so many fought when it was first proposed, has proven to be of great value in combatting the march of communism. But we must never forget that it was the Greek people who took the keystone and built the arch. As the New York Times editorialized last October, "the main credit must go to the heroic Greek people and their soldiers, who fought with flesh and blood."

It is that determination of the Greek people to preserve political and economic independence—with their flesh and blood if necessary—that we honor tomorrow.

EXTENSION OF REMARKS

Mr. MURPHY (at the request of Mr. BRENN) was given permission to extend his remarks in the Record.

Mr. EBERHARTER asked and was given permission to extend his remarks in the Record and include two articles on the subject of the social-security fund, one appearing in the Wall Street Journal and one from the newspaper Labor.

Mr. ROOSEVELT asked and was given permission to extend his remarks in the Record and include an article appearing in the St. Louis Post-Dispatch.

Mr. ASPINALL asked and was given permission to extend his remarks in the Record and include an editorial.

Mr. PRICE asked and was given permission to extend his remarks in the Record in two instances and include editorials.

Mr. TAURIELLO asked and was given permission to extend his remarks in the Record in two instances; to include in one a letter to the Secretary of State, and in the other a letter he received from the American Zionist Council.

Mr. LANHAM asked and was given permission to extend his remarks in the Record and include an address delivered by his colleague the gentleman from California [Mr. HOLIFIELD].

Mr. BUCKLEY of Illinois asked and was given permission to extend his remarks in the Record and include an address delivered by Donald O'Toole.

Mr. WOODRUFF asked and was given permission to extend his remarks in the Record in two instances; to include in one an editorial, and in the other a newspaper article.

Mr. ANGELL asked and was given permission to extend his remarks in the Record and include extraneous matter.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I expect to make in the Committee of the Whole today and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. MCGREGOR asked and was given permission to extend his remarks in the Record and include two editorials.

Mr. GOODWIN asked and was given permission to extend his remarks in the Record and include a resolution.

Mr. MILLER of Maryland asked and was given permission to extend his remarks in the Record.

Mr. ROGGS of Delaware asked and was given permission to extend his remarks in the Record in two instances and include extraneous material.

Mr. POULSON asked and was given permission to extend his remarks in the Record in two instances and include a letter from the Grange.

Mr. LEFEVRE asked and was given permission to extend his remarks in the Record in two instances and include two newspaper articles.

Mr. HESELTON asked and was given permission to extend his remarks in the Record in two instances and include in one a sermon and in the other a speech.

Mr. HERTER asked and was given permission to extend his remarks in the Record in three instances and include extraneous matter.

Mr. VORYS asked and was given permission to extend his remarks in the Record; and also to revise and extend the remarks he expects to make in Committee of the Whole today and include certain tables and data.

Mr. HOPE asked and was given permission to extend his remarks in the Record and include a newspaper article.

Mr. DONDERO (at the request of Mr. JENKINS) was given permission to extend his remarks in the Record and include an editorial.

Mr. ROGERS of Florida asked and was given permission to extend his remarks in the Record and include an editorial.

Mr. WHITE of Idaho asked and was given permission to extend his remarks in the Record and include certain printed statements in two instances.

Mr. ABERNETHY asked and was given permission to extend his remarks in the Record and include an editorial.

Mr. MADDEN asked and was given permission to extend his remarks in the Record and include an editorial from the Gary (Ind.) Post-Tribune; and also in another instance to include a proclamation by Governor Schricker, of Indiana.

Mr. SADLAK asked and was given permission to extend his remarks in the Record and include a newspaper article.

FOREIGN ECONOMIC ASSISTANCE

Mr. COX. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 518 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7797) to provide foreign economic assistance, and all points of order against the said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 6 hours, to be equally divided and controlled by the chairman and ranking

minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

CALL OF THE HOUSE

Mr. MILLER of Nebraska. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. SUTTON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 113]

Abbitt	Furcolo	Peterson
Addonizio	Gilmer	Pfeifer
Allen, Ill.	Gore	Joseph L.
Andersen,	Granahan	Pfeiffer,
H. Carl	Granger	William L.
Auchincloss	Green	Philbin
Bailey	Hall	Phillips, Tenn.
Baring	Leonard W.	Potter
Barrett, Pa.	Halleck	Powell
Beall	Harden	Ramsay
Bennett, Fla.	Harrison	Redden
Bennett, Mich.	Harvey	Reed, Ill.
Bolton, Md.	Hays, Ark.	Reed, N. Y.
Bonner	Heffernan	Rhodes
Brooks	Heller	Richards
Buckley, N. Y.	Hoffman, Ill.	Riehlman
Bulwinkle	Holifield	Rivers
Burdick	Irving	Rogers, Mass.
Burton	Jackson, Calif.	Sabath
Byrne, N. Y.	James	Sadowski
Canfield	Jonas	Saylor
Carroll	Kearns	Scott, Hardie
Cavalcante	Kelly, N. Y.	Scott,
Celler	Klein	Hugh D., Jr.
Chatham	Kruse	Shafer
Chiperfield	Lane	Shelley
Chudoff	Latham	Sheppard
Clemente	Lichtenwalter	Simpson, Pa.
Corbett	Linehan	Smathers
Coudert	Lucas	Smith, Ohio
Crawford	McCulloch	Tackett
Curtis	McDonough	Taylor
Dague	McGuire	Thompson
Davies, N. Y.	McKinnon	Wadsworth
Davis, Tenn.	Macy	Weichel
Dawson	Marrow	Whitaker
Dingell	Miles	Whittington
Dollinger	Monroney	Wilson, Ind.
Donohue	Morgan	Withrow
Doughton	Morrison	Wolcott
Douglas	Murphy	Woodhouse
Doyle	Nixon	Worley
Engle, Calif.	Norton	
Fugate	O'Neill	

The SPEAKER. On this roll call 304 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ECONOMIC ASSISTANCE

Mr. COX. Mr. Speaker, I yield 30 minutes of the time to the gentleman from Ohio [Mr. BROWN] and now yield myself 10 minutes.

Mr. Speaker, the bill which this rule makes in order was reported by the Committee on Foreign Affairs. It is something of an omnibus measure in that there are incorporated in it three separate items. Title I simply deals with the matter of extending the Marshall plan. I do not know just how controversial that part of the bill will prove to be. It is my opinion that a great many people who protest the continuation of this pro-

gram when brought face to face with the question as to whether it shall be continued or discontinued would, in the light of their understanding of world conditions and of the conditions which brought about the enactment of the first bill, favor the continuance of the program.

Title II deals with a different subject. It simply provides some care for the Palestine refugees. The title is designated as the "United Nations Palestine Refugee Aid Act of 1950."

I take it, Mr. Speaker, there will be no objection raised to this title of the bill.

This brings us to title III which deals with the President's point 4 program, which is a subject that was considered last fall by the Committee on Banking and Currency of the House. That committee reported the bill, but never did bring it to the floor of the House for consideration. When the members of the Committee on Banking and Currency appeared before the Committee on Rules on an application for a rule, many objections were raised to the bill as written. I think the Committee on Rules was in virtual agreement as to the desirability or as to the objective of the bill. I do not recall that there was any protest to the doing of things which the bill proposed to do. But it was a wide-open affair and no action was taken.

Now, the Committee on Foreign Affairs seems to have thought it well to include point 4 in the ECA bill and it is now here for action by this body.

I would like to say that my objection to the bill as it was originally prepared possibly grew out of the suspicions I had of what the State Department who wrote that bill had in mind.

This title 3 of the bill is loaded down with beautiful language, which may not be objectionable. I am prepared to support that section of the bill, largely because of the fact that a member of the Committee on Rules, a gentleman for whom I have high regard and in whom I have great confidence, the gentleman from Massachusetts [Mr. HERTER], helped write this section of the bill and tells me that it is not subject to the objections raised against the original bill, and my examination of the measure convinces me that this is true for, Mr. Speaker, I do not want it to appear that I gratuitously make unfavorable references to the State Department, that has had something to do with the writing of title 3 of this bill. It would be easier for me to support this part of the bill had the State Department not touched it, for I have no confidence in this Department now being gently tapped on the wrist.

Mr. Speaker, here in passing, I must say that I have the supremest contempt for the timidity or cowardice, or both, which is now operating to restrain people in coming to the aid of a Member of the United States Senate who has seen fit to rise up and speak for his country in the endeavor to put out of the State Department friends of Stalin who have helped him build Russia into a colossal giant which now stands astride the world.

That the Communists permeate the State Department and other depart-

ments of the Government is known to every informed person in Washington.

If public opinion permits the appeasers of Russia to crucify a man who has manifested the loyalty and decency to speak up for America, then God help our country. The outrage that some are trying to manifest over being designated as friends of Communists is, in the light of the record, completely phony. Mr. Speaker, maybe that statement is not at all relevant or pertinent to the issues before us, but I say that public opinion in the interest of the welfare of this country and the world ought to make its will known, and it ought to support Senator McCARTHY in his honest endeavor to do an honest part to protect the country that we love.

Mr. WHITE of Idaho. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. WHITE of Idaho. Does the gentleman know that this legislation earmarks 5 percent of the moneys appropriated for ECA for the program of acquiring strategic and critical materials? Does he know that already \$192,000,000 has been expended to bring into this country nonferrous metals, and that our own mines are being shut down because of it?

Mr. COX. I cannot answer all the questions the gentleman might propound about this bill, but if the gentleman will wait until the debate takes place I am sure he will be fully informed, because the committee sponsoring this bill has labored faithfully and diligently to come here with a sound measure that both majority and minority Members can, and I think ought to, support.

I am for the bill; and I hope, Mr. Speaker, that no great opposition will develop to any part of it.

I reserve the balance of my time.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may use.

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, as the gentleman from Georgia has explained, House Resolution 518 makes in order under an open rule the bill (H. R. 7797) to provide foreign economic assistance. It also provides for 6 hours of general debate. I do not oppose the rule, and I know of no one who is opposed to the consideration of this measure.

I listened with a great deal of interest to that which was said by the gentleman from Georgia, and I agree with much of it. In my opinion, however, this is a bill which should be studied carefully, one which carries so many provisions, so many implications, and so many commitments and obligations as to require our close attention. We should listen carefully to the debate on this bill and be certain we know what we are doing in passing on the various sections of this measure.

I am not at all sure that I know the exact financial obligations carried in this bill, but if the members of the Committee on Foreign Affairs with whom I have talked are correct in their analysis of the financial commitments contained in this bill—and I believe they are—it carries a

total authorization of \$3,659,000,000 overall. Part of this money is funds which have been previously appropriated or authorized and not used. One billion dollars of this total, as I understand, is set aside to be used for the purchase of surplus farm commodities now in the hands of this Nation. The net "new money" involved, or the commitment for entirely new appropriations in addition to the money that has been previously authorized or appropriated in addition to this \$1,000,000,000 worth of foodstuffs amounts to \$2,122,000,000.

I include at this point an analysis, as follows:

Analysis of figures in H. R. 7797

I. New money to be authorized and appropriated.....		\$2, 122, 450, 000
A. ECA	1, 950, 000, 000	
B. Korea.....	100, 000, 000	
C. Palestine.....	27, 450, 000	
D. Point 4	45, 000, 000	
Total.....	2, 122, 450, 000	
II. Money already authorized or appropriated and now made available for fiscal 1951		244, 000, 000
A. ECA carry-over.....	150, 000, 000	
B. China Aid Act.....	94, 000, 000	
Total.....	244, 000, 000	
Total authorized or to be made available.....	2, 366, 450, 000	
III. Credits authorized.....		1, 292, 488, 232
A. ECA surplus commodities.....	1, 000, 000, 000	
B. ECA guaranties already available to ECA (\$150,000,000 less \$7,511,768 already spent).....	142, 488, 232	
C. ECA additional guaranty amount.....	150, 000, 000	
Total.....	1, 292, 488, 232	
Authorized or to be made available.....	2, 366, 450, 000	
Credits	1, 292, 488, 232	
Grand total.....	3, 658, 938, 232	

This bill was evidently prepared by the State Department, as the gentleman from Georgia has pointed out. Like the gentleman from Georgia, I do not have too much confidence in some of those in the State Department who have pushed for this legislation. I am rather concerned by some of the things that I have been seeing and hearing recently about the State Department, and especially the defense which has been made of some of those who have been mentioned because of their alleged radical associations and their past membership in organizations that are of questionable nature.

The defense made by State Department officials for those individuals, many of whom are still in positions of trust and power within our Federal Government, is that while they did these things in the past, while they did play footsie with the fellow travelers and the Communists, while they did join organizations or participated in meetings that

were, to say the least, questionable, some of which were designated as being subversive organizations, that realizing the error of their ways, some time ago, they have reformed.

Well, I wonder just how many of you here on this floor would want to entrust your life savings to a bank in which any appreciable number of the officials were reformed embezzlers. I doubt that you would want to do that.

Neither am I so sure I want to follow blindly the recommendations of any of these individuals in the State Department who have reformed. To say the least, even if they have reformed, they certainly have demonstrated in the past their lack of sound judgment. Certainly it is entirely possible, that in the future they may again fail to exercise good judgment. In our Government, especially in the conduct of our foreign affairs, we are entitled to have serving us men whose loyalty cannot be questioned and whose judgment cannot be questioned.

In this day, under existing world conditions, we need the most able, the most sound, the most loyal Americans we can find to represent us in handling our foreign affairs.

Mr. Speaker, I am therefore looking this bill over rather carefully and I want to suggest, if I may, to other Members of this body, whether they be Republicans or Democrats, that they do likewise and think things out for themselves.

I know there are some sections of this bill I am not for. I am not for section 3 which deals with point 4. That is, I am not for it in its present form. Perhaps it can be put in shape by amendment, I do not know. Of course, it talks about technical assistance to foreign peoples, but there is a lot of technical assistance provided all through the bill, if I read it correctly. You know, this measure is rather cleverly written. It is very difficult to understand. That is why I suggest you study it carefully. Read it two or three times—for it is a confusing legislative hodgepodge.

I cannot find anything in section 3 about milk for the Hottentots; whether it is to be delivered in pasteboard cartons or in bottles, but it calls for a lot of American money to go to someone who will spend it, whether it be new money that we appropriate now, or whether it be money we have appropriated in the past. It will still be money in the control of the Federal Government and in the Treasury, or in the process of being collected from the American people or in the process of being borrowed in their name. In any event, it is money that the taxpayers of this country have to put up in one way or another.

If my information is correct, along about the 1st of March we crossed the \$28,000,000,000 line in the total amount of money we have given to foreign countries and foreign peoples in the way of economic aid since the shooting stopped in World War II. This bill would bring the total up to better than \$31,000,000,000.

We now have a national debt of around \$260,000,000,000 and secondary obligations, which the Government must pay if someone else does not, obligations for

which we signed the notes as it were as guarantors, to the extent of about \$93,000,000,000 more.

Mr. Speaker, I have spent a little time traveling over this country of ours in recent weeks, and I say to you with all the sincerity and conviction at my command that the American people are becoming alarmed over public spending and are wanting their Congress to stop, look, and listen before we obligate them further.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Illinois.

Mr. ARENDS. Just to emphasize the point the gentleman is making at this particular time, on yesterday I had the privilege of sitting in a luncheon with a group of juniors from a certain college in this country and I asked the question of this group of boys and girls as to whether or not they were at all concerned with the matter of the national debt. Practically every one of them with a serious look on their face stood up and said that they were concerned with the spending policy of the United States Government at this time.

Mr. BROWN of Ohio. I thank the gentleman from Illinois. Mr. Speaker, I want to say one thing further. The concern which has been evidenced, as I mentioned a moment ago, comes not from Republicans or by any one particular group of Americans. It comes from all Americans regardless of party.

I have just made a check in my own home State and in my own district, and, believe it or not, the cost of the Federal Government today is running nearly 10 times as much as the cost of all State and local government activities combined. Each citizen of Ohio is now paying about 10 times as much to support the Federal Government and to meet the Federal budget as they pay in all forms of State and local taxes for all purposes, to run their State and local governments; to build highways and streets, to run their public schools and hospitals, and furnish other public service; provide police and fire protection. It is time we stop, look, and listen here in the Congress of the United States, or there are going to be a lot of missing faces, Members gone from here, on both sides of the aisle next year. The people are about ready, my friends, to vote the "ins" out if we do not do something about bringing an end to the present orgy of waste and extravagance.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Mississippi.

Mr. RANKIN. The gentleman said just a moment ago that we have given away \$28,000,000,000 to foreign countries since the close of the war. Is that not as much as the entire Federal Government cost during the first 100 years of its existence?

Mr. BROWN of Ohio. I do not remember just how much the Federal Government cost the first 100 years of its existence, but I do know one thing, and I can assure the gentleman from Mississippi, our Federal Government is costing entirely too much today. They know it back home, and everywhere they

are saying, "Why so many Federal officials? Why such a costly Government?"

Mr. RANKIN. Let me ask the gentleman another question. Is it not a fact that the United States Government owes more money than all the rest of the nations of the earth put together right now?

Mr. BROWN of Ohio. Oh, yes; and more than all of our property west of the Mississippi would bring on the public auction block, believe it or not. That is a terrible situation.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. In reading the bill, it must be rather cleverly written, because there are a good many blind spots in the bill.

Mr. BROWN of Ohio. Yes, there are a good many blind alleys in this bill.

Mr. MILLER of Nebraska. They strike out a comma and they strike out a period, and on page 4 they strike out words between the first and second provisos, and all through the bill you find that. It is not a complete bill.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Ohio.

Mr. VORYS. For the sake of brevity, the bill is drafted, as the gentleman mentioned, in accordance with the Ramseyer rule.

Mr. BROWN of Ohio. That is right, I believe.

Mr. MILLER of Nebraska. It is not possible to follow the bill or what the intent of the legislation is.

Mr. CLEVINGER. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Ohio.

Mr. CLEVINGER. I wonder if the gentleman will not concede, when he adds it up, that this peacetime year, 1951, what we are appropriating far exceeds the entire cost of the 8 years under Woodrow Wilson, including all of the cost of the first World War.

Mr. BROWN of Ohio. I believe that is correct. The gentleman is on the Committee on Appropriations and has those figures available to him.

I want to conclude by saying this: Every Member of this body should listen to the debate on this bill as much as and as long as he can, and every Member of this body should study it carefully. Perhaps you might even talk to some of the folks back home by telephone before you vote on some of these sections, and find out what the home folks think about it. You might be surprised to learn just how they do feel about it.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Georgia.

Mr. COX. As regards consulting with your constituents back home, I appreciate the propriety of procedure of that type, but here we are confronted with the necessity of acting now. My question to the gentleman is: Does he not feel that under the circumstances, hav-

ing a better knowledge of world conditions than people generally might be expected to have, or that people generally have, there is justification for a Member of this House, acting as a responsible representative of his people, to base his conduct upon what he conceives to be the needs of the country?

Mr. BROWN of Ohio. Certainly.

Mr. COX. In other words, this is an investment in national security.

Mr. BROWN of Ohio. At least it is claimed to be such.

Mr. COX. If there was justification for the first appropriation, then necessarily we must continue.

Mr. BROWN of Ohio. I agree with the gentleman fully that every Member of this body should vote as his judgment and conscience dictates. But I pray none of us ever reach the point where we think we know better as to what should be done on every subject than any of the people back home. Personally I want to talk to those people of my district who are well informed, and to have the benefit of their views, because I have learned from a lifetime of political experience that every now and then when you talk to somebody back home you get a fresh viewpoint, and every now and then they keep a fellow from making a fool of himself by doing something he should not do. So I want to consult with the folks back home, and I recommend it as a very, very good practice.

Mr. COX. Will the gentleman permit me to say that I am not in disagreement with what he says? I, too, seek and appreciate the views and advice of my constituents on public problems.

CALL OF THE HOUSE

Mr. MILLER of Nebraska. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore (Mr. PRIEST). Evidently a quorum is not present.

Mr. MILLS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names.

[Roll No. 114]

Abbott	Coudert	Hébert
Addonizio	Crawford	Heffernan
Allen, Ill.	Crosser	Heller
Andersen,	Curtis	Hinshaw
H. Carl	Dague	Hoffman, Ill.
Auchincloss	Davis, Tenn.	Holifield
Barden	Dawson	Horan
Baring	Dollinger	Irving
Barrett, Pa.	Dondero	James
Beall	Donohue	Jenison
Bennett, Fla.	Doughton	Jennings
Bennett, Mich.	Douglas	Jonas
Biemiller	Doyle	Kean
Blatnik	Engle, Calif.	Kearns
Bolton, Md.	Fernandez	Kelly, N. Y.
Brooks	Fugate	Keogh
Buckley, N. Y.	Fulton	King
Bulwinkle	Furcolo	Kirwan
Burdick	Gamble	Klein
Burton	Gilmer	Kruse
Byrne, N. Y.	Gore	Lane
Canfield	Granahan	Larcade
Carroll	Granger	Latham
Case, S. Dak.	Green	Lichtenwalter
Cavalcante	Hall	Linehan
Celler	Leonard W.	Lucas
Chatham	Halleck	Lyle
Chipherfield	Harden	McCarthy
Chudoff	Harrison	McCulloch
Clemente	Harvey	McGuire
Corbett	Hays, Ark.	McKinnon

Macy
Morrow
Miles
Monroney
Morgan
Morrison
Morton
Murphy
Nixon
Norrell
Norton
O'Neill
Peterson
Pfeifer,
Joseph L.
Pfeiffer,
William L.
Philbin
Phillips, Calif.
Phillips, Tenn.
Plumley
Potter

Poulson
Powell
Quinn
Reed, Ill.
Reed, N. Y.
Rhodes
Rich
Richards
Riehlman
Rivers
Rogers, Fla.
Rogers, Mass.
Sabath
Sadiak
Sadowski
Sasscer
Saylor
Scott,
Hardie
Scott,
Hugh D., Jr.
Shafer

Sheppard
Simpson, Pa.
Smathers
Smith, Ohio
Tackett
Taylor
Thompson
Towe
Wadsworth
Welchel
Whitaker
Whitten
Whittington
Wier
Wilson, Ind.
Withrow
Wolcott
Woodhouse
Worley
Yates

The SPEAKER pro tempore (Mr. PRIEST). On this roll call, 281 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ECONOMIC ASSISTANCE

Mr. COX. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, I am one of those who has consistently supported the Marshall plan since its inception, and I expect to continue to do so. The thing that disturbs me about the pending bill is title III, which is not a part of the Marshall plan. It is a plan described in the bill as one to furnish technological assistance to the nations of the earth. We ought to examine that very carefully before we embark upon an entirely new enterprise.

Mr. NICHOLSON. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. Is that the so-called point-4 program?

Mr. SMITH of Virginia. I think it is so described. I want to say that this bill, which is generally assumed to be the Marshall plan, has got a firecracker on its tail in the form of title III. We do not know just exactly what it is.

I was disturbed yesterday when the Rules Committee was considering title III, at which time I propounded some questions of members of the Foreign Affairs Committee. I read title III, and I could not find out what it was all about. I could not find out what it meant. I could not find out what it is proposed to do under this program. I asked a question of the member who was testifying at that time whether he could point out to me any limitation on that program that would prevent anybody that had anything to do with it from doing anything on the face of God's green earth they choose to do with that \$45,000,000, and the answer was no. If anybody can read title III and give an intelligent answer to the question, What does it do in practice? I would like for them to do so, and I yield at this time, because I am sorely disturbed about it.

As no one seems prepared to answer, I will proceed.

There has been some talk here today about the state of the Federal budget. We all know it is bad. I think we all know that in the past and up to the

present moment we have been indulging in a lot of foolishness with the people's money.

I think we ought to stop, look, and listen, and examine these things. For instance, the other day the Government put out a cookbook. Maybe some of you heard about the cookbook. That morning the papers said that it was going to be given away, free, and both of my telephones were clogged all day long. Now it has gotten around to where the mail is coming in about the cookbook, and my mail is now coming to me addressed as "Congressman HOWARD W. SMITH, Cookbook Department."

I do not think there is a single Member in this House that ever had the idea that the Government was going to spend \$75,000 of the taxpayers' money on this doggone cookbook. But that is just one example of what I might say, in all charity, is our carelessness in disposing of public money. Now, while we are doing that in the domestic field, I do not want to spread that into foreign fields. If you are going to embark on any new program to give our taxpayers' money away, I think that, at least, we Members of the House ought to be able to know specifically what we are going to give it for, how much we are going to give, when we are going to stop, and where we are going to stop.

This bill, in title III, is open at both ends. I do not know, it may be all right, and I may vote for it when the time comes, but I am not going to vote for it until I know what it is and where it is heading. That is just getting the nose under the tent. This is only \$45,000,000, but those of you who have been around here a long time know that when we start something new and we appropriate a small sum for it this year, next year a very plausible case can be made for showing that we need a whole lot more for this program, so that it grows and grows and grows. What I fear is that some persons in the back of their heads have the design that this thing, which is started this year, shall, when the Marshall plan runs out, take the place of the Marshall plan. So let us stop, look, and listen before we embark on a new plan of world relief.

Mr. REDDEN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from North Carolina.

Mr. REDDEN. I would like to say to the gentleman that I concur wholeheartedly in what the gentleman has said with respect to point 4 in this program. I do not think, in the first place, that it has any place in this program. But, in order to keep the record straight with reference to the cook books, I should like to say that it is not \$75,000,000, but a mere \$200,000.

Mr. SMITH of Virginia. Well, I do not know what it cost, but whatever it cost it cost too much.

May I conclude by just saying this, and this is all I started out to say: Let us examine this title III very carefully, and let us have the Committee on Foreign Affairs, who are responsible for this legislation being on the floor, tell us spe-

cifically just what this is about and let us know where we are going before we start.

Mr. COX. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Speaker, I am not going to discuss the pros and cons of this ECA bill at this time. I would just like to take up a remark made by the gentleman from Ohio [Mr. BROWN] that he is very proud and pleased with the fact that the State government of Ohio has kept its State and local expenses to one-tenth of what the people of Ohio send to the Federal Government. I am also proud of the fact that there is a good Democratic governor in Ohio. However, in my own State the situation is not quite so rosy. In my State, for every \$4 that go to the Federal Government in taxes the State government spends \$1 of tax money; in other words, we are about twice as badly off as the people of Ohio, as far as our State government is concerned. And I would just like to point out the significant difference between the States of Ohio and New York—there is a Republican governor and Republican-dominated legislature in the State of New York.

Mr. HERTER. Mr. Speaker, I yield myself 5 minutes; and I ask unanimous consent to insert at the conclusion of my remarks the text of an address I made on point 4.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HERTER. Mr. Speaker, I understand there is no objection to the granting of the rule on this bill, but I have taken these few minutes to discuss some of the subject matter of the bill which is very highly controversial.

As has been said here before, this bill, certainly insofar as the ECA program is concerned, is an investment in security. We may all have different points of view as to the success of that program and as to the amount that should still be contributed to carry it on, but I do not think there can be any argument about the fact that the initial purpose of the bill, or rather the initial purpose of the Marshall plan, was to bring about security to the United States by keeping the nations of western Europe from falling into the eventual chaos that would have resulted because of the Communist growth in those countries and the great degree of war destruction which had affected all of their economy.

Insofar as title II of this bill is concerned, there seems to be very little disagreement. The situation of the Arabs outside of Palestine and on the borders of Palestine is very distressing. This title might be considered a purely humanitarian title to take care of a very unfortunate situation, that I think all of us hope will be cleaned up before long.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Ohio.

Mr. VORYS. The gentleman described title II as a purely humanitarian measure. I think that if the gentleman and the House would reflect on where these refugee Arabs are located, and the strategic place in the world economy the Middle East and its products occupy, the gentleman would realize that this is much more than a humanitarian measure.

Mr. HERTER. I am very glad to have that correction. I think the gentleman is entirely correct on that.

The third title of this bill deals with point 4. I have just been granted unanimous consent to insert at the end of my remarks a speech I made a few days ago on that subject, called *The Facts and Fallacies About the Government's Point 4 Program*, in which I try to analyze in some detail exactly what form that program has now taken from a legislative point of view.

In my opinion, there was something very meritorious in the idea of trying to help the underdeveloped areas of the world to raise their standards of living, although from the outset the great fear I have had is that we were likely to embark on a program which could lead only to disillusionment and a program that was in no sense a sound program. Much of what I have tried to advocate in connection with the program is contained in the bill before us, although not everything I would like.

Certainly insofar as the amount of money that is authorized in title III is concerned, I think it is very excessive until the shape of this entire program is much better defined than it is at the present moment. However, I think this can be said now without going into details, that there are many areas of the world today that are a battleground, a battleground between the ideologies of our Communist friends and the ideology that we profess from the point of view of progress being made under free enterprise. Straight government-to-government loans are never going to cure that situation. We are never by a hand-out program going to do any effective job of raising people's living standards.

However, there is a great deal we can do in helping people to help themselves. As I understand the basic purpose of this program as now outlined, it is to try to help people to help themselves by giving them such technical knowledge as might help them to help themselves.

However, there is another phase of this that is to my mind even more important. There is absolutely nothing new in the development of underdeveloped areas. That has been going on for a hundred years, more than a hundred years. We have played a very conspicuous part in it during the last 50 years; in fact, we have today about \$17,000,000,000 invested in various areas of the world with varying degrees of underdevelopment, to try to help in that contribution. That is a process that is going to continue inevitably, anyway, unless we find those underdeveloped areas of the world taken over by Communist ideologies.

Clearly, anybody who is looking at the foreign scene objectively must realize

that the picture is a great deal darker than we like to think it. Certainly it has deteriorated markedly in the last 6 months. The battleground is actually more than a cold war; it is a very real war that is going on and that is taking place in every corner of the world.

We have the most tremendous stake in keeping many countries of the world from falling under Communist domination. We are not strong enough to do everything that might be done. That is impossible. We have to pick and choose. We have to stay within the means which will keep us strong. But in that process there are definite types of assistance which we can give through technical help. That does not mean squandering large sums of money. It merely means making available to those nations, so that they can help themselves, the kind of scientific assistance, assistance in administration and in agriculture and in public health, and the kind of assistance which will attract private capital to them for their own development which they cannot get without our help. It seems to me this program ought to begin on a much more modest basis than that which is outlined in this bill. But I think before rejecting this point 4, or this title III in the bill, the Committee on Foreign Affairs ought to explain it in great detail and we ought to go very slowly because there are too many corners of the earth hoping that we will at least give them just a little bit of help—and it should be a little bit of help—highly skilled technical help in order to pull them through these very difficult times.

Mr. JAVITS. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I yield.

Mr. JAVITS. Is it not a fact that this one title is designed to affect two-thirds of the people on earth, in terms of population?

Mr. HERTER. I do not think we should make any over-claims for it. I should make any other claims for it. I do think there are many areas of the world where the little that can be done under this particular title can be of the utmost importance in the major war which is going on today. For that reason I think it would be a very serious thing to reject all of title III without the most earnest consideration.

Mr. VORYS. Mr. Speaker, if the gentleman will yield, I am going to embarrass him because I wish to commend him to the House for his magnificent far-seeing statesmanship and his study of the development of undeveloped countries, part of his study being reflected in this legislation. I hope when the gentleman extends his remarks he will also place in the Record the organizations that are familiar with the problems of foreign investing and their views on the portion of this legislation which he has designed.

Mr. HERTER. I thank the gentleman very much. I will advise the gentleman that included in these remarks is a list of those organizations which have been working on this.

Mr. KUNKEL. Mr. Speaker, will the gentleman yield?

Mr. HERTER. I yield.

Mr. KUNKEL. Does the present proposal include some new commitments which were not contemplated at the time the original Marshall-plan aid was started? I understand it does.

Mr. HERTER. Title III of this bill has nothing whatever to do with Marshall-plan aid and is not intended for the 17 nations that are included under the Marshall-plan aid. It is intended to operate in other areas.

FACTS AND FALLACIES ABOUT THE GOVERNMENT'S POINT 4 PROGRAM

(Address by Hon. CHRISTIAN A. HERTER before the Economic Club of New York on March 7, 1950)

The now famous point 4 of President Truman's inaugural message of January 4, 1949, has been given such a variety of interpretations that I am glad to have this opportunity of adding still one more. My only justification for feeling that I can make any contribution on the subject is that I have spent a considerable amount of time during the past year examining testimony on the subject, sitting in a number of conferences with interested persons where it was being discussed, and following with considerable care the legislation which has been proposed to implement it.

Developing underdeveloped areas of the world is certainly not a new concept. A combination of adventurous spirits, plus capital, has been in the process of developing underdeveloped areas for many centuries. The contribution of the United States in this field has been very considerable during the past 50 years, and at the present time some \$17,000,000,000 of private American capital is invested in various sections of the world which are as diverse in their underdevelopment as Saudi-Arabia and Canada. In my judgment there are but very few corners of the world that are not susceptible of further development, and for that reason the use of the term "underdeveloped" must be thought of in a comparative sense only.

From the many discussions that have taken place during the last year, it has become obvious, I think, that the President's purpose in advancing what he called a bold new program was an effort to hasten and stimulate certain processes which would undoubtedly have taken place in time anyway, provided the destructive social and economic forces prevalent over a large area of the world did not engulf the balance of the world. From a purely political point of view, the formulation of this program appeared to be an effort to give to those peoples, whose standard of living is very much lower than ours, some hope that in the comparatively near future we could offer them more toward raising their standard of living than could be offered by the Communists.

In the world-wide ideological struggle which is taking place, I feel that such a concept and such a program deserves our full support. But the practical implementation of the program must be realistic, must be carried out in a thoroughly cooperative climate, and must hold out no hope that living standards can be raised or wealth produced except with hard work and over a considerable period of time. In fact, the program, insofar as it can be called a program, must be thought of in decades, not in months or years.

Soon after President Truman made his somewhat vague pronouncement, the Secretary of State, the Under Secretary of State, several Assistant Secretaries of State, and other high officials of the Government were called on to clarify the President's words and to outline in detail their own concept of the shape which a program of implementation should take. One theme has been reiterated consistently throughout their testimony;

namely, that the major role in the development of underdeveloped areas must come from private capital and the technological skills that go with private capital. There has been no suggestion of any new financing agency or use of public capital other than that already available to the Export-Import Bank or to the International Bank for Reconstruction and Development.

Three separate pieces of legislation have been advocated by the administration, one of which has passed the committee stage in both the Senate and the House, but has not yet been acted upon by either. The second has been reported in drastically amended form by the Foreign Affairs Committee of the House. And the third is still pending before the House Committee on Ways and Means.

The proposed piece of legislation which has been favorably reported by the Banking and Currency Committees of both branches of the Congress is legislation which would amend the charter of the Export-Import Bank so as to allow that bank to guarantee the convertibility into dollars of local currency profits on new United States investments in foreign countries, and likewise to guarantee the principal of such investments against expropriation by the nation in which they were made. There has been considerable controversy over the desirability of this legislation. It has been made clear in private conferences by responsible officials of the bank and of the government that the optional power given to the bank to make guarantees of the type authorized would be very sparingly used, and that, in fact, it would never be used except for investments made in countries which had already ratified sound investment treaties with the United States. To date there are very few of the later. In fact, insofar as I know, such investment treaties have been negotiated only with Uruguay, Eire, and Italy—and the later alone has been ratified.

It has been announced, however, that negotiations with many other countries for similar treaties are now being conducted, those which have been singled out for special mention being Brazil, Colombia, France, and India. These treaties all have for their purpose the guaranteeing on a reciprocal basis of fair and reasonable treatment of capital investments on the part of both nations, as well as fair and reasonable treatment in the management of properties which might be developed within those countries by the capital of the other country. Even these assurances which have been given still leave serious doubts in the minds of American investors who have already staked their capital in these foreign countries as to whether or not new investments, if guaranteed, would not be given a preferred position over the old investments, and thus establish an unfortunate precedent.

In my own opinion, this particular piece of legislation should be amended by having written into the law itself the assurances privately given by responsible officials that these guarantees would not be placed on investments except in countries which have signed satisfactory bilateral agreements, and also by inserting a provision that the bank, in later converting foreign currencies which it may have received for dollars, should receive no priorities over existing investments. Even if these amendments should be adopted, I have some doubts as to how greatly such guarantees would be resorted to or how effective they might be in stimulating foreign investment. Certainly the guaranty provisions written into the last two authorization acts for the European recovery program have led to the writing of less than \$5,000,000 in guarantees out of authorizations of 450 millions for this purpose.

The second piece of legislation deals with the furnishing of technical assistance. In my opinion, it is almost impossible to spell out in legislative form just how technical as-

sistance can or should be given. In recent months, three entirely different types of technical missions have been trying to render technical assistance in three different countries.

The first was of an entirely private nature. The Government of Iran contracted with a group of distinguished engineering concerns operating under the name of Overseas Consultants, Inc., to make an over-all study at the expense of that government of the various steps which should be taken in Iran to increase its productivity and raise its standard of living. Overseas Consultants has completed a very comprehensive report outlining a seven-year program which includes not alone recommendations for economic development but for sanitation, irrigation, agricultural development, transportation, etc.

The second type of mission is one recently sent by the World Bank to Colombia. This mission, paid for half by the Colombian Government and half by the bank, consisted of experts selected by the bank who were joined by representatives of the International Health Organization and the Food and Agriculture Organization of the United Nations, and a representative of the United States Treasury. The report of this mission is still being drafted, but from the fourth report of the World Bank recently made public, it is obvious that its scope will be quite wide.

The third type of technical assistance mission is of the type best exemplified by the so-called Abbink Mission to Brazil. In this case, at the request of the Brazilian Government, a joint mission consisting of an equal number of Brazilian and United States citizens, of which Mr. John Abbink was the American chairman, made an over-all study of the most urgent financial and economic needs of Brazil and came up with a number of joint recommendations. In many cases, those recommendations include suggestions for further studies by special technicians, as well as for essential domestic legislative changes in Brazil so as to create in that country a climate more favorable to foreign investment.

It is obvious from the diverse character of these different types of missions that any legislation would have to be so broadly drawn as to allow the greatest flexibility in suiting the type of mission to the different problems and needs of individual areas of the world.

As redrafted by the House Committee on Foreign Affairs, the legislation dealing with technical assistance, but called the act for international development, represents a compromise of views between a bill initially filed last year by the administration and one which I filed shortly thereafter. My own bill was a rather hastily drafted composite of the views which had been expressed on this subject by the National Foreign Trade Council, the United States Chamber of Commerce, the American members of the International Chamber of Commerce, and various individuals who had had great experience in the foreign investment field. While the principal purpose of this compromise bill is to authorize the granting of technical assistance in different fields, either through bilateral arrangements or through the use of international bodies affiliated with the United Nations or the organization of the American States, to such foreign governments as request it, it likewise spells out in some detail the role which private capital, private individuals, and private organizations can play and the conditions which would create a climate suitable for the investment of private capital. For instance, let me quote some of the pertinent passages:

"Sec. 2. (c) Technical assistance and capital investment can make maximum contribution to economic development only where there is understanding of the mutual advantages of such assistance and investment

and where there is confidence of fair and reasonable treatment and due respect for the legitimate interests of the peoples of the countries to which the assistance is given and in which the investment is made and of the countries from which the assistance and investments are derived. In the case of investment this involves confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will negotiate adequate wages and working conditions for local labor. It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation; that they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.

"Sec. 3. (b) That in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes, shall take into consideration (1) whether the assistance applied for is an appropriate part of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned; (2) whether any works or facilities which may be projected are actually needed in view of similar facilities existing in the area and are otherwise economically sound; and (3) with respect to projects for which capital is requested, whether private capital is available either in the country or elsewhere upon reasonable terms and in sufficient amounts to finance such projects."

It is in the statement with respect to those latter matters that I feel the bill is of particular importance. The mere authorization to send technical assistance where wanted throughout the world could do very little in itself toward raising the standards of living of underdeveloped nations. Very real help could be given in the fields of sanitation, education, labor, agriculture, administration, etc., but, in the long run, increased productivity must be the deciding factor. That productivity can come only through a given amount of capital investment plus the technical know-how or technical skills which go with capital investment, and the bill, as now reported by the committee, while defective in some minor particulars, goes far toward spelling out for all to see the minimum conditions under which any reasonable person could expect American capital to seek investment outside the shores of the United States.

The third piece of legislation is now being studied by the Ways and Means Committee. It is based on the President's recommendations which appeared in the recent tax message with respect to altering our own tax laws in order to give proper credits for taxes levied on American investments abroad. Until the exact text of the legislation can be examined, it is hard to comment on it. But, in general, the proposals made by the President appear to be equitable and should be helpful in removing some of the present tax deterrents to foreign investments.

So far, I have addressed myself only to the factual elements in the point 4 program as they have been revealed through legislative proposals. Some of the details that appear in the legislation are of importance. However, in the limits of this discussion, it is

impossible to go into each one of these details:

Some people have felt, and so stated publicly, that they believed the point 4 program would be the medium by which a foreseeable dollar gap of some \$2,000,000,000 per year after 1952 might be filled. This, it seems to me, is an impossible assumption on the basis of any of the official statements or the legislation so far advanced. Private capital will move only to the extent that it feels it has better opportunities in the foreign field than in the domestic field, and, obviously, the volume of that foreign investment will be conditioned more largely by the climate which exists in foreign countries and the performance of foreign governments than by any action which the United States Government can take.

Aside from the movement of private capital, there remains only the volume of financing which might be done by the Export-Import Bank or by the World Bank. It is, in my opinion, obvious from the record of these two financial institutions that they cannot and will not make loans except where there is a reasonable chance of repayment, and judging from their financial operations in the last 3 years, I assume that they will exercise very much the same degree of caution as will private capital. Certainly, as I have indicated, technical assistance in the field where capital investment is not required can be most helpful, but even there there is a limit as to what can be done. Progress in the fields of health, education, etc., will again depend largely on the receptivity of the individual nations or areas of the world and on the willingness and ability to help finance internally the various domestic activities upon which the success of such programs are dependent.

In summary, I believe that I can express my views with respect to this point 4 program very simply. I believe that it is a program of sufficient importance in our world situation to attract the best Government and private brains that can be applied to it. Second, I believe that no illusions whatever should be held out that it is going to be a large-scale, give-away program or anything other than a long-term program. Third, that its success is dependent entirely on the attitude which recipient countries themselves adopt with respect to it, not alone in their attitude toward private-capital development, but likewise in the formulation of their own domestic legislation in order to encourage increased productivity. It is not a program we can impose or should try to impose on anyone. It is, however, a program in which our willing cooperation with the capital and the skills that we possess might well make a decisive contribution in the winning of the long-run ideological war from which there now appears to be no escape.

The SPEAKER pro tempore (Mr. PRIEST). The time of the gentleman from Massachusetts [Mr. HERTER] has expired.

Mr. HERTER. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. MARTIN].

Mr. MARTIN of Iowa. Mr. Speaker, when the gentleman from Ohio [Mr. Brown] spoke a little while ago I decided to follow up his admonition to write home. I will tell you of a little writing home that I have done. I wanted to find out what the thinking was in my district on 27 important issues including Marshall plan aid and aid to civilians abroad. I took all the farmers who have requested farm bulletins during the past 3 years. As my district is very evenly divided between town and rural, I took every fifth householder in all the cities

in my district. I used the city directories and telephone directories where city directories were not available. Then I added the baby book list of the last 3 years, to get the young family point of view. I did not add any names or deduct any. I send out 25,000 questionnaires and later I sent out 200 additional questionnaires in response to special requests for them. Dr. Gallup estimated that I would receive 2,000 replies. I have received 4,185 replies. I will give you now the total on Marshall plan aid in my district:

The number voting for Marshall plan aid to be continued is 2,118; opposed, 1,392.

Question: Should Marshall plan aid be reduced? Those for reduction were 2,970. Those opposed, 544.

On foreign aid to civilians—a more general program, the vote for cutting down Federal spending was 2,635 to 203.

I believe that is about as fair a picture as you can get from a Midwest district where no names were deducted or added. That list was straight down the line, a list of every fifth householder in the cities and towns, and all the farmers who had ordered farm bulletins and all the parents of babies whose births were announced in my district. That is the actual tabulation of returns, and they give some light on my position for cutting down spending in this field.

The SPEAKER pro tempore. The time of the gentleman from Iowa has expired.

Mr. HERTER. Mr. Speaker, I yield 1 minute to the gentleman from Colorado [Mr. HILL].

Mr. HILL. Mr. Speaker, according to the Bureau of Mines, the Interstate Commerce Commission, and the Bureau of Labor Statistics, injuries in the bituminous coal industry are far less per thousand man-hours worked than in either the railroad industry or manufacturing.

Using 1935-39 as a base of 100, coal miners' hourly earnings increased by 1949 to 230, while production of man-hours went up to 145.

The Bureau of Labor's figures show that from 1940 consumer prices had climbed from 100 to 172 by 1949. Wages in all manufacturing jumped about 220. But the wages of the coal miners advanced to 300.

In 1939, weekly wages in all manufacturing in this country were \$23.86, but the coal miners received \$23.88. By 1949, average weekly wages in all manufacturing reached \$54.41. Coal miners were getting \$76.84. Only 3 percent of our population is employed in the coal-mining industry.

In the United States, 95 percent of our source of energy is represented in coal reserves, the Economic Trend Line Studies reveals. Today, coal supplies about 56 percent of our national source of energy, petroleum 25 percent, and natural gas 7 percent. In the last 20 years, coal consumption has fallen off about one-third, while petroleum increased 500 percent and natural gas about that same amount.

In Colorado, it is estimated there is enough coal to supply world demands for the next 600 years. All of the coal mined in the United States in the last

100 years is a bare 1 percent of the known reserves.

These facts explode some of the arguments advanced by John L. Lewis who has exploited the public and his miners for his own selfish interests.

The Government has bowed to his ruthless, monopolistic power. His demands were met by increasing the price of coal to the consuming public. Peace was achieved in the coal strike at the consumers' expense.

I agree there should be no quarrel with men who are earnestly and fairly striving to improve working conditions under our economic system. But when they exploit the people, the public interest comes first.

(Mr. HILL asked and was given permission to revise and extend his remarks.)

Mr. COX. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered. The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. KEEFE. Mr. Speaker, I make the point of order that a quorum is not present.

Mr. WILLIAMS. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER pro tempore. The gentleman from Mississippi objects to the vote on the ground that a quorum is not present. The Chair will count. [After counting.] Evidently a quorum is not present. The roll call is automatic. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 262, nays 22, answered "present" 1, not voting 146, as follows:

[Roll No. 115]

YEAS—262

Abernethy	Case, S. Dak.	Fellows
Albert	Chelf	Fenton
Allen, Calif.	Chesney	Fernandez
Allen, La.	Christopher	Fisher
Andrews	Cole, Kans.	Flood
Angell	Cole, N. Y.	Fogarty
Arends	Colmer	Forand
Aspinall	Combs	Ford
Barrett, Wyo.	Cooley	Frazier
Bates, Ky.	Cooper	Garmatz
Bates, Mass.	Cotton	Gary
Battle	Cox	Gathings
Beckworth	Crook	Gavin
Bentsen	Crosser	Gillette
Biemiller	Cunningham	Golden
Blackney	Davenport	Goodwin
Blatnik	Davis, Ga.	Gordon
Boggs, Del.	Davis, Wis.	Gorski
Boggs, La.	Deane	Gossett
Bolling	DeGraffenried	Graham
Bolton, Ohio	Delaney	Grant
Bonner	Denton	Gregory
Bramblett	D'Ewart	Gross
Breen	Dingell	Gwinn
Brehm	Dolliver	Hagen
Brown, Ga.	Dondero	Hale
Brown, Ohio	Durham	Hall
Bryson	Eaton	Edwin Arthur
Buchanan	Eberhart	Hand
Burleson	Elliott	Hardy
Burnside	Ellsworth	Hare
Byrnes, Wis.	Elston	Harris
Camp	Engel, Mich.	Hart
Cannon	Engle, Calif.	Havenner
Carnahan	Evins	Hays, Ohio
Carroll	Fallon	Hedrick
Case, N. J.	Feighan	Herlong

Herter	McGregor	Ribicoff
Heseltun	McKinnon	Rodino
Hill	McMillan, S. C.	Rooney
Hinsaw	McMillen, Ill.	Roosevelt
Hobbs	McSweeney	St. George
Hoeven	Mack, Ill.	Sanborn
Hollfield	Mack, Wash.	Sasser
Holmes	Madden	Scrivner
Hope	Magee	Scudder
Howell	Mahon	Shelley
Huber	Mansfield	Sikes
Jackson, Calif.	Marsalis	Simpson, Ill.
Jackson, Wash.	Marshall	Sims
Jacobs	Martin, Iowa	Smith, Va.
Javits	Martin, Mass.	Spence
Jenkins	Meyer	Stagers
Jennings	Michener	Stanley
Jensen	Miller, Calif.	Steed
Johnson	Miller, Md.	Stefan
Jones, Ala.	Miller, Nebr.	Stigler
Jones, Mo.	Mills	Stockman
Jones, N. C.	Mitchell	Sullivan
Judd	Moulder	Sutton
Karst	Murdock	Talle
Karsten	Murray, Tenn.	Tauriello
Kearney	Murray, Wis.	Thomas
Keating	Nelson	Thornberry
Kee	Nicholson	Tollefson
Keefe	Noland	Trimble
Kelley, Pa.	Norblad	Underwood
Kennedy	O'Brien, Ill.	Van Zandt
Kerr	O'Brien, Mich.	Vorys
Kilburn	O'Hara, Ill.	Vursell
Kilday	O'Sullivan	Wagner
King	O'Toole	Walsh
Kirwan	Passman	Walter
Kunkel	Patman	Welch
Lanham	Patten	Wheeler
LeCompte	Patterson	Whitten
LeFevre	Perkins	Wickersham
Lemke	Phillips, Calif.	Widnall
Lesinski	Poage	Wier
Lind	Polk	Willis
Lodge	Preston	Wilson, Okla.
Lovre	Price	Wilson, Tex.
Lynch	Priest	Winstead
McCarthy	Rabaut	Wolverton
McConnell	Ramsay	Wood
McCormack	Redden	Young
McDonough	Rees	Zablocki
McGrath	Regan	

NAYS—22

Andresen,	Morris	Smith, Wis.
August H.	O'Hara, Minn.	Velde
Bishop	O'Konski	Werdel
Clevenger	Pickett	White, Calif.
Hoffman, Mich.	Rankin	Williams
Hull	Secret	Withrow
Marcantonio	Short	Woodruff
Mason	Smith, Kans.	

ANSWERED "PRESENT" 1

Bosone

NOT VOTING—146

Abbitt	Dawson	Latham
Addonizio	Dollinger	Lichtenwalter
Allen, Ill.	Donohue	Linehan
Andersen,	Doughton	Lucas
H. Carl	Douglas	Lyle
Anderson, Calif.	Doyle	McCulloch
Auchincloss	Fugate	McGuire
Bailey	Fulton	Macy
Barden	Furcolo	Marrow
Baring	Gamble	Miles
Barrett, Pa.	Gilmer	Monroney
Beall	Gore	Morgan
Bennett, Fla.	Granahan	Morrison
Bennett, Mich.	Granger	Morton
Bolton, Md.	Green	Multer
Boykin	Hall	Murphy
Brooks	Leonard W.	Nixon
Buckley, Ill.	Halleck	Norrell
Buckley, N. Y.	Harden	Norton
Bulwinkle	Harrison	O'Neill
Burdick	Harvey	Pace
Burke	Hays, Ark.	Peterson
Burton	Hebert	Pfeifer
Byrne, N. Y.	Heffernan	Joseph L.
Canfield	Heller	Pfeiffer
Carlyle	Hoffman, Ill.	William L.
Cavalcante	Horan	Philbin
Celler	Irving	Phillips, Tenn.
Chatham	James	Plumley
Chiferfield	Jenison	Potter
Chudoff	Jonas	Poulson
Clemente	Kean	Powell
Corbett	Kearns	Quinn
Coudert	Kelly, N. Y.	Rains
Crawford	Keogh	Reed, Ill.
Curtis	Klein	Reed, N. Y.
Dague	Kruse	Rhodes
Davies, N. Y.	Lane	Rich
Davis, Tenn.	Larcade	Richards

Riehlman	Sheppard	Welchel
Rivers	Simpson, Pa.	Whitaker
Rogers, Fla.	Smathers	White, Idaho
Rogers, Mass.	Smith, Ohio	Whittington
Sabath	Taber	Wigglesworth
Sadlak	Tackett	Wilson, Ind.
Sadowski	Taylor	Wolcott
Saylor	Teague	Woodhouse
Scott, Hardie	Thompson	Worley
Scott,	Towe	Yates
Hugh D., Jr.	Vinson	
Shafer	Wadsworth	

So the resolution was agreed to.

The Clerk announced the following pairs:

Until further notice:

Mr. Gilmer with Mr. Allen of Illinois.
 Mrs. Douglas with Mr. Auchincloss.
 Mr. Murphy with Mr. Canfield.
 Mr. Morrison with Mr. Chipfield.
 Mrs. Woodhouse with Mr. Coudert.
 Mr. Chudoff with Mr. Dague.
 Mr. Clemente with Mr. Taber.
 Mrs. Kelly of New York with Mr. Welchel.
 Mr. Heller with Mr. Kean.
 Mr. Dollinger with Mr. Bennett of Michigan.
 Mr. Keogh with Mr. Macy.
 Mr. Lucas with Mr. McCulloch.
 Mr. Smathers with Mr. Gamble.
 Mr. Baring with Mr. Simpson of Pennsylvania.
 Mr. Joseph L. Pfeiffer with Mr. Reed of New York.
 Mr. Klein with Mr. William L. Pfeiffer.
 Mr. Bennett of Florida with Mr. Wigglesworth.
 Mr. Whitaker with Mr. James.
 Mr. Sheppard with Mr. Crawford.
 Mr. Green with Mr. Burdick.
 Mr. Granahan with Mr. H. Carl Andersen.
 Mr. Barrett of Pennsylvania with Mr. Mor-ton.
 Mr. Addonizio with Mr. Potter.
 Mr. McGuire with Mr. Reed of Illinois.
 Mr. O'Neill with Mr. Taylor.
 Mr. Quinn with Mr. Towe.
 Mr. Irving with Mr. Hugh D. Scott, Jr.
 Mr. Sadowski with Mr. Leonard W. Hall.
 Mr. Burton with Mr. Halleck.
 Mr. Miles with Mr. Beall.
 Mr. Burke with Mr. Anderson of California.
 Mr. Celler with Mr. Latham.
 Mr. Chatham with Mr. Rich.
 Mr. Donohue with Mr. Riehlman.
 Mr. Philbin with Mr. Shafer.
 Mr. Lane with Mr. Wadsworth.
 Mr. Kruse with Mr. Wolcott.
 Mr. Linehan with Mr. Kearns.
 Mr. Morgan with Mr. Jenison.
 Mr. Multer with Mr. Hoffman of Illinois.
 Mr. Tackett with Mrs. Harden.
 Mr. Thompson with Mr. Hardie Scott.
 Mr. Vinson with Mr. Harvey.
 Mr. Pace with Mr. Jonas.
 Mr. Abbitt with Mr. Wilson of Indiana.
 Mr. Harrison with Mr. Sadlak.
 Mr. Hays of Arkansas with Mrs. Rogers of Massachusetts.
 Mr. Hébert with Mr. Corbett.
 Mr. Heffernan with Mr. Lichtenwalter.

Mr. WERDEL and Mr. VELDE changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

Mr. HOFFMAN of Michigan. Mr. Speaker, yesterday the minority members of the Committee on Expenditures in the Executive Departments obtained permission to file their views not later than midnight Saturday. In view of the fact that a number of members of the minority are out of the city, I ask unanimous consent that the minority may file their views not later than Tuesday night.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

FOREIGN ECONOMIC ASSISTANCE

Mr. KEE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7797) to provide foreign economic assistance.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 7797, with Mr. HARRIS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. KEE. Mr. Chairman, I yield myself 25 minutes.

Mr. Chairman, your Committee on Foreign Affairs, after a series of hearings extending over a period of many weeks, has today brought to the floor of the House for your consideration an all inclusive Foreign Economic Assistance Act; that is the title by which the bill H. R. 7797, now before you, will be cited, if and when it is approved and becomes an act of the Congress.

The word "economic" was used in the title for the reason that it was the intent of your committee to deal in this act with economic aid alone, as distinguished from military assistance. The committee also desired to include in this single measure all programs for economic aid now being carried forward in participating countries throughout Europe and Asia, and to include also, if possible, any contemplated programs for that area.

With this purpose in view, the bill before you carries three separate titles under which is included authorizations for a continuance of the operations of the United States Government in the field of foreign relief, aid, and development. As stated, no military aid nor military assistance is provided for nor authorized.

TITLE I

This title will be cited as "The Economic Cooperation Act of 1950," and it will be at once noted that it deals only with economic assistance programs heretofore authorized and now being carried on by the ECA organization in European and Asiatic areas.

Under this title the following will be authorized:

First. The continuation of the activities of the ECA, otherwise known as the Marshall plan for European recovery. This will mean there will be no halt or cessation in the coordinated effort of the 17 participating nations of Europe, aided and assisted by the United States, to effectuate the recovery of these nations from the ravages of war and to establish conditions favorable to a lasting peace.

Second. This title also provides for the amendment of Public Law 793, Eightieth Congress, known as the China Aid Act, by extending from June 30, 1950 to June 30, 1951, the time in which may be expended the unexpended balance yet remaining of the appropriation made by

that act for aid to China. About \$104,-000,000 of this appropriation has not been used up to this date. Under this title, this money is authorized to be used as follows:

(a) Forty million dollars for aid according to the applicable provisions of the ECA Act in areas in China deemed by the President not to be under Communist domination;

(b) Six million dollars for aid to Chinese students in colleges and universities of the United States;

(c) The remainder to be used for aid according to applicable provisions of the ECA Act, of 1948, in the general area of China where the Communists are not in domination; this latter aid to be under supervision of the ECA.

Third. Also under title I is a provision to amend the Far Eastern Assistance Act of 1950, which is the Korean Aid Act just recently passed by this Congress, by extending it from June 30, 1951 to June 30, 1952, and authorizing the appropriation of \$100,000,000 to carry forward the Korean-aid program for that period.

Section 5 of title I carries an expression by Congress to the effect that it favors the creation by the free countries of the Far East of an organization, consistent with the Charter of the United Nations, to establish a program of self-help and cooperation to develop their economic well-being and to safeguard their rights, liberties, security, and independence.

Before proceeding to an explanation of titles II and III of the bill and what they will accomplish, I feel that I should at this point discuss for a few moments the vast importance of title I, not only to the participating countries, but to our country—the United States of America—and to the entire world. It is upon the appropriation authorized by a provision in this title that depends the success or failure of that great plan conceived by the brain of Gen. George C. Marshall; upon this title depends the success or failure of that first real union of European nations ever accomplished throughout Europe's stormy history; upon this title depends the final answer to that question now evidently uppermost in the minds of a large number of American citizens and taxpayers, Can the Communists be stopped in their march of aggression and conquest? The action of Congress on title I of the pending bill will determine whether or not the United States intends to continue its successful fight against the Communists—a fight which today has them stopped in their tracks—or whether it intends to abjectly retreat from the field, while the battle is on and half won, and sacrifice everything we have so far spent in the effort.

As drafted and introduced in the House, title I of the bill authorized the appropriation of the sum of \$2,950,000,-000 to carry the Marshall program through the ensuing year. Our committee considers this sum justified by evidence of great strength and unimpeachable character. In fact, this evidence was in no respect controverted. It stands as a verity. Therefore, according to the evidence, the natural assumption would be that the committee would

authorize an appropriation—as it had done in the past—of the amount shown to be necessary, in cash, to be used to the best advantage when required.

But, I wish to call your attention to the fact that this was not done. The bill being considered here today carries an authorization of \$1,950,000,000, instead of the \$2,950,000,000 determined to be needed. That the latter sum is needed was conceded, but, instead of authorizing it in the usual manner, an amendment—to which I was opposed—was adopted, under which \$1,000,000,000 worth of surplus agricultural products will be unloaded on the Administrator of the program, and the appropriation was cut by that amount.

I am frank in saying that, in my opinion, the amendment is bad. I believe its proponents must admit that it will not result in the saving of a single dollar to the American taxpayer.

In order to make my position clear, however, I want to announce that while I opposed the amendment and believe it will cripple the measure, I do not believe it will destroy it. With or without the agricultural commodity amendment, I am supporting the bill in its entirety.

TITLE II

May I now turn to title II of the measure. This title deals with the problem of the Palestine refugees, or, as it should, perhaps, be better expressed, the refugees from Palestine.

This title will be cited as the United Nations Palestine Refugee Aid Act of 1950.

This problem resulted from the division of Palestine, the hostilities between the Jews and the Arabs, and the establishment of the new State of Israel. These events caused the flight of many thousands of Arabs from Palestine to the surrounding or neighboring Arab states. As early as September 1948, the serious plight of the refugees was reported to the General Assembly of the United Nations. At that time, there were 360,000 of them in need of assistance. By October this number had grown to 500,000. The General Assembly took action by establishing a program called United Nations Relief for Palestine Refugees. To this program, the cost of which it was estimated would be \$32,000,000, the United States undertook to contribute one-half. On March 24, 1949, authorizing legislation reported by the Foreign Affairs Committee was enacted and on June 23, 1949, the sum of \$16,000,000 was appropriated. To this fund, other member nations of the United Nations contributed \$17,000,000, thus creating an aggregate fund of \$33,000,000, with which to care for the refugees. With this fund, upward of 900,000 refugees have been fed to this date. The fund is now exhausted.

In August 1949, the United Nations established a survey mission for the Middle East. This mission was headed by Mr. Gordon Clapp, who was given leave from his duties with the Tennessee Valley Authority, for this service.

This mission has made a lengthy report of its findings. It recommends a combined relief and works program. Incidentally, Mr. Clapp testified before the Committee on Foreign Affairs, and the

members of the committee were impressed by his sincerity, his ability, and his knowledge of the conditions in the Arab countries around Palestine and of the refugee problem.

In its report on the pending bill the committee has dealt in detail with the recommendations of the Commission headed by Mr. Clapp, as well as with the combined relief and works program proposed by the Commission and recommended by the General Assembly of the United Nations.

The provisions in title II of the bill and the appropriation of \$27,450,000, thereby authorized, will, when the appropriation is supplemented by the contributions from other member nations, enable the carrying out of the recommended relief-works program.

Evidence before the committee not only indicated that the work program would be the only reasonable solution of the problem before us, but the testimony clearly indicated the desperate need for a continuance of direct relief to the refugees until the work program could be inaugurated.

Time will not now permit a discussion of the strategic importance to the United States of the Near East area, but this phase of the situation was stressed in the evidence before the committee.

TITLE III

Title III deals with what is generally and popularly known as the President's point 4 program.

I have heard many conflicting views expressed in regard to this proposal. I have even heard it condemned as one without merit, but it can be truly stated that during all my years of experience as a member of the Foreign Affairs Committee, I have never known a hearing upon any other measure to attract a greater attendance of apparently deeply interested listeners. It can also be said that but few, if any, measures ever referred to this committee have had as many and as strong supporters as the point 4 program. And this support comes from men and women in all walks of life and from organizations representative of nearly everything except communism. The record of the committee hearings discloses an overwhelming support and a surprising minimum of opposition.

No party lines have been drawn in respect to point 4. A bill authorizing the initiation of the proposed program was originally introduced by the Member now addressing you. Objections to some of the bill's provisions were raised by various interested persons. Other persons favored the inclusion of other provisions they deem necessary to perfect the measure. All of us wanted the legislation to be as perfect in its provisions as it could possibly be made. Various conferences were held and changes and revisions were agreed upon.

Thereupon, two separate but identical bills were introduced in the House on the same day, one by the gentleman from Massachusetts [Mr. HERTER], and the other by the gentleman from West Virginia, your humble servant. The identical language of these two bills is incorporated, without change or revision, in

title III of the bill now before the House. Our committee was glad to note the interest of the distinguished gentleman from Massachusetts in the measure and our Members were happy to have his counsel and advice. We likewise deeply appreciated his assistance in perfecting a measure which I hope will now meet with the approval of the House even as it at once met with the approval of the committee.

With that I shall leave the further discussion of title III to other speakers, among whom I trust, will be the gentleman who so signally aided in perfecting a splendid piece of legislation.

You can all very well understand that the nationals of China, the students of whom I spoke in discussing the extension of the China Aid Act, are in a bad situation and need help.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield.

Mr. WALTER. Does not the gentleman feel that this situation is of such gravity that perhaps we should enact some legislation so as to make it possible for these Chinese, pending such time as they can return to their homeland, to be gainfully employed in the United States?

Mr. KEE. That has been one of the problems, and it was a problem when this situation occurred. They did not make enough money to live on and could not get anything from China. They were not permitted employment in this country. So all we could do was to allocate something out of the former appropriation made for aid to China. So we seek to provide this \$6,000,000 which has not been used.

Mr. WALTER. Mr. Chairman, will the gentleman yield further?

Mr. KEE. I yield.

Mr. WALTER. That being the case, does not the gentleman believe it would be preferable to make it possible for them to earn a living rather than have the Congress continue to make appropriations, pending such time as they can return with safety?

Mr. KEE. I think that would be a wise solution.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Minnesota.

Mr. JUDD. I am delighted to hear the suggestion from the gentleman from Pennsylvania, who is chairman of the Subcommittee on Immigration and Naturalization matters, because that is the proper way to handle it. We are up against the situation where these people are here. They do not want to go back and become Communists and have their skills made available to our enemy, and we do not want that to happen. We know what has happened in the past. These students come from families whose members have resisted the Communists and they are marked men if they return and do not cooperate.

Under our laws, unfortunately, they cannot be given employment in this country. The result is, that being without funds from home, they are literally starving to death. It is an actual fact that one of these students who came

from a dignified family and was too proud to report his condition to welfare authorities, literally starved to death in this country within the last few months.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield.

Mr. WALTER. The thing that disturbs me most about this problem is, as the gentleman from Minnesota says, that in many instances these students come from families who have actually opposed communism, and to force them to return to China would be to send them to certain death.

Mr. KEE. That is right.

Mr. WALTER. I had my attention called to other students who graduated last year who have been offered employment, men well qualified as chemists and workers in technical fields, but they have been unable to take employment under our laws.

Mr. JUDD. That is right. I am told that the Commissioner of Immigration and Naturalization will treat these boys as displaced persons and not deport them, but the sad part of it is that they have no way of supporting themselves. Under our present laws they cannot get jobs.

Mr. KEE. That is true. This provision will not require any new appropriation, but affords them relief out of money already appropriated and available for that purpose.

Mr. WOLVERTON. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield.

Mr. WOLVERTON. In connection with what has already been said by the gentleman from Pennsylvania with reference to the situation that confronts the Chinese who are in this country at this particular time, the remarks so far have related to students. What feeling does the gentleman from Pennsylvania have as to what should be done to protect Chinese who are in this country for a limited space of time, particularly against the requirement that they be returned to their own country at this time?

Mr. KEE. If the gentleman from Pennsylvania desires to answer that briefly, I yield to him.

Mr. WALTER. It seems to me they are in the same category as political expellees throughout the world.

Mr. WOLVERTON. Just a further remark in that connection. I am aware of the fact that the Immigration Service is serving notice on the Chinese at the present time to return to their country. We are all agreed that the conditions are such they cannot return with any degree of safety.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Idaho.

Mr. WHITE of Idaho. Section 5, on page 13, states as follows:

SEC. 5. The Congress hereby expresses itself as favoring the creation by the free countries and the free peoples of the Far East of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual co-operation designed to develop their economic and social well-being, to safeguard basic

rights and liberties and to protect their security and independence.

Does the gentleman think that policy of Congress is being carried out at the present time in Indochina, where the people are struggling for their freedom and the French are sending expeditions in there, airplanes and everything else, to destroy those people and to destroy their liberty? Does the gentleman think we are carrying out that policy?

Mr. KEE. That is an expression of a pious hope on the part of the committee. It is a hope, however, that the passage of this legislation may speed to fulfillment.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Wisconsin.

Mr. KEEFE. Would the gentleman discuss the statement that has repeatedly been made by the Administrator, Mr. Paul Hoffman, to the effect that industries which are affected in the United States as the result of the competition of goods manufactured in these Marshall-plan countries will either have to change their methods in this country or get out of business, or get into a business that will enable them to compete. Was that question discussed before the gentleman's committee, and does the gentleman care to comment upon that statement by Mr. Hoffman, which, by the way, he verified as being made repeatedly in personal conversations which I had with him? I would like to ask whether or not the committee considered the question as to what is going to happen.

Mr. KEE. I do not know, frankly, whether or not the statement made by Mr. Hoffman is in the exact words quoted by the gentleman. I have not seen it that way.

Mr. KEEFE. Well, it has been reported in the press.

Mr. KEE. I am willing to take the gentleman's word for it. But we have discussed the question, and it is conceded that to the extent that the importation of goods is increased from these countries into the United States in competition with manufactured goods in the States there will be competition, and, so far as I can see, there is no way to avoid a certain amount of that competition. If we expect Europe to buy goods from us, they must be placed in a position to earn dollars with which to pay for the goods. If we cannot establish an export market, we might as well go out of business, and therefore we must stand for a certain amount of competition in this country.

Mr. KEEFE. In connection with that discussion, was there any proposal submitted that had for its purpose the subsidization of an American industry that is threatened with extinction due to being unable to compete with the goods which are manufactured over in foreign countries, being aided under the Marshall plan?

Mr. KEE. I do not believe we discussed the question of subsidizing any industry.

Mr. KEEFE. Do I understand the gentleman's position then is, speaking for the committee, that if there is an American industry which is threatened with extinction because of its inability to compete with goods manufactured in Marshall-plan countries, that that industry must suffer; and if not cannot compete, it will have to get into another type of business or go out of business?

Mr. KEE. I took no such position, and the gentleman did not understand that I took such a position.

Mr. KEEFE. Well, does the gentleman have such a position, so that I can understand his answer?

Mr. KEE. I said that we will have to stand a certain amount of competition, and so far I am not aware of any industries that are threatened with extinction. I think, when there is an industry threatened with extinction, that may be the time to meet that question.

Mr. KEEFE. I may say to the gentleman, along with some other Members of Congress, I attended a meeting called by the heads of 16 international unions just recently, and the presidents of the organizations that were affected, and it perhaps would have been well for the gentleman and the members of his committee to have been there and hear the statements made as to the effect of competition already being felt in those industries.

Mr. CARNAHAN. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Missouri.

Mr. CARNAHAN. I have Mr. Hoffman's statement here, if the gentleman would care to have me read it into the Record.

Mr. KEE. I would be glad to.

Mr. CARNAHAN. This is Mr. Hoffman's statement:

I would like to follow up on something you said there, because it is not well understood that whenever any particular industry asks that there be a particular directive that any purchase of goods produced by that industry be made in the United States as against, we will say, competition across the border in Canada, on the theory they should be protected against competition from members of that industry across the border, they are forgetting one very important fact that changes the whole picture. What they are really asking for is protection against some other American producer. Not the foreign producer, because that dollar does not stay long with the foreigner who gets it. It comes right back home where it has to come where the competition finally and eventually takes place. The competition for all dollars finally takes place in the United States of America and any industry that wants special protection wants protection not against foreign producers but against some other American grower or producer. I can prove that if you want it proved.

Mr. KEE. I thank the gentleman. And now, in further reply to the gentleman from Wisconsin [Mr. KEEFE], I here insert in the Record excerpts from a letter from Hon. Paul G. Hoffman to Hon. H. ALEXANDER SMITH, dated March 21, 1950, as follows:

The deficit between the imports of goods and services for dollars into western Europe and the exports of goods and services from western Europe to the dollar area is the

familiar dollar gap. The Congress had assigned to ECA among other responsibilities bringing that gap down to manageable proportions prior to the termination of ECA activities in 1952.

There are only two sound ways of closing Europe's dollar gap. They are by reducing requirements for dollar imports through building up economical sources of supply in Europe itself and in other nondollar areas; and by increasing Europe's dollar earnings through direct and triangular trade.

If the dollar gap is to be closed without disastrous results, Europe must between now and 1953 effect further dollar savings of something more than \$1,000,000,000 and concurrently increase her earnings by something less than \$1,000,000,000.

A considerable part of the billion dollars of increased earnings needed by Europe can come through tourism and expansion in the sale of noncompetitive goods. However, approximately \$400,000,000 of the billion dollars would be in competitive goods. Even taking into account this \$400,000,000, the total imports of competitive goods from western Europe would still be substantially less than \$1,250,000,000.

In light of the fact that the wholesale value of goods produced in the United States in 1949 is approximately \$140,000,000,000, I don't believe that anyone could argue that increased imports amounting to one-third of 1 percent of our total output could have any appreciable effect on the total economy; nor, of course, is there anything to the argument that when we import goods we are importing unemployment. If we do not import, we cannot export; and if we do not export, we create unemployment in the export field. The sole question is whether by increasing imports and hence maintaining exports the shifts in trade and employment will occasion serious hardships where these shifts pinpoint.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield.

Mr. WHITE of Idaho. Did we not appropriate \$17,000,000 last year for the relief of these refugees?

Mr. KEE. Sixteen million dollars. The other nations of the world, through the United Nations, contributed \$17,000,000.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Mississippi.

Mr. WILLIAMS. Where is the constitutional authority for our taking care of these Jewish refugees out of the funds of the taxpayers of the United States?

Mr. KEE. They are not Jewish refugees. These are Arabs.

Mr. WILLIAMS. They are foreign refugees, at any rate. The question is the same.

Mr. KEE. I do not know that there is really a constitutional provision. We have a Constitution subject to interpretation by our courts, and we are authorized to pass this act.

Mr. WILLIAMS. Is there any additional authority for such appropriation?

Mr. KEE. I should say there is. The gentleman can look it up if he wishes.

Mr. WILLIAMS. I have looked through the Constitution many times and I have never found any such authority.

Mr. KEE. The gentleman can, if he desires, make a point of order against the bill.

Mr. WILLIAMS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Eighty-six Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 116]

Abbitt	Gore	Patten
Addonizio	Gossett	Peterson
Allen, Ill.	Granahan	Pfeifer,
Andersen	Granger	Joseph L.
H. Carl	Green	Pfeiffer,
Arends	Hall,	William L.
Auchincloss	Leonard W.	Philbin
Barden	Halleck	Phillips, Tenn.
Baring	Harden	Plumley
Barrett, Pa.	Harrison	Potter
Bates, Ky.	Harvey	Powell
Beall	Havener	Quinn
Bennett, Fla.	Hays, Ark.	Ramsay
Bennett, Mich.	Hébert	Redden
Bentsen	Heffernan	Reed, Ill.
Biemiller	Heller	Reed, N. Y.
Bolling	Herlong	Rhodes
Bolton, Md.	Hill	Rich
Buchanan	Hinshaw	Richards
Buckley, N. Y.	Hoffman, Ill.	Riehlman
Bulwinkle	Irving	Rivers
Burdick	Jackson, Calif.	Rodino
Burton	James	Rogers, Fla.
Byrne, N. Y.	Jenison	Rogers, Mass.
Canfield	Jennings	Sabath
Carlyle	Jonas	Sadiak
Carroll	Kean	Sadowski
Case, S. Dak.	Kearney	Saylor
Cavalcante	Kearns	Scott, Hardie
Celler	Kelly, N. Y.	Scott,
Chatham	Keogh	Hugh D., Jr.
Chapierfield	Kerr	Scudder
Chudoff	Kilburn	Shafer
Clemente	Klein	Sheppard
Combs	Kruse	Simpson, Pa.
Corbett	Lane	Sims
Coudert	Latham	Smathers
Crawford	Lesinski	Smith, Ohio
'Cresser	Lichtenwalter	Stigler
Curtis	Linehan	Taber
Dague	Lucas	Tackett
Davis, N. Y.	Lyle	Taylor
Davis, Tenn.	McCulloch	Thomas
Davis, Wis.	McGuire	Thompson
Dollinger	McKinnon	Towe
Donohue	Macy	Wadsworth
Doughton	Marrow	Welchel
Douglas	Miles	Whitaker
Doyle	Monroney	Whitten
Engle, Calif.	Morgan	Widnall
Fallon	Morrison	Wigglesworth
Fellows	Morton	Wilson, Ind.
Fugate	Multer	Winstead
Fulton	Murdock	Withrow
Furcolo	Murphy	Wolcott
Gamble	Nixon	Woodhouse
Garmatz	Norton	Worley
Gilmer,	O'Neill	

Accordingly the Committee rose; and the Speaker pro tempore [Mr. PRIEST] having resumed the chair, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 7797, and finding itself without a quorum, he had directed the roll to be called, when 262 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal. The Committee resumed its sitting.

Mr. KEE. Mr. Chairman, may I say for the benefit of the gentleman from Mississippi [Mr. WILLIAMS], who made inquiry of me as to the constitutionality of this act, that I will insert in connection with my remarks a citation which will, I think, definitely convince the gentleman that we are acting on constitutional grounds.

The following is a statement containing case citations which I am sure will convince the gentleman, or anyone who may be in doubt, that there is ample constitutional authority to support legislation of this character:

GIFTS OR LOANS BY UNITED STATES TO OTHER NATIONS

In the field of foreign affairs, as a member of the family of nations, the United States is the equal in rights and power of any other sovereign nation, and thus may so conduct itself, even to the extent of making and carrying out international agreements which are not treaties in the constitutional sense (*U. S. v. Curtis-Wright Export Corp.* ((1936) 299 U. S. 304); *U. S. v. Pink* ((1942) 315 U. S. 203)). This power is not expressly affirmed in the Constitution, but its warrant is based on and has been upheld on the law of nations (*U. S. v. Curtiss-Wright, supra*). The Supreme Court in broad terms has affirmed the complete sovereignty of the United States in external affairs (*U. S. v. Pink, supra*), and has expressed and reaffirmed its reluctance to limit in any way the exercise of such sovereignty. In the *Curtiss-Wright* case, *supra*, Mr. Justice Sutherland, quoting from *Mackenzie v. Hare* ((1915) 239 U. S. 299, 311), said:

"As a government, the United States is invested with all the attributes of sovereignty. As it has the character of nationality, it has the powers of nationality, especially those which concern its relations and intercourse with other countries. We should hesitate long before limiting or embarrassing such powers."

A gift or loan to a foreign nation or the people thereof, whether in the form of cash, credit, or tangible property, must necessarily involve also the congressional power to appropriate the public money of the United States raised by taxation and to apply it for such purposes. Article I, section 8, clause 1, of the Constitution invests Congress with the power to "lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States." It is now well settled that under this provision Congress may appropriate and spend money raised by taxation for the national welfare, and that the congressional discretion in selecting the means therefor is extremely broad, *Helvering v. Davis* ((1937) 301 U. S. 619); *U. S. v. Boyle* ((N. D. Ohio 1943) 52 F. Supp. 906, affirmed 323 U. S. 329). This discretion is not confided to the courts unless the choice amounts to a display of arbitrary power rather than an exercise of judgment (*Ibid*). "Nor is the concept of the general welfare static. Needs that were narrow or parochial a century ago may be interwoven in our day with the well-being of the Nation. What is critical or urgent changes with the times," *Helvering v. Davis, supra*. And this power is not limited or confined by the other powers enumerated in the Constitution. (*Ibid*).

For many years Congress itself proceeded generally on the assumption that it was authorized to raise and appropriate money for any public purpose connected with the general national welfare. This was the view advocated by Hamilton, Monroe, and Story. Madison, however, contended that the authority to tax and provide for the general welfare was limited to the other specifically enumerated powers granted to Congress by the Constitution. See discussions in *Kansas Gas & Electric Co. v. City of Independence* (C. C. A. 10th, 1935) 79 F. (2d) 32; *Langer v. U. S.* ((C. C. A. 8th, 1935) 76 F. (2d) 817). The Madisonian view, of course, had its adherents. Among these, of a later date, was Mr. Charles Warren, who, in his book in 1932, *Congress as Santa Claus*, wrote extensively

in favor of the more limited construction. The Madisonian theory, however, was repudiated by the Supreme Court in *U. S. v. Butler* (1936) 297 U. S. 1, and *Helvering v. Davis*, *supra*. In the latter case the Court said:

"Congress may spend money in aid of the 'general welfare.' Constitution, article I, section 8; *United States v. Butler* (297 U. S. 1, 65); *Steward Machine Co. v. Davis*, *supra*. There have been great statesmen in our history who have stood for other views. We will not resurrect the contest. It is now settled by decision. *United States v. Butler*, *supra*. The conception of the spending power advocated by Hamilton and strongly reinforced by Story has prevailed over that of Madison, which has not been lacking in adherents. Yet difficulties are left when the power is conceded. The line must still be drawn between one welfare and another, between particular and general. Where this shall be placed cannot be known through a formula in advance of the event. There is a middle ground or certainly a penumbra in which discretion is at large. The discretion, however, is not confided to the courts. The discretion belongs to Congress, unless the choice is clearly wrong, a display of arbitrary power, not an exercise of judgment. This is now familiar law. 'When such a contention comes down here we naturally require a showing that by no reasonable possibility can the challenged legislation fall within the wide range of discretion permitted to the Congress.' *United States v. Butler* (*supra*, p. 67). Cf. *Cincinnati Soap Co. v. United States*, (*ante*, p. 308); *United States v. Realty Co.* (163 U. S. 427, 440); *Head Money Cases* (112 U. S. 580, 595)."

To the same effect, see *City of Cleveland v. U. S.* ((1945) 323 U. S. 329).

Congress, likewise under article I, section 8, clause 1, has the power to provide for the common defense. This authority is without limitation in the Constitution, and the power granted is not to be interpreted in a way which will make it ineffective against an enemy, actual or potential; nor need it be withheld till war or the threat of war is a fact, *U. S. v. Lambert* ((C. C. A. 3d, 1941) 123 F. (2d) 395). Thus tax money may be appropriated for purposes of the common defense (1 Story, Commentaries on the Constitution (4th ed.) sec. 922), for Congress may do whatever is deemed necessary and proper to carry into execution the national defense powers, *U. S. v. Wright* ((D. Del. 1943) 48 F. Supp. 687); *Henderson v. Bryan* ((S. D. Cal. 1942) 46 F. Supp. 682).

In addition, Congress is given extensive war powers by the Constitution. See provisions of article I, section 8, clauses 11-16, inclusive. These powers of the Government are viewed very broadly. In *Hirabayashi v. U. S.* ((1943) 320 U. S. 81), Mr. Chief Justice Stone declared:

"The war power of the National Government is 'the power to wage war successfully.' See Charles Evans Hughes, War Powers Under the Constitution (42 A. B. A. Rep. 232, 238). It extends to every matter and activity so related to war as substantially to affect its conduct and progress. The power is not restricted to the winning of victories in the field and the repulse of enemy forces. It embraces every phase of the national defense."

Accordingly, the war power would support on a broad scale such governmental action as Congress deems necessary to the successful prosecution of war. And anything considered essential to the national defense is embraced within this power. *U. S. v. City of Chester* ((C. C. A. 3d, 1944) 144 F. (2d) 415). "Nor can it be considered necessary that the United States must be at war in order that Congress . . . possess the constitutional sanction to prepare for it. Such an interpretation would be so unrealistic as not to warrant serious consideration." *Ibid*. See also

Henderson v. Bryan, *supra* ("Congress . . . can invoke the war power . . . during times of peace, for the future protection of the Nation."); *Ashwander v. T. V. A.* ((1936) 297 U. S. 288, 327-328).

Of course, as pointed out in 1 Story, *opere citato supra*, Congress cannot properly appropriate public money for ventures which have no connection with the common defense or general welfare. Accordingly, in the words of Story, if Congress were to tax and spend for objects wholly extraneous, "as, for instance, for propagating Mohammedanism among Turks, or giving aids and subsidies to a foreign nation, to build palaces for its kings, or erect monuments to its heroes . . . it would be wholly indefensible upon constitutional principles." But as Story further declares, the power to make appropriations for the public welfare or for the common defense may embrace any activity which seems to promote those general objectives. See also *Kansas City Gas & Electric Co. v. City of Independence* ((C. C. A. 10th, 1935) 79 F. (2d) 32). "Appropriations have never been limited by Congress to cases falling within the specific powers enumerated in the Constitution, whether those powers be construed in their broad or their narrow sense. . . . In some cases, not silently, but upon discussion, Congress has gone to the length of making appropriations to aid destitute foreigners and cities laboring under severe calamities; as in the relief of the St. Domingo refugees, in 1794, and the citizens of Venezuela, who suffered from an earthquake in 1812." 1 Story, *opere citato supra*, section 991. Moreover, Congress may protect and aid those specific national activities over which it has been delegated authority by the Constitution, and in so doing may enter into fields of the country's life which are beyond the Federal authority save for their effect upon such activities (38 Op. Atty. Gen. 258, 265).

All of this would seem to support the proposition that Congress may appropriate public money for gifts, loans, or subsidies to a foreign power, where the object, in light of the immediate circumstances, is to promote the welfare and defense of the United States by supporting and strengthening friendly or strategically situated allies, securing international cooperation, providing a bulwark against the aggression of other powers, or the like. As already indicated it would make little or no difference whether this was done in time of peace or in time of actual war. Such action, of course, can be distinguished if necessary from those cases pointed out by Story, *opere citato supra*, and objected to in Warren, Congress as Santa Claus (1932), where money was donated for the relief of particular groups of individuals within another country solely as a humanitarian gesture. As pointed out in Warren, *opere citato supra* (p. 108), even conceding the validity of the Hamiltonian view of the general-welfare clause (as must now be the case in light of the Supreme Court decisions), there is some difficulty in finding benefit to the general welfare of the United States arising out of gifts or loans to foreigners on a humanitarian basis alone. And such mere humanitarian activities, though laudable, do not of themselves normally contribute to the defense of the United States. The fact remains, however, that on numerous occasions Congress has appropriated money for the relief of destitute or impoverished people of other countries, without any demonstrable purpose to promote the defense or welfare of the United States. These actions have not been challenged as to their legality largely because "no one has yet been able to devise a method by which the constitutional validity of appropriations of the national funds may be presented for judicial decision." Warren, *opere citato supra* (p. 141, N. 52)

quoting former Attorney General William D. Mitchell.

(Mr. KEE asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the ranking Republican member of the House Committee on Foreign Affairs, the gentleman who was chairman of that committee in the Eightieth Congress, when the Marshall plan was launched 2 years ago, the beloved and distinguished gentleman from New Jersey, Dr. EATON.

Mr. EATON. Mr. Chairman, I believe we can evaluate this legislation better if we place it against the background of the conditions which it is designed to meet.

I will always be thankful that I was present and had a part in launching the legislation effectuating what is known as the Marshall plan. I want to say for myself, and I think I speak for a large proportion of our Members, that the Marshall plan, under the conduct of its very able and brilliant leader, Mr. Hoffman, has been a remarkable success.

It has taken the leading nations of western Europe out of the abyss of failure and despair and set the feet of their people upon the highway to progress and hope. It has helped to bring to pass a higher level of production in industry and agriculture than before the war. It has helped to bring to pass widespread employment of the people of the participating countries. Above all, it has erected what I hope, and what you hope, will be a permanent wall against the insidious advance of the curse of the world, the Communist philosophy of hate and fear, ruin and slavery.

Mr. Chairman, we cannot approach this legislation today simply as a piece of local legislation, indifferent, perhaps, as to its results. We stand today in America and in the world at the most critical hour in human history. We are today in the unknown land between two ages, one dying, the other in the grim process of birth.

In that fateful no-man's land two great peoples and two great philosophies confront each other and hold in their keeping the destiny of everything that is worth while in human life. If America wins by helping those people of like mind and like ideals, the world will be safe for freedom and for hope.

If Russia wins by discounting or destroying our efforts, the world will enter the Dark Ages, and Russia will sit upon the throne, and fetters will be upon the hands and minds of freemen everywhere. This legislation, Mr. Chairman, is our answer to that situation. I know the flyspecks that are visible upon it and I also know the passion of the American mind for flyspecks. We like to play the flyspecks sometimes instead of the notes, thinking they make better harmony to march by. But the grim reality is that this legislation represents one of the greatest contributions to human safety and progress and to the security of the American people and to the hope of mankind of all history. That is why I am for it.

I do not have intelligence or experience enough to understand all of it—neither have you, for that matter—with due respect—because we are dealing with forces here and conditions so far beyond the experience of our own and of our people that no one can fully understand the implications of the present hour. But I believe in this legislation the American people, through its representatives in Congress, are grappling with the world problem in a statesman-like, far-sighted, and fundamental way. I believe that as days go by, the outcome of events will show that we have been wise not only in establishing the Marshall plan as we have and in carrying it through for 2 years so successfully, but also in this legislation once more sending it forward to function with hope and resource and power.

I want to pay tribute to the chairman of our committee. I was chairman of that committee, which we will all admit is now in some respects the most important committee of the House of Representatives, because of the problems with which it has to deal and because of the difficulty of those problems. I know something of the burdens of the office of chairmanship of that committee. I want to say to both sides of the House we have in Chairman KEE a gentleman of the highest honor and a man of rare endowments of mind, a man of courage. Personally, I have always been very fond of him. I have deemed it a privilege as well as that of the members of the committee on my side, to support him in a nonpartisan—not a bipartisan—but a nonpartisan way in carrying his great burden.

I would like also to pay tribute to the members of the committee. I praise the people on my side and say they are stars. Of course, the gentleman from Ohio, JOHN VORYS, is in a class by himself. I was just telling him before I came here that my relation with him in this capacity is that of the gentleman of color who was before the judge for being too closely associated with a neighbor's chicken-coop. The judge said, "Are you the defendant in this case?" He had employed a lawyer. He said, "No, judge, I ain't the defendant, I've done hired the defendant"—pointing to the lawyer. "I am the gentleman what stole the chicken."

So, I have a great debt to pay to my friend from Ohio who knows so much more than I do, about the technique of law. I recommend his people to return him to the Congress, where he is making a notable contribution.

Thank you, Mr. Chairman, for this opportunity to say these few words. I hope the House will show the intelligence and judgment that it has shown twice before in this legislation and pass it with a magnificent majority so our friends across the sea, in the western nations of Europe and the Russians looking at us today with the greatest care, will know that America is still on guard and that we do not propose to let down the free men of the world, who are our friends. We are going to continue to stand for the things that have made us the hope of the world, and this legislation is one

incident in our doing just that. With God's help and blessing we are going to win this fight for freedom and for the dignity of men.

Mr. KEE. Mr. Chairman, I yield 10 minutes to the gentleman from Montana [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. Chairman, I am delighted to have the privilege of following our very able and distinguished chairman, the gentleman from West Virginia [Mr. KEE], who has worked long and hard on this particular legislation, and also our beloved former chairman, the distinguished gentleman from New Jersey, Dr. EATON, whose heart has been in this program ever since it started under his tutelage some 2 years ago.

House it being asked this week to authorize and to carry the Marshall plan forward another year. It is a plan which has been defined as the only tried and tested instrument of the strength-building policy of the United States in the only area where it has been intensively applied.

These are crucial days in all areas of international action—geographic, economic, and especially psychological, and the Marshall plan has succeeded beyond expectations in creating strength in the field of production. It has been responsible for renewed emphasis on western European integration—the abolition of import quotas and the eventual abolition of tariffs to make a single European market.

Economic, geographic, and psychological—these are three crucial areas in which the Marshall plan has been tried and tested. And these are the areas in which it must continue to act boldly if the spectacular gains that have been achieved are to be consolidated and the freedom of the Western World preserved.

In the economic field Marshall plan aid has enabled European production to increase \$30,000,000,000 since 1947, hitting a high point \$8,000,000,000 above the prewar level. Furthermore, it has accomplished this in two brief years, whereas after the much less destructive war of 1947-17 it took 7 years even to reach a level of prewar production.

European production last year was \$160,000,000,000. But lest anyone have the mistaken impression that Europeans are living off the fat of the land at Uncle Sam's expense, let me add that the present European diet is still barely adequate.

Out of their 1938 income, the nations participating in the plan spent \$114,000,000,000 for consumer goods; yet in 1949, with 20,000,000 more mouths to feed and bodies to clothe, these nations spent just \$115,000,000,000 of their increased gross income for such consumer items—showing clearly that practically all of their added income has gone into strengthening capital assets.

In human terms, Europe's production means that the Marshall plan has enabled western Europeans today to feed and clothe themselves and their children. It has also provided tools and jobs for millions of people who are proving themselves willing and able to work, and work hard, for their economic independence.

The ECA legislation now before Congress places a new emphasis on the cru-

cial area which many authorities have termed geographic; the integration of Europe, which many see as vital to the United States policy of seeking stability and peace in the world.

The ECA envisions such integration as providing a freer flow of trade through a single market of 260,000,000 people. And it believes that this market must be based on a return to multilateral trade and currency convertibility among the nations. The statements which all but three of the participating nations made some weeks ago to General Donovan's American Committee for a United Europe are strong evidence that important groundwork for success in this area has been established, and needs only congressional implementation of the plan to assure its successful completion.

Europe is the key of the free world. And a strong, integrated, and productive Europe must serve as the chief bulwark on which the western nations can eventually hope to negotiate with Moscow. In the present gigantic struggle to buttress the free nations and prevent the financial and social cataclysm of a third world war, such a Europe will carry high the positive weapons of the Marshall plan—food for the hungry, tools for the men who want to work, unity in place of chaos, and, most of all, hope for those who had all but lost their hope.

It is obvious that such a struggle is more than economic and more than geographic. These weapons are raised in that psychological area which is especially crucial today. And it is the psychological support in particular that has so far enabled the free nations to throw aggressive communism into retreat in Europe, preventing it from achieving its morally destructive goals through the negative weapons of strikes, slow-downs, sabotage, and lies.

Success on the psychological level will require even more effort, perhaps over a longer time, if the minds and loyalties of the people of western Europe are to be welded in the common cause of responsible freedom.

To the American taxpayers, weary of pouring money into Europe through gift and loan, the Marshall plan is a means of ending at last this subsidy of those countries. The experience of the past 2 years indicates that the need for this kind of extraordinary assistance will be almost completely at an end in 1952 if the recovery program is enabled to continue as planned—with, by the way, over a billion dollars less in its budget than were asked and appropriated last year.

Needless to say, Europe should look forward to this conclusion as eagerly as do we ourselves. Nobody can raise his head for long when he is the perpetual object of charity. And only if Europeans can stand in a position of mutual dignity with their free neighbors will Secretary of State Acheson be supported in his belief that economic collaboration must continue to be a basic element of our national policy.

The Marshall plan aid to European production and its encouragement to integration—these are the good works that are seen by Europe in the light of American good will. But it is the good will it-

self and the good faith in which these works are undertaken that must remain as their moral support when the extraordinary material assistance ends in 1952.

It is the independent, democratic, and free cooperation between the free nations of the world that Arnold J. Toynbee, dean of contemporary historians, believes to be the only alternative to a universal police state. And it is on this that he conceives the future of our western civilization to depend.

I know no stronger argument than this. And, though there may be criticism by Americans of ECA's effectiveness in fostering European unity, and questioning by Europeans of the means and motives behind its sponsorship, there can be no question whatever of the objectives, nor of the critical necessity for the Marshall plan itself as it begins the second, most difficult, and most important phase of its 4-year program to bring health to the western world.

Mr. Hoffman has said that we are seeking to accomplish in 25 months what might under ordinary circumstances require 25 years to achieve. It seems to me, in view of this fact, that the European recovery program must have the intelligent, well-informed, and all-out support of every American citizen if this tremendous goal is to be won in time.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from California.

Mr. JOHNSON. Is it not a fact that the giving of the Marshall funds has created a new morale and a new spirit in the western European world and that they are now a solid group of people willing and able to resist the infiltration and pressure put upon them?

Mr. MANSFIELD. The gentleman is correct. He knows as well as I do that if it were not for the Marshall plan in all likelihood most of western Europe today would be Communist and instead of spending the dollars we are on the European recovery program we would very possibly be spending more dollars on our own defense and we would be isolated at the same time without much in the way of friends. The Marshall plan has stopped communism in western Europe and thereby contributed to our own security.

Mr. JOHNSON. In 1947 I was in Italy when it was on the verge, at least Rome was, of being captured by the Communist Party. In France there was discontent and the discouragement was absolutely obvious to outsiders like myself. I understand there is a complete reversal of outlook and hope in those people due to our help.

Mr. MANSFIELD. The distinguished gentleman from California is again correct. I might add that at the present time, according to the best information I have, the Communist Party in Italy is still somewhere around 25 percent of the population and the Communist Party in France is still a very strong factor. Those are reasons which should, of course, indicate to us that we must continue this program beyond the halfway mark.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to my friend, the gentleman from Illinois.

Mr. YATES. I agree entirely with the statement the gentleman has just made, but I should like to point out to him that we must remember our battleground with Russia is the working class of Europe. The improvements that have been made in Europe as a result of the Marshall plan have been substantial ones, yet I feel that with the increase in the standard of living, prices have gone up so that the pinch is still felt by the great masses of working people. I have heard and I have seen myself that the profits to the employer groups in the industries of Europe have been inordinately excessive by standards of this Nation and not passed on to employees. Wage increases have been accompanied by increased prices. So that to my mind there is truth in the argument that the benefits of the Marshall plan have not seeped down adequately to the lowest level, to the working people of Europe. I shall support this bill, but I should like to see the ECA undertake whatever efforts it can to insure the benefits of this program being used more for the benefit of the working people of Europe so that we may be assured we are winning this fight against the Communists.

Mr. MANSFIELD. I appreciate the comments of the gentleman from Illinois. There is much to be said for the argument which he has advanced. If we do not win the minds and the hearts of the working people we are going to lose the cold war in which we are engaged. One of the ways in which the Economic Cooperation Administration is trying to bring about a greater distribution of the wealth over there so that these people can be given greater consideration is through inaugurating or helping to inaugurate a series of tax reforms by means of which the large industries will pay a fair share for running the economy of the country. This, as the gentleman knows, is a very vital matter but, according to reports to the committee, one in which progress is being made.

Mr. YATES. I should like to say that I am very cognizant of the efforts that ECA has made in that direction and I think they are substantial ones. I have seen the great progress that has been made in that direction in Greece and I think the recent elections in Greece will do much to stimulate and help ECA itself in bringing about the benefits of the program to the people. I think much progress has been made in that respect in Italy. France, I think, has had some of the benefits of the program, but I think much work remains to be done to make truly effective the operation of the Marshall plan.

Mr. FOGARTY. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to my distinguished friend, the gentleman from Rhode Island.

Mr. FOGARTY. Can the gentleman from Montana tell me what proportion of the funds that are going to be granted to Great Britain will be used to maintain the border in northern Ireland?

Mr. MANSFIELD. I may say to the gentleman from Rhode Island that if I had my say, none of the funds would be

used in northern Ireland. May I further inform the gentleman that if he will offer an amendment to that effect I would be most happy to give him my support.

Mr. FOGARTY. I will offer that amendment on next Monday or Tuesday. I hope the gentleman will support the amendment. I offered it a year ago, but I did not receive much support other than from the gentleman from Montana.

Mr. MANSFIELD. We will continue to stick together on this matter until we win.

Mr. FOGARTY. The gentleman agrees we are on the right track?

Mr. MANSFIELD. Absolutely.

Mr. FOGARTY. It is for a good cause.

Mr. MANSFIELD. It could not be for a better cause and I hope we will achieve it some day.

(Mr. MANSFIELD asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin (Mr. SMITH).

Mr. Chairman, may I say that by an arrangement between the gentleman and myself, those who wish to speak generally in opposition to this legislation should consult him, because he will arrange for half of the Republican time and I will attempt to arrange for the other half. That is a little side arrangement we have which I wanted the membership to know about.

Mr. KEEFE. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Ninety-one Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 117]

Abbitt	Combs	Havener
Addonizio	Corbett	Hays, Ark.
Allen, Ill.	Coudert	Hébert
Andersen, W.	Crawford	Heffernan
H. Carl	Crosser	Heller
Anderson, Calif.	Curtis	Herlong
Andresen	Dague	Herter
August H.	Davies, N. Y.	Hoffman, Ill.
Auchincloss	Davis, Tenn.	Irving
Bailey	Dawson	Jackson, Calif.
Barden	Dingell	James
Baring	Dollinger	Jenison
Barrett, Pa.	Donohue	Jonas
Beall	Doughton	Jones, N. C.
Bennett, Fla.	Douglas	Kean
Bennett, Mich.	Doyle	Kearns
Blatnik	Durham	Kelly, N. Y.
Boggs, La.	Engle, Calif.	Kennedy
Bolling	Evins	Keogh
Bolton, Md.	Fellows	Klein
Buchanan	Fisher	Kruse
Buckley, N. Y.	Fugate	Lane
Bulwinkle	Fulton	Latham
Burdick	Furcolo	Lesinski
Burke	Gamble	Lichtenwalter
Burton	Garmatz	Linehan
Byrne, N. Y.	Gilmer	Lucas
Byrnes, Wis.	Gore	McCulloch
Canfield	Gossett	McGuire
Carlyle	Granahan	McKinnon
Carroll	Granger	Macy
Case, N. J.	Green	Mason
Case, S. Dak.	Gwinn	Merrrow
Calvalcante	Hall	Miles
Celler	Leonard W.	Monroney
Chatham	Halleck	Morgan
Chipfield	Harden	Morrison
Chudoff	Harrison	Moulder
Clements	Hart	Multer
Cole, N. Y.	Harvey	Murdock

Murphy	Regan	Spence
Nixon	Rhodes	Stanley
Norton	Ribicoff	Taber
O'Brien, Ill.	Rich	Tackett
O'Neill	Richards	Taylor
Pace	Riehlman	Thomas
Peterson	Rivers	Thompson
Pfeifer	Rodino	Towe
Joseph L. Pfeiffer	Rogers, Fla.	Velde
William L. Philbin	Rogers, Mass.	Vinson
Phillips, Tenn.	Sabath	Wadsworth
Pickett	Sadlak	Weichel
Plumley	Sadowski	Whitaker
Potter	Saylor	Whitten
Powell	Scott, Hardie	Widnall
Quinn	Scott	Wigglesworth
Rains	Hugh D., Jr.	Wilson, Ind.
Ramsay	Shafer	Winstead
Redden	Sheppard	Withrow
Reed, Ill.	Simpson, Pa.	Wolcott
Reed, N. Y.	Sims	Woodhouse
	Smathers	Worley
	Smith, Ohio	

Accordingly the Committee rose; and the Speaker pro tempore (Mr. PRIEST) having assumed the chair, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 7797, and finding itself without a quorum, he had directed the roll to be called, when 248 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The SPEAKER pro tempore. The Committee will resume its sitting.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. SMITH].

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. ANGELL. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Oregon.

Mr. ANGELL. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at the conclusion of the remarks of the gentleman from Wisconsin [Mr. SMITH].

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. HAND. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from New Jersey.

Mr. HAND. Mr. Chairman, I have asked the gentleman to yield so that I will not have to interrupt him later.

Some little time ago there was an interesting little colloquy on the floor between the gentleman from Wisconsin [Mr. KEEFE] and the chairman of the committee, in which reference was made to a statement alleged to have been made, at least, by Mr. Hoffman, the Administrator, that if American industry could not stand some of the results of this program or some of the results of our reciprocal trade program, they would just have to do the best they could. My understanding is that the chairman then said he knew of no American industry which had been vitally affected by such an arrangement. I wonder if the gentleman would care to comment or would have time to comment on the extinction, according to my understanding, of the

Waltham Watch Co. up in New England, an area which I do not represent but in which I am interested. I would like to have him also comment on the failure of the British Government to buy any oil from this country whatsoever. That is not reciprocal. I wonder if the gentleman would further comment on the recent action by the French Chamber of Deputies barring or seeking bar the importation of Coca-Cola into that country on the specious ground that it is an unhealthy drink, but on the real ground that it interferes with the French wine industry. That is not the kind of reciprocity we are entitled to as a result of our years of unexampled generosity to Europe.

Mr. SMITH of Wisconsin. The points the gentleman has raised are very interesting. I am sorry I do not have time to discuss them. I have only 10 minutes.

Mr. Chairman, first of all may I say that it is with a great deal of reluctance that I come into the well of the House this afternoon, being the sole member of the committee in opposition to the bill. I greatly appreciate the courtesies that have been extended to me by the chairman of the committee and certain Republicans on my side of the table who have so generously divided their time with me and those of us who oppose the bill.

While it is with this reluctance that I take a position in opposition to the bill, I would not be true to myself if I did not appear in opposition to it. It is clear to me that this proposition as it is about to start its third year needs to be considered not from the standpoint of the rehabilitation of the economies of western Europe but in the over-all objectives that we thought the program was set out to establish, namely, economic integration and political unity or unification. I submit this afternoon that we have not achieved those two goals. I believe Mr. Hoffman will be the first to admit that the last two objectives are far from being achieved.

The bill before us is a shot-gun proposition. It aims to provide money for foreign economic assistance in the future. It is based on the theory that dollars can prevent the march of communism in western Europe and Asia.

Economic assistance for those areas began in 1948. From that date up to and including the thirtieth of June 1950, the Congress will have appropriated for that purpose the sum of \$9,844,180,000. That is almost \$10,000,000,000 in 2 years.

The omnibus bill we now have under consideration calls for a total authorization for a 1-year period, of \$2,366,450,000. Thus for the 3-year period ending in June 1951, there is a grand total of \$12,210,630,000. This is a lot of money, especially when the United States Treasury is broke and its books will be in the red to the tune of \$6,000,000,000 or more. And if we add \$6,000,000,000 to the \$258,000,000,000 deficit, the gross indebtedness is \$264,000,000,000—and that's not hay.

An analysis of this bill shows the following:

New money to be authorized or appropriated	\$2, 122, 450, 000
1. ECA	1, 950, 000, 000
2. Korean aid	100, 000, 000
3. Palestine refugees	27, 450, 000
4. Point 4 program	45, 000, 000
Money already authorized or appropriated and available for fiscal 1951	244, 000, 000
1. ECA carry-over	150, 000, 000
2. China Aid Act	94, 000, 000
Total authorized or to be available	2, 366, 450, 000
Credits authorized	1, 292, 488, 232
1. ECA and surplus commodities	1, 000, 000, 000
2. ECA guaranties already available	142, 488, 232
3. ECA additional guaranties to be made available	150, 000, 000
Total	3, 658, 938, 232

As I understood the objectives of the Marshall plan, it was, first, to rehabilitate the economic life in the recipient countries—that is, to raise production to a point beyond the prewar level; second, to achieve an integrated European economy; and, third, the political unification of Europe. In most of the countries production is way beyond the prewar period, and we may concede that objective one has been reached.

Now, what about the last two objectives? I submit that they have not been achieved; in fact, there is a good deal of evidence that indicates that economic and political unification are far away. It is a verity that as each of the countries has improved its economic position the tendency is to self-sufficiency and isolationism. Nationalism is on the increase and nowhere is that trend more rampant than in the United Kingdom. Advocates and supporters of the ECA program dreamed of the great advantages to the countries of Europe of making Europe into one big market. They envisioned the benefits of a vast consumers' market where mass-production methods would increase output far beyond its prewar potential, with the result that standards of living would be increased to a level comparable to our own.

What has happened? The present industrial pattern in all the aid countries is based on nationalistic economies and the industries are propped up and protected to keep them going regardless of their inherent economic disadvantages. That is common knowledge. Every country in Europe wants a modern sheet-steel mill so that it can be self-sufficient in the production of steel goods for its national defense and domestic needs. But these plants are not being placed in areas where steel production would be on an efficient basis. Not one such plant has been allocated to Germany in the Ruhr district, where coal and ore abound.

The administrators of the present program know what should be done. Mr. Hoffman, of late, has spoken frankly about the problem still ahead for ECA. I feel sure that he wants an integrated economy and would be the first to admit only a very small measure of success for

the program. The outline for integration is clear: All restrictions on the movement of goods and capital across national borders must be removed. All Government subsidies and supports must be eliminated. Finally, factories must be built and operated by private individuals, which will insure economy and maximum production.

Political unity is, of course, an important part of the program but it is not the function of the United States to impose such a condition upon the ECA countries. The will to do so is upon them.

It seems clear to me that American dollars that we appropriate is not the solution to European recovery and integration. We are bleeding ourselves white; our national security is being impaired by the threat of an economic debacle.

Mr. Chairman, a new idea is contained in this bill. There is a provision for the earmarking of \$600,000,000 for the creation of a European payment union. I think it should be defeated. The American taxpayer would be that amount better off and so would the United States Treasury.

The plan would result in a duplication of effort. The International Monetary Fund is already doing that very job. Why not use those facilities rather than set up a new mechanism? The monetary fund organization has the experience and the necessary skills to meet all the requirements contemplated under the provisions of this bill. It is foolish to set up an entirely new, competing, overlapping, and duplicating agency.

There was no clean-cut testimony presented to this committee which would justify the establishment of another bureau. Mr. Hoffman was very indefinite in his statement and while Mr. Bissell was more specific, it was my impression that somebody had given these men an idea and they tossed it to the committee for what it was worth.

Actually, this proposal, if adopted, would create a huge pool of \$600,000,000 and its effect would be to turn western Europe and the sterling block into one big soft currency area with the result that the trading would be interarea and not with the rest of the world. This large sum would be a new dose of easy dollars and inflationary credit.

This scheme not only threatens to turn western Europe into a big, half-closed, soft-currency area, but it would actually increase the dollar deficit of the participating countries. Further, it would tend to retard rather than promote world-wide, multilateral trade and it would delay currency convertibility so necessary to hasten European recovery.

People everywhere are the victims of their own governments. Socialism and communism are restraining the free movements and initiative of individuals who if left to themselves would bring order out of chaos and confusion.

The greatest single step toward international stability would be the restoration and the general convertibility of currencies. This means that exchange controls must be abolished. Once again private traders in every country must be permitted to buy and sell their own or

other currencies at whatever rates are established in free markets. If this is done, there will be no demand to guarantee investments abroad, no need to appropriate millions of dollars for technical skills to develop backward areas. Money always has and will seek out a place to go to work if governments provide a reasonable climate. They must restore confidence by the exercise of good will. World recovery and international security will not be restored by continued bureaucratic tinkering. It will be achieved only when there is a complete restoration of economic freedom.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. O'KONSKI. Did I understand the distinguished gentleman from Wisconsin to say that we would have to borrow this money?

Mr. SMITH of Wisconsin. We do not have it; that is the only way we can get it.

Mr. O'KONSKI. I have done a little figuring here. If we have to borrow this \$2,600,000,000 at 2½ percent interest, the interest alone will amount to \$178,000 a day. So if we can stave off consideration of this bill until Monday, we will save the taxpayers \$534,000. I, therefore, Mr. Chairman, make the point of order that a quorum is not present.

The CHAIRMAN. The gentleman from Wisconsin makes the point of order that a quorum is not present.

Mr. O'KONSKI. Temporarily, Mr. Chairman, I withdraw it, but I am going to save the taxpayers half a million dollars yet today.

Mr. SMITH of Wisconsin. Mr. Chairman, in conclusion, let me say that on Monday, or thereafter during the consideration of the bill under the 5-minute rule, I will offer a motion to strike Korean aid, and I will also offer a motion to strike title III, the point 4 program.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

RIGHTS OF AMERICAN INDUSTRY AND LABOR ARE JEOPARDIZED BY OUR GOVERNMENT'S OPERATIONS UNDER ECA AND THE STATE DEPARTMENT

Mr. ANGELL. Mr. Chairman, I have called to the attention of the House on a number of occasions recently the critical situation in my congressional district and the Pacific Northwest with reference to the undermining of our lumber industry, flour milling industry, the fishing industry, and agriculture, by the manipulations and operations of our own Government agencies, particularly under the Economic Cooperation Administration and the State Department. On February 16 I addressed a letter to the Secretary of Agriculture with reference to the scuttling of the flour milling export trade and the impact on it of the operations of the ECA. I am now in receipt of a letter from the Department of Agriculture in which I am advised that the United States is supplying \$175,000,000 through the ECA for the purchase of wheat and flour from Canada for shipment to the United Kingdom; that \$11,300,000 in authorizations were approved last fall for the purchase of flour in Canada for Britain and that the remainder of the appropriation, \$163,800,-

000 will be used in the purchase of Canadian wheat for the United Kingdom. It is thus seen that the American taxpayers are putting up the tax dollars to enable the British to buy wheat and flour from our competitors while the American producers of the same product are having to close their flour mills by reason of the cutting off of our export trade and the Commodity Credit Corporation is buying up the surplus wheat from the American farmers for the same reason. The taxpayers foot the bill.

In my district and in the Pacific Northwest generally American laborers who are employed in the lumber industry, in agriculture, and in fisheries, are thrown out of employment and the industries where they have formerly earned their living are being forced to the wall by these manipulations and operations of our own Federal agencies. Not only are our industries crippled and our own workers thrown out of employment, but the very money needed to finance the operations which are causing the disaster, come from the Treasury of the United States. These American citizens are being taxed to finance foreign operations which are undermining the very industries where they formerly earned a livelihood. I have protested to the Secretary of State, to the Secretary of Agriculture, to the Commodity Credit Corporation and to the Economic Cooperation Administration without avail.

I include the letter from the Department of Agriculture to which I have referred as a part of these remarks:

MARCH 22, 1950.

HON. HOMER D. ANGELL,
House of Representatives.

DEAR MR. ANGELL: This is in reply to your letters of February 16 and 23, pertaining to the difficulties which Pacific Northwest flour millers are having in exporting flour, due to competition from Canadian and Australian exporters, and your suggestion that some program should be put into effect to help the milling industry.

As a solution to this problem, representatives of the flour milling industry have urged that export subsidies be provided on shipments of wheat and flour outside of the international wheat agreement.

It must be recognized that consideration of possible export subsidy payments for wheat and flour is not limited to the Department of Agriculture. The relationship of such a program to United States foreign-trade policies, and the implications it would carry with respect to other commodities, are matters of wide interest and extreme importance.

We note your statement.

"The United States is furnishing American dollars for much of the flour that is being purchased from competitors of American flour mills." There is only one case in which the United States is supplying money to any foreign country for the purchase of either wheat or flour outside of the United States during this fiscal year. This pertains to the \$175,000,000 which the Economic Cooperation Administration earmarked for the purchase of wheat and flour from Canada for shipment to the United Kingdom. We are informed by the ECA that authorizations totaling \$11,200,000 were approved last fall for the purchase of flour in Canada for the British. All the remainder of the appropriation, namely \$163,800,000, will be used for the purchase of Canadian wheat for the United Kingdom. There have been no foreign purchases of wheat or flour by the Army for its areas of responsibility. It is our under-

standing that no other foreign supply program involving procurement of wheat or flour with United States funds from any source except the United States has been or will be authorized for the current year.

You may be interested in knowing that the ECA has issued procurement authorizations to the British totaling \$30,000,000 for the purchase of wheat and flour in the United States during this year, of which \$3,406,000, or 11.35 percent, was for flour.

We believe that the chief difficulty which has been experienced by millers in the Northwest, the loss of part of the Philippine market, will be rapidly corrected since the Philippine Commonwealth became a party to the international wheat agreement on February 27, 1950.

Sincerely yours,

K. T. HUTCHINSON,
Assistant Secretary.

Mr. Chairman, in this connection it is interesting to note that the Economic Cooperation Administration is now proposing that the American taxpayers contribute \$600,000,000 to an European payments union, another agency which will further undermine American industry and throw American workers out of employment. I include an article by Henry Hazlitt entitled "That European Payments Union" appearing in the March 27, 1950, issue of *Newsweek*, as a part of these remarks:

BUSINESS TIDES

THAT EUROPEAN PAYMENTS UNION

(By Henry Hazlitt)

If Congress wants to save the American taxpayer \$600,000,000, it could find no better way of doing it than to reject the ECA proposal that we pour that amount into a European Payments Union.

This proposed payments union would merely seek to do for western Europe, and by the same methods, precisely what the International Monetary Fund already seeks to do on a global scale. Assuming that this scheme ought to be carried out at all, why not utilize the already existing IMF to do it? Why not at least place the proposed regional organization inside the existing global fund? Why set up an entirely new, competing, overlapping, and duplicating institution?

But the questions to be raised about this scheme go much deeper than organizational ones. What is proposed is that \$600,000,000 more of the American taxpayer's dollars be thrown into a huge kitty, together with fresh and practically automatic loans of the European governments to each other.

The purpose of this is to enable these European countries to buy more goods from each other. There is no reason to suppose that the scheme wouldn't, at least temporarily, achieve this result. Anybody can buy more goods if somebody else gives him the money to do it with.

But at what cost and at whose expense will this be done? It is argued that, if the European countries are encouraged to buy more from each other, they will need to buy less from the United States and the rest of the dollar area, and so save dollars. But by the same reasoning (unless they have unemployed resources), if they sell more to each other, they will have less left over to sell to the dollar area—and certainly less incentive to sell it. In other words, they will have less incentive to earn dollars.

There are strong reasons for thinking, in fact, that the tendency of the proposed European Payments Union would be to turn western Europe and the sterling bloc into one big soft-currency area—and to reduce the trade between this soft-currency area and the rest of the world, for this intra-European trade would be financed by a new dose of easy dol-

lars and inflationary credit. This inflationary credit would tend to raise price levels still further within the area, increase its price incentive for dollar imports, and reduce still further its ability to export competitively into the dollar area. Moreover, though the member nations promise to cut down their quantitative restrictions on imports from each other, the scheme contemplates that they would continue to discriminate against the outside world, and even be encouraged to do so to save dollars.

In short, the scheme threatens not only to turn western Europe into a big walled-in soft-currency area but actually to increase on net balance the dollar deficit of that area. It would tend to retard rather than promote world-wide multilateral trade. It would tend to delay rather than accelerate general currency convertibility, and above all the convertibility of sterling and European currencies into dollars.

The greatest single step toward a free and balanced international trade would be to restore the general convertibility of currencies into each other. This can be done only by the abolition of exchange control. The traders of every country must be allowed once more to buy and sell their own or other currencies at whatever rates are established in free markets.

To prevent currency depreciation and violent fluctuations governments must stop resorting to police methods. They must turn to the restoration of confidence. This will require a halt to inflationary policies and to threats of more socialism and expropriation. Ultimately it will require a return to the international gold standard. For Britain it will require to begin with the blocking or funding of the old overhanging sterling debt. But in general what is needed to promote world recovery and restore world trade is not still more bureaucratic tinkering but the restoration of economic freedom.

Mr. Chairman, when will our own Government agencies wake up to the realization that American industry, American farmers, and American laborers are entitled to some consideration and protection? We have spent overseas over \$30,000,000,000 since the war ended for the rehabilitation and aid of foreign nations and much of the money, as I have outlined, is being used to undermine our own economy and put our own workers on the relief rolls. The greatest problem facing this Nation today is the excessive tax load and the wild, wasteful, deficit-spending program which is piling up the national debt to an astronomical figure and is requiring the annual expenditure of five to six millions of dollars more than the high tax program brings in each year, with no reduction of the national debt. It is time for Uncle Sam to stop, look, and listen, before bankruptcy overtakes the Nation.

Mr. KEE. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CARNAHAN].

Mr. O'KONSKI. Mr. Chairman, I renew my point of order that a quorum is not present.

Mr. KEE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and Mr. PRIEST having resumed the chair as Speaker pro tempore, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had

under consideration the bill (H. R. 7797) to provide foreign economic assistance, had come to no resolution thereon.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 398) entitled "Joint resolution relating to cotton- and peanut-acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, and to price support for potatoes."

COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Expenditures in the Executive Departments may have until midnight of Tuesday next to file a report on a reorganization plan relating to the National Labor Relations Board, I think it is House Resolution 51, and that minority Members may have until the same time to file minority views.

I may say this unanimous-consent request will supersede a unanimous-consent request that the gentleman from Illinois [Mr. Dawson] made yesterday to have until midnight Saturday to file the committee report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. WERDEL asked and was given permission to extend his remarks in the Record and include remarks of Robert N. Denham, General Counsel, National Labor Relations Board, notwithstanding that it exceeded two pages of the Record and, according to the Public Printer, costs to \$220 to print.

Mr. PATTERSON asked and was given permission to extend his remarks in the Record and include two newspaper articles.

Mr. ELLIOTT asked and was given permission to extend his remarks in the Record and include extraneous matter.

Mr. PATMAN asked and was given permission to extend his remarks in the Record in three instances and include certain statements and excerpts.

Mr. YATES asked and was given permission to revise and extend the remarks he made in Committee of the Whole.

CORRECTION OF RECORD

Mr. JENNINGS. Mr. Speaker, I ask unanimous consent that I may correct and extend my remarks made in the House on Tuesday, February 28, 1950, on page 2557 of the Record, in the second paragraph thereof so that in the fourth line of the first sentence in said paragraph, the word "spawn" may be substituted for the word "store."

And in the same paragraph that I may substitute for the language beginning with the sentence, "Haven't we got wind tunnels all over the country," and ending with the words "the men who have

FOREIGN ECONOMIC ASSISTANCE, 1950

REPORT
OF THE
COMMITTEE ON FOREIGN RELATIONS
ON
S. 3304
A BILL TO AMEND THE ECONOMIC COOPERATION
ACT OF 1948, AS AMENDED



MARCH 24 (legislative day, MARCH 8), 1950.—Ordered to be
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FURTHER EXTENSION OF THE EUROPEAN RECOVERY PROGRAM

MARCH 24 (legislative day, MARCH 8), 1950.—Ordered to be printed, with illustrations

Mr. CONNALLY, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 3304]

The Committee on Foreign Relations having had under consideration a bill (S. 3101) to amend the Economic Cooperation Act of 1948, as amended, report its own bill (S. 3304) favorably to the Senate and recommend that it do pass.

1. GENERAL PURPOSES OF S. 3304

Title I of the bill continues the European recovery program by authorizing not to exceed \$2,950,000,000 for the fiscal year 1950-51. It also permits the Economic Cooperation Administration to use in fiscal 1951 an estimated 149.1 million dollars which it now appears will be saved out of funds appropriated for fiscal 1950.

Title II provides for the continuation of our aid to Korea for another year in an amount not to exceed \$100,000,000.

Title III continues through June 30, 1951, the availability of funds first appropriated in 1948, but still unexpended, to enable the President to give economic assistance to any place in China and in the general area of China which is not under Communist control. It also provides that for so long as the President deems it practicable not less than \$50,000,000 of such funds shall be available only for assistance in areas in China.

Title IV authorizes the appropriation of not to exceed \$27,450,000 as a contribution by the United States to assist the United Nations in carrying out certain direct relief and works programs in the Near East for the benefit of Palestine refugees.

2. COMMITTEE ACTION

In connection with its consideration of title I, the committee held public hearings on February 21, 22, 23, 24, 27, and 28, at which time it received the testimony of Administrator Paul G. Hoffman; Secretary of State Dean Acheson; W. Averell Harriman, United States Special Representative in Europe; Richard M. Bissell, Jr., Assistant Administrator for Program; C. Tyler Wood, Assistant Administrator for Operations, ECA; the ECA Mission Chief to the United Kingdom, W. John Kenney; to France, George B. Bingham; to Italy, James D. Zellerbach; and to western Germany, Robert M. Hanes; and a number of private citizens. On March 3, the committee recalled Administrator Hoffman to secure further information in public hearing.

At a public hearing on March 7, the committee received the testimony of the following individuals on title II dealing with Korean aid: Administrator Hoffman; Secretary Acheson; Edgar A. J. Johnson, Director, Korea Division, ECA; and Arthur C. Bunce, chief of the ECA mission to Korea.

Executive sessions were held to perfect the bill on March 10, 15, and 21, at which time title III dealing with China was considered and a number of important amendments were agreed upon.

On March 24, the committee voted to include as title IV of the bill under consideration Senate Joint Resolution 153 dealing with Palestine refugees, reported by the committee to the Senate on February 14 and accompanied by the committee Report No. 1275.

On March 24, the committee reported its own bill incorporating the amendments discussed in the section below to the Senate for favorable action.

PART I. THE ERP PROGRAM

A. BACKGROUND

3. SUMMARY OF AMENDMENTS APPROVED BY THE COMMITTEE

Title I of S. 3304 consists of amendments to the Economic Cooperation Act of 1948. The more important of these amendments are summarized here; some of them will be discussed in more detail in later sections of this report.

1. *Authorization for transfer of funds (sec. 102).*—This section authorizes the ECA Administrator to transfer funds not to exceed a total of \$600,000,000 to any central institution (such as the proposed European Payments Union discussed hereafter) or to any participating country in connection with the institution's operations, in order to promote the transferability of currencies or the liberalization of trade. Transfer of funds under this section will constitute an important part of ECA's program to encourage European integration.

2. *Forward contracting guaranties (sec. 103).*—Last year the investment guaranty provision (sec. 111 (b) (3)) was amended by adding subparagraph (iv), to permit coverage of contracts for capital goods and related services under which payment was to be made after June 30, 1950. The amendment now proposed will bring this provision up to date and will make it clear that such a guaranty is to be issued only

against a long-term contract running beyond the end of the fiscal year in which the guaranty is made.

3. *To promote dollar savings (sec. 104 (a)).*—This amendment of the original act is designed to encourage western European countries to reduce their dollar purchases to the greatest extent possible consistent with the recovery objectives, so that American aid may be kept at a minimum and the burden on the American taxpayer thereby reduced.

4. *Discrimination against American business (sec. 104 (b)).*—This amendment states it to be the sense of Congress that participating countries shall not impose certain types of business restrictions that discriminate unreasonably or unjustifiably against American business enterprises seeking to import commodities into the participating countries, where such importation would further the European economic recovery program. The amendment would not prevent the imposition of import controls made necessary by balance of payments or national security considerations.

5. *Authorization (sec. 105 (a)).*—This amendment is described in section 1 of this report.

6. *Use of appropriations and counterpart funds in Germany (sec. 105 (b)).*—Last year's funds for economic assistance to Germany were made available partly through the ECA appropriation and partly through the appropriation for GARIOA (government and relief in occupied areas). The latter portion was available also for other occupation purposes. For the coming fiscal year it is contemplated that there will be no GARIOA appropriation for Germany and that all funds for economic assistance to Germany will come from the ECA appropriation. It is desirable, therefore, to make provision so that both dollars and local currency can continue to be used in case of necessity for expenses in connection with the occupation of Germany similar to those for which GARIOA appropriations were available last year. The proposed amendment is designed to serve this purpose.

7. *Other provisions concerning counterpart funds (sec. 106).*—Section 115 is amended by the addition of two new subsections. The first incorporates into the law a provision appearing in the 1950 Appropriation Act for ECA (Public Law 327), which directs the Administrator to use counterpart funds under his control to publicize ECA's operations abroad.

The second new subsection expresses the intent of Congress that as much as possible of the local counterpart funds shall be used to promote liberalization of trade and transferability of currencies, as well as purposes otherwise consistent with the basic objectives of the act. It also authorizes the Administrator, at his discretion, to obtain the views of any central institution or other organization formed to further the purposes of the act, prior to the commitment of counterpart funds for any particular use.

4. TOTAL COSTS OF ERP AND OTHER AID PROGRAMS

Previous authorizations for ERP

This is the third time that ERP has been before the Congress. The first act (Public Law 472), Eightieth Congress, was approved April 3, 1948, and envisaged a 4-year program subject to annual review by the Congress at the time funds were requested. The second act

(Public Law 47), Eighty-first Congress, was approved April 19, 1949. It amended the original act in several respects, and provided funds for fiscal 1949-50. The first two authorizations aggregated \$9,730,000,000. It was originally estimated that the 4-year program would cost approximately \$17,000,000,000. It now appears that the total amount required may be less than \$15,000,000,000.

*Postwar dollar assistance to participating countries by the United States and by international financial agencies—through June 1949*¹

AGENCY AND/OR PROGRAM

[In millions of dollars]

Postwar period

A. Total assistance-----	17, 297. 7
B. Grants through United States and international agencies-----	7, 916. 2
1. American Red Cross-----	2. 6
2. Interim aid program, 1947-48, Austria, France, Greece, and Italy-----	557. 4
3. Post-UNRRA program, Austria, Greece, Italy, and Trieste-----	253. 8
4. Terminal lend-lease, Belgium-Luxemburg, France, Greece, Netherlands, Turkey, and United Kingdom-----	431. 7
5. Army, supplies furnished for civilian use, Austria, Germany, Greece, Italy, and Trieste-----	1, 838. 4
6. Greek-Turkish aid program, 1947-48-----	517. 0
7. UNRRA, participating countries-----	781. 8
8. Civilian-type articles purchased with lend-lease funds and furnished through Army channels to Italy-----	134. 5
9. Economic Cooperation Administration-----	3, 399. 0
C. Credit through United States agencies-----	8, 344. 8
10. Agriculture Department (cotton to Germany)-----	34. 2
11. Export-Import Bank loans, 1946-49-----	1, 753. 3
12. Maritime Commission, mortgages taken in payment on ships sold-----	197. 2
13. Reconstruction Finance Corporation, loans made to finance purchase of miscellaneous commodities for Germany-----	2. 7
14. Office of Foreign Liquidation Commissioner, credits arising from sales of surplus property-----	753. 1
15. Treasury Department, British loan (1946)-----	3, 750. 0
16. Foreign Accounts and Collection Division, amounts to be repaid over a term of years under lend-lease settlements or pipe-line agreements-----	988. 3
17. War Assets Administration, credits arising from sales of surplus property located in United States-----	11. 6
18. Economic Cooperation Administration-----	854. 4
D. Credit through international agencies-----	1, 036. 7
19. International Bank for Reconstruction and Development-----	501. 0
20. International Monetary Fund-----	535. 7

¹ The figures are based on assistance actually utilized. They take no account of return aid rendered to the United States (e. g., the value of strategic materials received by the U. S. Government under the European recovery program and reverse lend-lease) or of repayments on credits.

Cost of all foreign assistance programs for fiscal 1951

It is estimated by the executive branch that 4.8 billion dollars will be required for all foreign assistance by the United States Government in fiscal 1951, as shown in the next to the last column of the following table. The President's budget asks for 3.1 billion dollars for the "European recovery program and other foreign aid." The 2.95 billion dollars requested for ERP falls within the latter figure thus leaving \$150,000,000 for "contingencies arising in the field of foreign affairs."

It should be noted that the figures in the first three columns of the following table are on an expenditures basis and do not, therefore, correspond to the amounts authorized by the Congress.

Total United States foreign aid (budget basis) (adapted from p. M21, President's budget message, excluding "conduct of foreign affairs")

[Millions of dollars]

Program or agency	Expenditures			New obligatory authority for 1951	
	1949	1950	1951	Appropriations	Contract authorizations
I. International Recovery and Relief:					
A. ERP and other foreign aid (present programs and proposed legislation).....	4,040	¹ 4,062	3,250	3,100	-----
B. Aid to occupied areas.....	1,349	831	279	320	-----
C. Aid to Korea (present programs and proposed legislation).....	¹ 6	¹ 93	¹ 111	² 115	-----
D. Reconstruction Finance Corporation (loan repayment).....	-41	-38	-38	-----	-----
E. Aid to refugees:					
1. IRO.....	73	70	25	25	-----
2. Displaced persons program (present programs and proposed legislation).....	1	5	4	4	-----
3. Palestine refugees (present programs and proposed legislation).....	8	15	20	-----	-----
F. Old foreign relief programs.....	92	5	-----	-----	-----
G. International Children's Emergency Fund.....	26	17	-----	-----	-----
H. Assistance to China (economic, act of 1948).....	170	1	³ 3	-----	-----
Subtotal I.....	5,724	5,060	3,654	3,564	-----
II. Foreign Economic Development:					
A. Export-Import Bank loans.....	-57	71	48	-----	-----
B. Inter-American development.....	12	11	8	7	30
C. Technical assistance to under-developed areas (proposed point 4 legislation).....	-----	-----	25	35	-----
Subtotal II.....	-45	82	81	42	30
III. Foreign Military Assistance:					
A. Mutual defense assistance program (present programs and proposed legislation).....	-----	160	645	⁴ 648	500
B. Greek-Turkish aid (acts of 1947 and 1948).....	289	195	-----	-----	-----
C. Assistance to China (act of 1948).....	125	-----	-----	-----	-----
Subtotal III.....	414	355	645	⁴ 648	500
IV. Philippine aid.....	197	221	91	⁵ 45	-----
Grand total.....	6,290	5,718	4,471	⁶ 4,299	530

¹ Includes transfer from funds for aid to occupied areas.

² On Feb. 24, 1950, the President transmitted to the Congress a revised estimate of the Korean aid appropriation request for 1951 of \$100,000,000, as compared with the figure of \$115,000,000 shown in the budget message and in the above table.

³ Additional expenditures of about \$5,000,000 to \$10,000,000 in 1951 resulting from extension of China program are included in line I-A, above.

⁴ Add appropriations to liquidate prior contract authorizations, \$500,000,000.

⁵ Add appropriations to liquidate prior contract authorizations, \$13,000,000.

⁶ Add appropriations to liquidate prior contract authorizations, \$513,000,000.

5. SHIFT IN EMPHASIS IN PROGRAM

The first 2 years of the recovery program, as noted below, have been marked by success in increasing the industrial and agricultural production of the participating countries. If these gains are to endure and be augmented during the next 2 years and in the period after aid has ceased, the emphasis must now be placed increasingly on economic integration, liberalization of trade, and closing the dollar gap. Permanent stability can only be achieved if western Europe develops the capacity to purchase abroad the foodstuffs and the raw materials needed to keep the industrial machine rolling.

B. PROPOSED USE OF FUNDS

6. AMOUNT REQUESTED AND HOW IT IS TO BE USED

The following table sets forth the ECA estimates on which the request for the 1950-51 authorization is based.

ERP aid, 1949-50 and 1950-51

[In millions of dollars]

	1949-50	1950-51
Total ECA-country-aid program funds.....	4,056.2	3,046.0
Strategic materials projects.....	20.0	20.0
Technical assistance.....	9.0	15.0
Ocean freight, voluntary foreign aid.....	10.5	2.8
Confidential fund.....	.05	.05
Administration.....	15.265	15.255
Totals:		
Total funds required.....	4,111.0	3,099.1
Plus estimated carry-over.....	+149.1	
Less estimated carry-over.....		-149.1
Total funds appropriated.....	4,260.1	
Total new funds requested.....		2,950.0

The sum of \$3,046.0 million for country aid was arrived at by an analysis of the probable dollar needs over the next year. This analysis took into account substantial estimates of probable dollar earnings and dollar savings, which will require strenuous efforts and heavy sacrifices of western Europe. In comparison with the estimated cost of this year's program this requested amount represents a decrease of 28 percent, or \$1,010.2 million in the country aid program. The committee noted particularly Mr. Hoffman's remark:

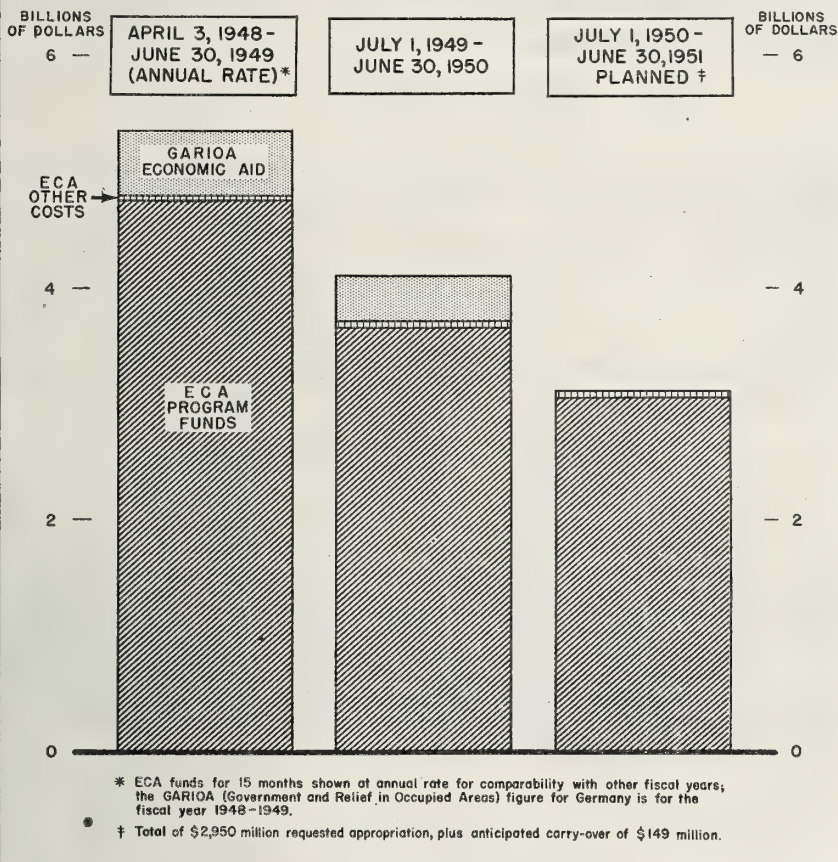
I wish to repeat again * * * that we are laying before you our best carefully screened estimates as to the requirements for the fiscal year. * * * This is the minimum we think we shall need but, if we can save any of it without wrecking the recovery program, I again pledge you my word we shall do so.

The chart which follows indicates that the amounts authorized for ECA aid have decreased substantially year after year.

This progressive reduction in the size of the ECA program is consistent with the original Marshall plan which contemplated that after heavy initial expenditures it would be possible to taper off assistance until the end of the program in 1952. The committee was glad to note that the ECA has consistently taken the initiative in reducing the amounts requested.

EUROPEAN RECOVERY PROGRAM

DISPOSITION OF FUNDS, BY FISCAL YEARS



7. NEW BASIS FOR AID DISTRIBUTION

During the first 2 years of the recovery program the Organization for European Economic Cooperation (OEEC) had responsibility for recommending to the ECA the proportion in which aid was to be divided among the recipient countries. A great deal of time and effort went into this task. As a result a division of funds was agreed upon which was designed to achieve the general objectives of European recovery. Accordingly, ECA and OEEC have agreed to use this division as the basis of country allotments during the balance of the program.

For fiscal 1951 there are two exceptions. Greece, emerging from civil war, will be given a larger proportionate share of the total for its reconstruction needs. Belgium, on the other hand, will receive a substantially smaller proportion than in 1949-50.

The committee believes that, with the division established in advance, the participating countries and OEEC can now concentrate on the liberalization of trade, methods of expanding their hard-currency earnings, and other broad problems of recovery.

The following table indicates the way in which country aid is expected to be apportioned in 1950-51:

Total country-aid program, 1950-51

[Millions of dollars]

Austria.....	124.4	Portugal.....	23.5
Belgium.....	142.8	Sweden.....	34.3
Denmark.....	65.1	Turkey.....	44.1
Free Territory of Trieste.....	10.0	United Kingdom.....	687.1
France.....	502.8		
Germany.....	552.9	Total country allot-	
Greece.....	148.8	ments.....	2,925.0
Iceland.....	5.2	Reserve for special projects.....	85.0
Ireland.....	33.5	Supplementary aid to Greece.....	36.0
Italy.....	290.6		
Netherlands.....	192.8	Total.....	3,046.0
Norway.....	67.1		

8. TYPES OF COMMODITIES TO BE PURCHASED

Considerable interest has been evinced in the types of commodity and industrial items which, it is expected, the participating countries will purchase during the next fiscal year with ECA aid. It is estimated that 83 percent of the purchases in 1950-51 will be made directly in this country. In the process of multilateral trade all ECA dollars will come back and be spent in the United States. Sugar and certain nonferrous metals will make up the bulk of purchases outside this country. The following table indicates the estimated purchases of all commodities, both inside the United States and elsewhere, to be financed with ECA funds.

Estimated ECA-financed imports for 1950-51

[In millions of dollars]

1. FOOD AND AGRICULTURAL IMPORTS

	Total		Total
Food.....	596.9	Feed and fertilizer—Continued	
Bread grains.....	457.3	Fertilizer.....	4.7
Fats.....	94.5	Natural fibers.....	503.5
Sugar (raw).....	9.4	Cotton.....	474.7
Meats.....	2.0	Wool.....	8.3
Dairy products.....	10.3	Other fibers.....	20.5
Other foods.....	23.4		
Feed and fertilizer.....	154.4	Tobacco.....	110.1
Coarse grains.....	135.2	Other agricultural products.....	31.6
Protein feeds.....	14.5	Total food and agricul-	
		ture.....	1,396.5

2. INDUSTRIAL IMPORTS

	<i>Total</i>		<i>Total</i>
Fuels-----	301. 4	Industrial raw materials—Con.	
Solid fuels-----		Raw hides and skins-----	25. 5
Petroleum and petroleum products-----	301. 4	Industrial chemicals-----	68. 7
Industrial raw materials-----	404. 0	Capital equipment-----	516. 3
Iron and steel:		Agricultural machinery--	41. 4
Raw-----	6. 7	Industrial machinery equipment-----	474. 9
Crude, semifinished, and finished-----	62. 9	Other manufactures and raw materials-----	71. 0
Nonferrous ores and concentrates-----	43. 6	Leather-----	2. 1
Aluminum-----	25. 1	Rubber and rubber products-----	9. 0
Copper-----	79. 3	Textiles-----	3. 1
Lead-----	3. 6	Miscellaneous-----	56. 8
Zinc-----	8. 8		
All other nonferrous metals-----	15. 8	Total industry-----	1, 292. 7
Lumber-----	53. 8		
Paper and pulp-----	10. 2	Grand total-----	2, 689. 2

NOTE.—The difference between the total estimated ECA-financed imports (\$2,689.2 million) and the direct country aid figure (\$2,925 million) is made up by ocean transportation costs.

9. SUPPLEMENTARY AID FOR GREECE

The estimated aid for Greece in 1950–51 is 148.8 million dollars to enable that country to accelerate its reconstruction program. In addition, \$36,000,000 has been requested to pay for certain items which will be used by the military forces such as oil and lubricants, shoes, clothing, tires, and medical supplies. These items are normally used by the civilian economy and by the military forces. If ECA purchases them for military as well as civilian use, substantial savings will result because purchase orders will be lumped and deliveries consolidated. In the past these items, when for military use, have been carried under the Greek-Turkish military-aid program. Addition of this \$36,000,000 to the ECA appropriation will mean a decrease of a like amount in the size of the military-aid appropriation for Greece.

10. FUNDS RESERVED FOR TRADE LIBERALIZATION AND OTHER SPECIAL PURPOSES

The ECA expects during 1950–51 to withhold from the country aid programs certain funds which will be used to encourage projects designed to promote intra-European trade and increase the ability of the participating countries to earn, or save, dollars. The amount to be withheld is \$600,000,000, which will be used (a) to encourage the creation of an European Payments Union and (b) to promote specific projects on a country-by-country basis for the reduction or removal of trade barriers.

In addition it is planned to set up a special fund of \$85,000,000 which will be used (c) to promote the construction of international power projects, and (d) to encourage the establishment of overseas developments which will enable western European countries to earn, or save, hard currencies.

(a) Proposed European Payments Union

In order to stimulate intra-European trade, and thereby to reduce dollar-aid requirements as much as possible, the ECA in 1948 encouraged the establishment of the intra-European payments plan. It is now proposed to take a further important step in this direction by replacing the payments plan with a European Payments Union. The existing payments plan is a method of distributing part of the dollar aid to creditor participating countries upon the condition that these creditor countries in turn make grants in their own currency (drawing rights) to debtor participating countries. This plan encourages bilateral trade between the creditor countries receiving ECA "conditional aid" and the debtor countries which receive "drawing rights" on specific creditor states. Its principal shortcomings are that the plan encourages bilateral rather than multilateral trade and makes it necessary for debtor states to buy in those creditor states upon which they hold drawing rights even though the product needed may be obtained more cheaply in some other participating country.

The proposed Payments Union will not change either the amount of aid needed or the purpose for which ECA dollars are ultimately used. But some of these dollars will come to creditor states through the new Payments Union, which is essentially a typical clearing house operation participated in by the central banks of each country. This will encourage the financing of trade deficits on a multilateral basis. A debtor country will have the right to draw upon the Payments Union for any European currency it needs, up to a predetermined limit. A creditor country will provide its own currency to the clearinghouse as needed, up to a predetermined limit. A considerable part of the ECA funds required for financing trade deficits will be furnished as aid to the Payments Union, and, in effect, earned from the Union by the creditor countries. However, trade deficits will be paid only partly with ECA aid to the Union. The debtor countries must finance part of their trade deficits out of their own dollar resources, and the creditor countries must loan funds to the Union in amounts not directly dependent upon ECA aid. Thus, a bilateral-trading system is progressively superseded by multilateral trading. Trade deficits will be financed by three different sources of funds: (1) ECA dollars transferred to the Union; (2) gold and dollar resources of the debtor countries; and (3) loans extended by the creditor countries.

In order to give the Payments Union the needed start, the bill reported by the committee authorizes the Administrator to transfer funds directly to the Payments Union or any similar institution or to a participating country in connection with the operation of such an institution. The amendment restricts such transfers of funds to a total of \$600,000,000. They are in fact likely to fall considerably below that figure.

(b) Assistance to individual countries

As noted in the preceding section, it is not expected that the total reserve of \$600,000,000 to be withheld from country allotments for trade liberalization and similar purposes will be used for direct transfer of funds in support of a payments union or other central institution. The balance will be made available as needed to individual countries, under regular program procedures for financing goods and services, to

meet the emergencies that are expected as Europe moves along the road of trade liberalization.

It is almost inevitable that reduction of trade barriers will produce temporary dislocations in certain segments of the economies of some countries. It is impossible to predict with accuracy the results that may flow from such acts as removal of tariffs or lifting import restrictions. Availability of such a reserve fund for use to help participating countries that are making real sacrifices in the direction of freeing trade will cause those countries to be less reluctant to take steps in this direction. Thus, it will be possible for the ECA to use these funds to stimulate the economic integration of Europe.

(c) International power projects

Of the \$85,000,000 in the special fund, \$40,000,000 is expected to be reserved for the development of thermal and hydroelectric power plants and transmission lines whose construction or operation is international in character (i. e., involving two or more participating countries.) The plans for these developments are being considered by the OEEC Electricity Committee. The ECA contribution of \$40,000,000 will cover only about 30 percent of the total cost of the developments, the balance of the funds coming from the participating countries in the form of local currencies. The development of such international projects will be an effective way of breaking down trade barriers between European countries and will encourage the economic integration of Europe.

(d) Overseas development

The remaining \$45,000,000 in the special fund will be used to encourage the development of projects in overseas territories of the ERP countries. The main purpose in setting aside this incentive fund is to encourage the development of projects in overseas territories which may become substantial sources of dollar earnings, or savings. To some extent these projects can be developed without dollar financing but in many cases materials or services needed are available only in the United States. The projects submitted for consideration during the current year call for ECA financing for only about ten percent of the total cost. This seems a worth-while investment of ECA funds designed to alleviate the dollar shortage of the western European countries after ECA aid is terminated.

C. PROGRESS OF ERP TO DATE

11. OVER-ALL PROGRESS

When the Congress first authorized ERP, Europe's economy was facing a total break-down. Six years of war had brought about a dislocation of trade patterns, loss of invisible income, inflation and other financial problems, and deterioration of war-worn machinery. The resultant sinking of European morale was accelerated by repeated Communist attempts to sabotage recovery, and the strain of an unusually severe winter and dry summer. Industrial production was fighting an uphill battle since essential imports had to be cut down, the working population was discouraged and tired, and labor unrest disrupted the economy.

Industrial production

The committee is very much encouraged by the progress made these past 2 years. The increase in production has exceeded the most optimistic estimates and hopes. Industrial production now stands at 20 percent above the prewar levels. During the 2 years of ERP aid hard-coal production has expanded 17 percent, steel 52 percent, electric power 21 percent, and cement 58 percent.

The following charts show the progress to date in over-all industrial production and in selected industries.

INDUSTRIAL PRODUCTION

..... has risen 25 percent since European Recovery Program was started

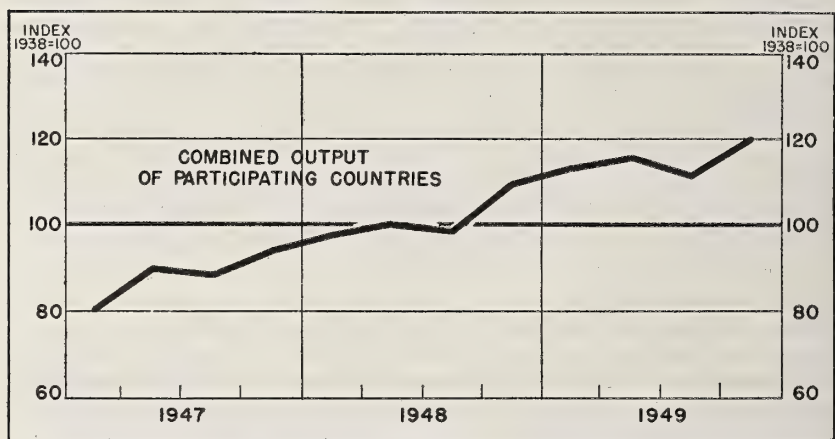


CHART II

PRODUCTION IN BASIC INDUSTRIES

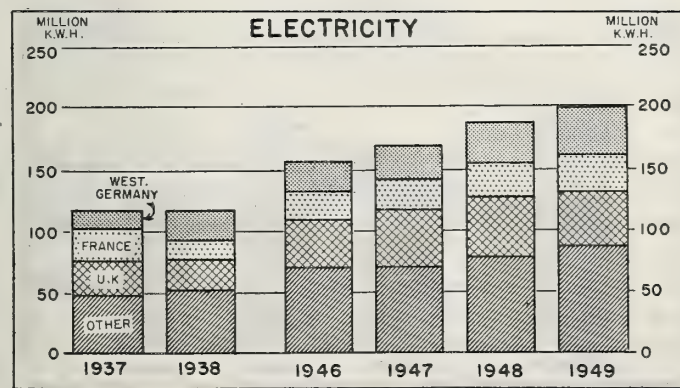
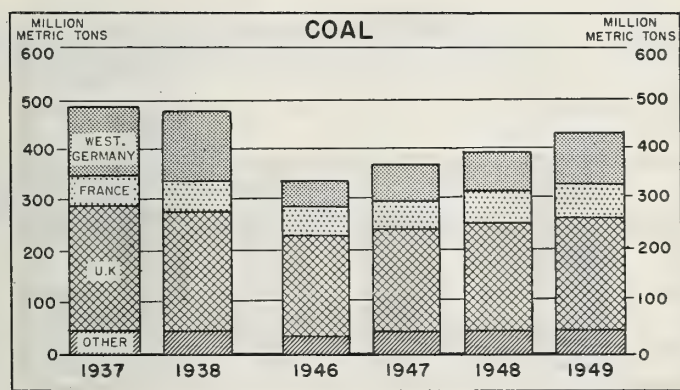
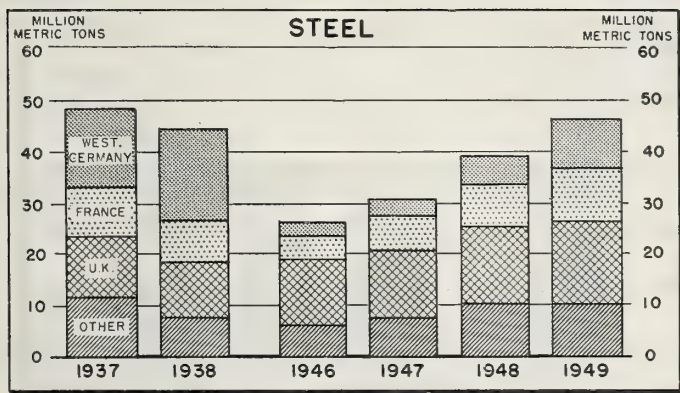
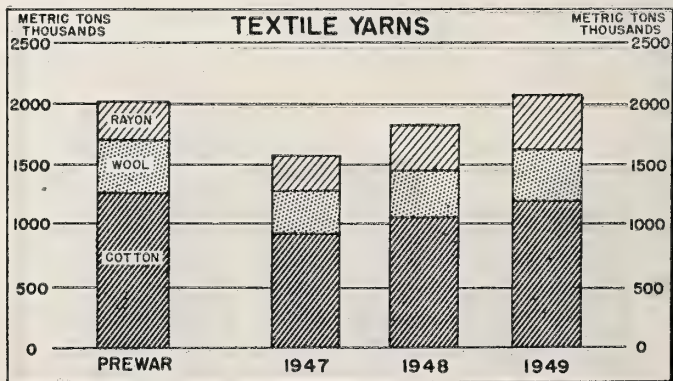
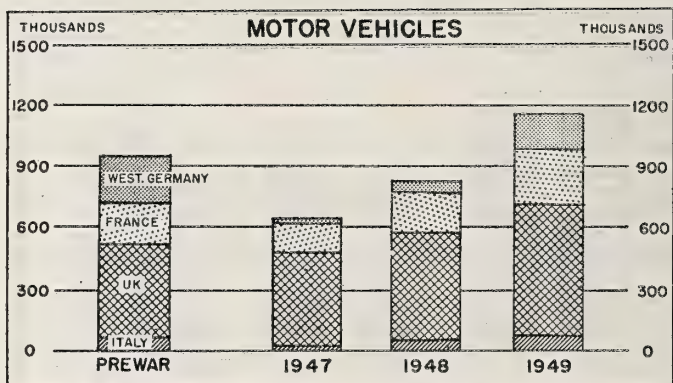
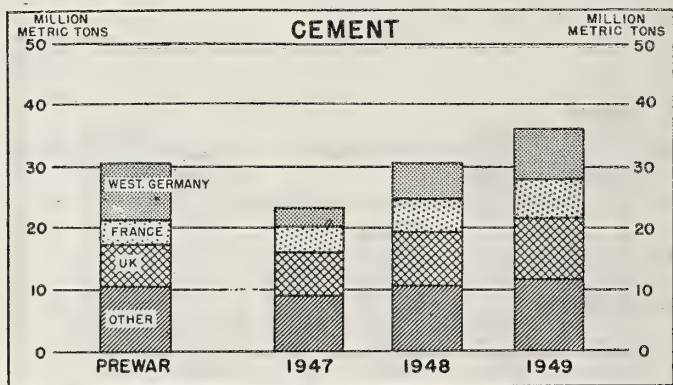


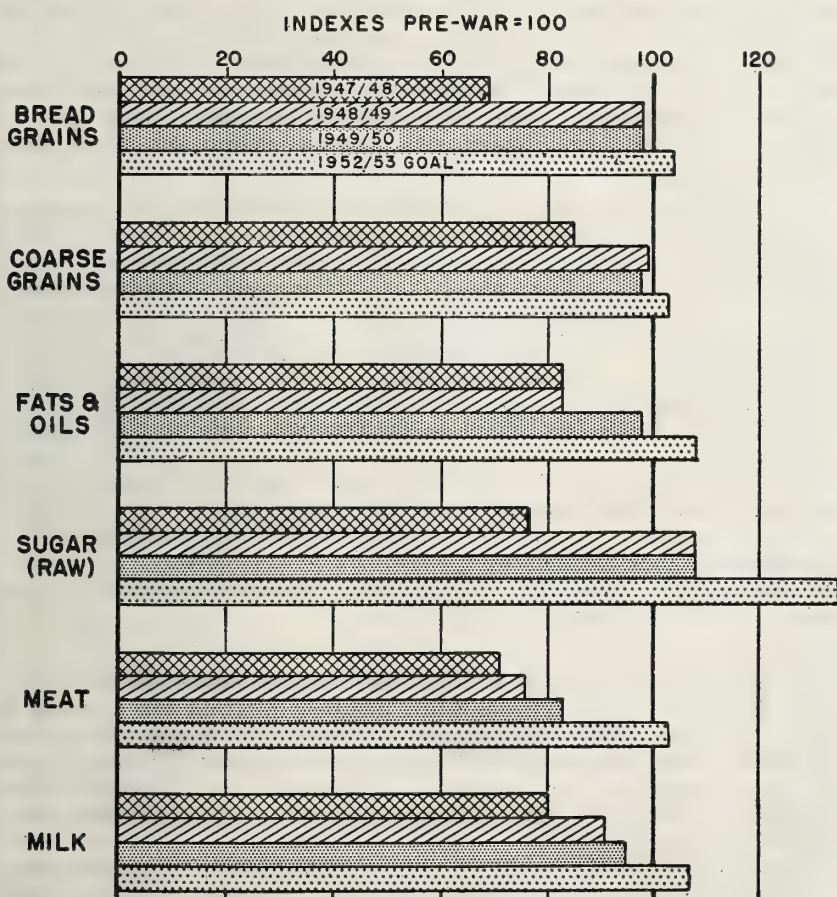
CHART II (Con't)

PRODUCTION IN BASIC INDUSTRIES



Agricultural production

In the last 2 years total grain production has risen 30 percent; sugar, 40 percent; meat, 16 percent; milk, 19 percent; and fats and oils, 19 percent. Yet agricultural output as a whole is still below prewar levels and a further rise of over 15 percent is necessary by 1952-53 to return to the prewar per capita rate of production. The loss of imports from eastern Europe together with the population increase in western Europe make it necessary for the OEEC countries to make an even greater effort in order to achieve the 1952-53 goals set by them. The following chart illustrates the problem.

AGRICULTURAL PRODUCTION*Financial stability*

The rampant inflation of 1947-48 has ended and prices are largely stable. Prospects for financial stability are good. The committee, however, was concerned about the inefficiency of the tax-collecting machinery in some participating countries, and hopes that the Economic Cooperation Administration will continue its efforts to assist in the improvement of this situation.

Trade

European trade has shown striking improvement. The total volume of exports has increased 50 percent since 1947 and with the exception of the dollar area, western Europe's payments are almost in balance. Dollar earnings are rising. The drastic devaluation of currencies last September brought the price levels of the participating countries more closely into line with world prices.

12. PROGRESS IN THE PARTICIPATING COUNTRIES

This improvement, gratifying as it has been, must be oriented toward the postwar position of Europe in the world. Populations have increased 10 percent since 1938. A reduced supply of raw materials from the Far East and particularly from eastern Europe has forced buying into the dollar area. Invisible income has been sharply reduced since assets held abroad were liquidated to pay for the war effort. Therefore, even though production levels of 1938 have been attained in almost all fields and exceeded in many, even greater increases are required if Europe is to become securely self-supporting.

United Kingdom

Even though Great Britain maintained a balanced budget in sterling in both 1948 and 1949, her dollar problem remains serious. The great effort to achieve a self-sustaining economy is reflected in the export and import figures. Exports were 138 percent of 1938 whereas imports have been maintained at 90 percent of 1938. Due to heavy pressures against sterling in the spring and summer of 1949, Britain's gold and dollar reserves fell about \$500,000,000. Devaluation has reversed this dangerous trend. Reserves are now up to \$1,688 million from \$1,340 million, the lowest figure reached, but are still uncomfortably low.

The general level of economic activity reached an all-time high in the past year. Manufacturing was 40 percent above 1938 and agricultural production 35 percent. Labor productivity in manufacturing industries increased 7 to 9 percent per year over the last 2 years. The cost-of-living index rose 3 points in 1949 and the wholesale-price index about 6 percent after devaluation.

France

Progress toward financial stability has been an outstanding achievement of the last year. The spiraling postwar inflation was stopped in 1949. December 1949 wholesale prices were only 1 percent above the December 1948 level, whereas in each other postwar year the increase had ranged from 44 to 80 percent. A comprehensive program in the budgetary, credit, and price fields brought with it new confidence in the French franc.

Industrial production reached 123 percent of 1938, 10 percent more than 1948, and approached the highest level in French history. Agricultural production, on the other hand, has been slower to come back. Nevertheless, despite a severe drought last summer, it is anticipated that it will reach 96 percent of 1938 levels in 1949-50.

The progress in trade has been good. Exports in 1949 covered 75 percent of the imports. In 1948 they covered only 45 percent. For the first time since the war, France has had a trade surplus with non-

dollar areas. Her exports to the United States, however, suffered a slight decline from 1948 and tourist receipts were below expectation. France must more than double her dollar earnings by 1952 to obtain even the minimum requirements of petroleum, cotton, copper, and some machinery.

Italy

For the past 2 years, Italy's financial and monetary situation has been stable. Prices and wages have held the line. Eighty-five percent of Government expenditures are now covered by revenue, compared with 53 percent in 1947-48, and 73 percent in 1948-49. In spite of a rise in total exports of 7 percent over 1948, Italy's exports to the United States dropped from \$90,000,000 in 1948 to around \$45,000,000 in 1949, a drop of 50 percent. Since imports are expected to continue at about present levels, a strenuous effort is necessary to improve Italy's dollar earning position.

Industrial production rose 6 percent in both 1948 and 1949. Major increases took place in mining (18 percent over 1948), textiles (14 percent), petroleum refining (40 percent), and building materials (13 percent). Agricultural production was approaching prewar levels. Industrial production, however, was severely hampered by a dry summer as a result of which hydroelectric power was reduced by 17 percent under 1948. Despite these increases, unemployment continues at about double the prewar level. Total emigration remained at 1948 level and the problem of surplus population continues to be one of the most difficult with which Italy has to deal.

Western Germany

Western Germany's production index in May 1948 stood at 47 percent of 1936 and in November 1949 had reached 98 percent. In the last 2 years, steel production more than doubled, textile production almost trebled, and the output of motor vehicles increased five times. Grain production was up from 6.8 million tons in 1947 to 10.3 million tons in 1949. Since the currency reform in 1948, prices have been stabilized.

But unemployment has risen sharply despite increased economic activity because of the return of prisoners of war and the large influx of refugees from eastern Europe. Both exports and imports have risen, but only one-tenth of German dollar imports are covered by exports to hard-currency areas. The difference is financed by American aid. Thus it will be seen that in spite of the advances already made, much more remains to be done. A painful deflation has taken the place of the earlier inflation. The dollar gap still remains a most critical matter.

The problem of dismantling and the removal of industrial plants from Germany has been largely resolved. The Humphrey committee appointed by Mr. Hoffman, recommended the retention of 167 plants which had been scheduled for dismantlement. Of these all but three are being retained. It is the position of ECA that the "loss" represented by the continued dismantlement of these three plants is more than compensated for by (1) the retention of three other plants of equal if not greater importance, (2) the retention of equipment from 7 plants in Berlin, and (3) the retention of 11 synthetic fuel and rubber plants.

Other participating countries

A few figures illustrate the progress in other participating countries. Austria's industrial production index in October 1949 stood at 132 of 1937; Belgium-Luxemburg's was 116 of 1938; the Netherlands, at 125; Norway's at 132; and Sweden's at 158. However, in Greece, as a result of civil war, industrial production was only 89 percent of pre-war and in Portugal industry was suffering from under investment. Agricultural recovery was uneven. In Belgium-Luxemburg it reached 118 percent of 1938; in Greece it was 102 percent; in the Netherlands 112 percent; and in Sweden 106 percent of 1938. Agricultural production in Ireland and Denmark recovered also; but in Austria and Turkey, this type of recovery lagged. Greece and Turkey, because of high military expenditures, suffered from heavy deficits, and all participating countries still have a dollar deficit of varying seriousness to overcome before they reach trade equilibrium with the United States.

13. DECLINE OF COMMUNIST STRENGTH

European progress is reflected in the constantly increasing political stability of the participating countries. Despite the Cominform's campaign of vilification and despite its efforts to destroy ERP, the Communist parties in western Europe have steadily declined in strength since the inception of the program. In the Norwegian elections of October 1949, the Communists lost all 11 seats they had previously held; in the August elections in Germany, Communists captured only 15 out of 402 seats; and in the elections in Belgium, Austria, and Great Britain the results were much the same.

Real progress has also been made in wresting from the Communists their control of labor movements, particularly in France and Italy. Non-Communist labor movements are rapidly gaining strength as Communist power declines. Thus the free labor organizations have walked out of the once powerful Communist dominated World Federation of Trade Unions and have created a new International Confederation of Free Trade Unions, which has endorsed the Marshall plan.

It is true that not once since the institution of the Marshall plan has there been a Communist victory in the polls in western Europe. It should not be forgotten, however, that the Communist victory in China has led to renewed confidence among Communists in western Europe. Thus far, this resurgence of Communist hopes has not taken on menacing proportions. It does, however, underscore the necessity for resolute continuation of the Marshall plan with appropriations adequate for the purpose.

14. EUROPEAN INTEGRATION

Traditionally Europe has been divided into many nationalistic states. The recovery and subsequent economic stability of Europe depend upon the participating countries being able to work closely together. One of the objectives of the OEEC and of the United States is to achieve a greater unity among the participating countries. The Foreign Assistance Act of 1948, as amended, carries the provision that it is "the policy of the people of the United States to encourage the unification of Europe * * *."

The ECA and OEEC have believed that a substantial degree of recovery was needed before the economic integration of Europe could be pressed; but the progress of recovery had been such that on October 31, 1949, Administrator Hoffman urged upon the OEEC the need for urgent and vigorous steps toward economic integration. Integration was defined to mean the creation of a single, large market, to be brought about by (1) the removal of all quantitative restrictions on the movement of goods, (2) the elimination of monetary barriers to intra-European trade, and (3) the progressive reduction of tariffs among the participating countries. As a result the OEEC countries adopted a resolution in November: (1) To remove by December 1949, quantitative restrictions on at least 50 percent of their imports in private trade; (2) to decide on further steps toward trade liberalization by the end of January 1950; (3) to devise far-reaching new measures to bring about the mutual transferability of their currencies; and (4) to report at the earliest possible date on ways and means to eliminate dual pricing.

In his testimony on February 21, Mr. Hoffman reported that,

The OEEC countries have now removed quota restrictions from 50 percent of trade which had previously been restricted. They are now working to decrease these restrictions still further. Some progress is being made toward ending dual pricing. The OEEC countries are now negotiating a new European Payments Union which, with our help, will further remove monetary barriers to intra-European trade and make possible the next steps in eliminating quota restrictions.

The committee is impressed with the very great urgency of successful and rapid progress toward economic integration if the objectives of the European recovery program are to be achieved. It has in the present bill strengthened the hand of the ECA for this purpose by authorizing the transfer of funds to the proposed Payments Union. The committee also approves ECA's plans for reserving additional funds for the promotion of trade liberalization and similar unifying objectives.

In order to give further emphasis to this important objective, the committee approved an additional amendment, expressing the sense of Congress that as much as possible of the local currency counterpart is to be used to promote liberalization of trade and transferability of currencies. This provision encourages the use of local currency for measures designed to foster a closer integration of the European economy, and it enables the Administrator to increase the functions and prestige of a European central institution by permitting it to participate in decisions on uses of counterpart funds.

D. PROBLEMS OF SPECIAL INTEREST

15. THE DOLLAR GAP

Western Europe will not achieve a viable economy and lasting stability until its dollar trade and payments account is brought into balance. At present the value of western European dollar imports exceeds the value of exports and services in a very substantial amount. This difference between the value of dollar exports and services as against the value of dollar imports and services is the dollar gap, which it is the purpose of the recovery program to bring into manageable proportions by 1952.

In fiscal 1947, the dollar gap was 7.4 billion dollars; in 1948, it was 5.5 billion dollars; and for this fiscal year it is expected to be 4.9 billion dollars. During fiscal 1950-51 it is expected that aid in the amount of 3.1 billion dollars will cover the gap. By 1952 the gap must be further reduced so that western Europe can meet its own needs without extraordinary outside assistance. On the assumption that this will occur the ECA expects to conclude its 4-year program of assistance by 1952.

Only two ways exist of closing the dollar gap on a permanent basis. One is for western Europe to build up its sources of supply in Europe itself and in nondollar areas. The other is by increasing western Europe's dollar earnings through direct and triangular trade. Both methods are being vigorously pressed. ECA estimates for fiscal 1951 are based on what they regard as the maximum possible dollar earnings and savings. Hence any sizable cut in the aid requested would mean a cut in dollar imports of the participating countries. Such a reduction in dollar imports would have a direct and adverse effect upon the already low European consumption standards and upon industrial activity, and capacity to earn dollars in the future. It would be well to keep in mind as stated in an ECA report that:

(1) the volume of exports to the dollar area is not likely to exceed that in the ECA-revised forecasts, and, without energetic European efforts, may well fall short of it; (2) the volume of imports, as revised, is tight but sufficient within narrow limits to achieve the targets of increased production, investment, levels of trade, and a residual but still positive change in the levels of consumption; and (3) the invisible and capital accounts are relatively fixed and where there is room for improvement (as in earnings from United States tourists) optimistic assumptions have been made.

The committee fully recognizes the desirability of closing the dollar gap so that the participating countries may become independent of extraordinary outside assistance by 1952. It also agrees that every effort should be made to save the American taxpayer any unnecessary expenditures in connection with European recovery. To this end purchases made by the participating countries should be made for soft currencies from nondollar areas whenever the goods needed for recovery purposes can be obtained in those markets. In order to reemphasize these basic principles—which reflect the present operating policy of ECA—the committee approved an amendment which requires the Administrator to provide for procurement in such a way as to—minimize the burden of the European recovery program on the American taxpayer by reducing the amount of dollar purchases by the participating countries to the greatest extent possible, consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery.

Effect of competition in the United States.—As indicated above one of the best ways of closing the dollar gap is for Europe to increase its dollar earnings through direct and triangular trade. When Mr. Hoffman testified before the committee he observed that “Europe can earn dollars only by selling goods and services directly to the United States or by selling its goods and services to another country which has already earned those dollars.”

The Secretary of State in discussing the same matter stated that “In the long run, the only reliable and desirable way” to enable the free world to obtain dollars so that it can continue purchasing American goods “is to increase our imports.”

Because of complaints registered by various American business interests, the committee was concerned at the impact which increased imports might have upon industries in the United States. It questioned Mr. Hoffman closely to learn his views on this matter. Mr. Hoffman in his testimony before the committee stated that even by 1953 when the "total amount of competitive imports that can come into the United States from Europe" might reach the figure of 1¼ billion dollars a year "that simply cannot have, as against an economy that produces \$140,000,000,000 a year, much of an impact." He emphasized that competition from domestic producers is a far greater factor affecting United States industry than any conceivable foreign competition. In addition to making the point that competitive imports would be small in comparison to our total national income, the Administrator observed—

that all this concern on the part of American industry to adjust itself to changes (i. e., increased imports), is not the highest compliment that should be paid to American management, because I think American management has the ingenuity; given some time, to make the shifts it has to make. * * *

The committee recognizes the very great importance of this issue of increased imports into the United States and the force of the points made by the witnesses from the executive branch. Though the total volume of competition from abroad will be small as compared to the total volume of American production, the impact of foreign competition may be considerable in particular areas of industry. It is this point that is of special concern to the committee. The whole question of our trade position as the world's greatest creditor nation and our relationships with other free nations in this field, and the implications of these questions for our economic policies requires the most careful study.

16. DISCRIMINATION AGAINST AMERICAN BUSINESS

During the course of the hearings the committee examined carefully charges that certain of the participating countries have imposed restrictions upon trade which discriminate unfairly against American businessmen. One type of discrimination has arisen in connection with British restrictions imposed upon the import into British territory of oil and petroleum products by American companies abroad. American oil companies protested that such restrictions constitute unfair discriminations which seem particularly unwarranted at a time when the United States is contributing generous sums toward British recovery.

The British have claimed these restrictions were necessary in order to make the maximum savings of dollars and thus to reduce their need for American aid. The American oil companies have taken the position that this objective could be achieved just as well if they were allowed to continue to sell their oil products for sterling in the British area. The subject is a most complex one, and is currently under negotiation between the United States and British Governments. The committee hopes that a solution can be found which will not involve unfair discrimination against American companies and, at the same time, will not add to the cost of aid to the United Kingdom.

In order to make clear the position of the Congress, and to assist the Administrator in dealing with such discriminatory practices, the committee inserted a new section in the bill (sec. 104 (b)) which ex-

presses the sense of Congress that no participating country in connection with the importation of commodities into participating countries "shall maintain or impose any import, currency, tax, license, quota, or other similar business restrictions which shall discriminate against citizens of the United States * * *." The committee amendment recognizes that some restrictions may be reasonably required to meet balance of payments conditions and requirements of national security. It recognizes also that there may be instances when some such measures are sanctioned under existing international agreements.

The committee also heard renewed charges of alleged discrimination against American businessmen in Morocco. It considered an amendment which had been proposed specifically to deal with this matter. After careful examination of the complaints, the committee decided that such an amendment was not necessary in view of the arrangements which ECA, the Department of Commerce, and the State Department have made with the French Government to deal with the Moroccan situation. Moreover, to the extent that unjustified restrictions may be imposed, in Morocco or elsewhere, the committee feels they will be covered by the amendment adopted.

17. EAST-WEST TRADE

Since the inception of the Marshall plan it has been generally recognized that failure to revive the traditional east-west trade, which came to a virtual standstill during World War II, would increase western European difficulties in balancing its trade with the rest of the world. Trade with eastern Europe has not developed to its prewar volume. It is estimated that 1949 will show imports at about 32 percent and exports at about 36 percent of the 1938 total.

The chief forces that are retarding east-west trade stem in large measure from political tensions and differences between east and west. Within the Soviet system Russia has exerted heavy pressure upon her satellite states to trade with her and with one another. Moreover, production in eastern Europe of commodities normally exported to the west, such as timber and grain, has not recovered to prewar levels.

The committee recognizes that the efforts to revive east-west trade, which are desirable from an economic standpoint, must be carried forward with due regard to security considerations. In executive session the committee received a full report from ECA officials on this subject and is satisfied that proper action has been and is being taken to safeguard the security interests of the United States and western Europe.

18. STRATEGIC MATERIALS

The ECA strategic materials program has two major objectives: the purchase of materials and the development of new sources of supply in participating countries and their dependencies. Purchases are made only of those materials required by the Federal Supply Service for the Munitions Board stock pile. ECA purchases are made entirely from its local currency funds. As of December 31, 1949, commitments totaled over \$48,000,000 in local currency, principally for rubber, sisal, industrial diamonds, palm oil, graphite, and

bauxite. It is estimated that \$20,000,000 in local currencies will be used for purchases in fiscal 1951.

For development projects, ECA advances dollars or ECA local currency to a producing company, usually against a commitment to repay in the materials produced. Estimates indicate a commitment by the end of the current fiscal year of about \$20,000,000 and slightly under \$20,000,000 in local currency on these projects, for the production of such materials as bauxite, lead and zinc, chrome, and manganese. For fiscal 1951, 20 million dollars and about 8½ million dollars' worth of local currencies will be devoted to development enterprises.

In testimony before the committee, ECA stated that the amendment added to the act last year as section 115 (i) had proved useful in stimulating some of the local currency purchases above described. However, provisions of the same section directed toward encouragement of Federal Supply Service procurement had produced less results, largely because of restrictions in authority and reductions in appropriations later placed by Congress upon FSS purchases.

ECA also called the committee's attention to those provisions of section 115 (b) (9), which call for negotiating with participating countries minimum availabilities of deficiency materials and schedules of increased production for transfer in part to the United States. The inability of United States governmental agencies to make long-term purchase contracts has made these objectives impossible of accomplishment over the past year.

Moreover, on the basis of experience to date, ECA is convinced that these provisions cannot be made effective without a major interference by the governments of participating countries with private business. ECA has been reluctant to encourage such interference, and the committee endorses this position. The committee does not suggest deletion of the provisions, as they might (though it now seems unlikely) prove serviceable at some future time.

19. SURPLUS AGRICULTURAL COMMODITIES

In view of the interest of the Congress in the problem of surplus agricultural commodities as expressed in the original law and the amendments approved in 1949, the committee believes that the following information may be helpful to Members of the Senate:

The net effect of provisions dealing with surplus agricultural products in the present act is to require, with certain limited exceptions, that ECA funds be used for the purchase in the United States of agricultural commodities needed by the participating countries in all instances in which the Secretary of Agriculture determines that this country has an appreciable exportable surplus.

During the first several months of ECA, supplies of agricultural commodities in the United States were short and were not, in many instances, sufficient to meet the requirements of the participating countries. Hence ECA authorized a relatively large volume of procurement outside the United States (offshore procurement). Early in 1949, supplies of many products available in the United States were wholly adequate to meet the requirements of the participating countries. As a consequence, offshore procurement was sharply reduced. During the 9 months ending December 31, 1948, offshore

procurement represented 34 percent of all authorizations for food and agricultural commodities. Since January 1, they have constituted only 20 percent. Offshore procurement includes commodities like coffee, which is not produced at all in the United States, and other commodities like sugar, of which the United States is a large net importer. Except for these two classes of commodities, and for the financing of an existing contract for the purchase by the United Kingdom of Canadian wheat, food and agricultural authorizations have been almost exclusively limited to the United States since January 1, 1949. The act also provides, in effect, that stocks of surplus agricultural commodities held by the Commodity Credit Corporation shall be given first consideration in meeting the requirements of the participating countries when the Secretary of Agriculture notifies the ECA (and other Government agencies) that such stocks are available for foreign aid. Thereafter these stocks, to the maximum extent practicable, are to be utilized in meeting foreign requirements.

In fact, the Secretary of Agriculture has given this notification in comparatively few cases, as it has seemed equally effective, and more consistent with the policy of encouraging private trade, to permit ECA to buy on the open market stocks of surplus agricultural commodities which would otherwise have had to be acquired by the Commodity Credit Corporation in its price-support program. Hence, during the period April 3, 1948, to February 28, 1950, only approximately \$115,000,000 has been procured for the Commodity Credit Corporation stocks out of a total of \$2,489,800,000 of surplus agricultural commodities authorized for procurement in the United States. Major purchases from Commodity Credit Corporation stocks have been of peanuts, flaxseed, wool, and frozen and dried eggs; and such commodities as cotton, wheat, coarse grains, and tobacco have been acquired on the open market.

20. USE OF LOCAL CURRENCY COUNTERPART FUNDS

An important method of speeding European recovery under the ECA has been for each recipient country to deposit in a special account its own local currency in an amount equal to the grant aid it has received from the United States. As of December 31, 1949, the local currency counterpart funds deposits reached the equivalent of \$4,850,700,000, of which 5 percent was reserved for the use of the United States for administrative expenses, strategic-material purchases, and other local currency requirements of the United States. The balance of \$4,608,200,000 was available for use by the recipient countries for purposes agreed upon with the United States. Of this amount \$3,045,400,000 has been approved for withdrawal for specified purposes. To date the different uses to which these funds have been assigned have included debt retirement, promotion of agriculture, development of extractive industries, increase of manufacture, improving and construction of transportation facilities, technical assistance, loans to commerce and industry, construction of public buildings and housing facilities, special relief projects, and promotion of tourist trade.

21. WESTERN GERMANY AND COUNTERPART FUNDS

During 1949, three events took place in Germany which had a heavy impact on the ECA program: (1) the establishment of the Federal Republic of Germany (the Bonn Government); (2) the replacement of military government by civil government through the establishment of the tripartite Allied High Commission; and (3) the creation of the Office of the United States High Commissioner for Germany.

During the current fiscal year ECA in addition to its own appropriation, has had available for use in Germany \$397,865,639 transferred from GARIOA (appropriation for government and relief in occupied areas) to the ECA.

For the fiscal year 1950-51 there will be no separate GARIOA appropriation for Germany. The total ECA costs for Germany, which are now estimated at 552.9 million dollars, will be carried in the ECA budget. This is in addition to a sum of \$30,000,000 which has been requested by the Department of State in separate legislation, for administration of the High Commissioner's office.

Under the terms of the ECA bilateral agreement with Germany signed on December 15, 1949, provision is made for two separate counterpart accounts. One is the usual ERP special account maintained in all ERP grant countries. The second is the GARIOA special account which is the depository of deutsche mark amounts commensurate with the dollar cost of assistance rendered by the United States as an occupying power under past appropriations for GARIOA. The significant difference between the two accounts is that 95 percent of the ECA special fund can be used only upon agreement between the United States and the Federal Republic of Germany, whereas the GARIOA special account may be used "in the manner requested by the Government of the United States."

Section 105 (b) of S. 3304, contains two provisions that are extremely important to the full protection of American interests in Germany. The first provision gives the President authority to use ECA funds allocated for assistance to Germany "to meet the responsibilities * * * of the United States in connection with the rehabilitation of occupied areas in Germany" including action essential "to prevent starvation, disease, or unrest. * * *". This means in fact that if an emergency arises (for example, one comparable to the blockade of Berlin), the President can divert ECA dollars to meet it.

The second important provision of section 105 authorizes the Secretary of State and the Administrator to agree upon the amounts of counterpart which the German Federal Republic will deposit in the GARIOA special account. This is the natural complementary provision to that described above. It enables this Government to use deutsche marks deposited as counterpart to meet "reorientation" expenses in Germany and any emergency such as that described above when local currency rather than dollars can be used.

The United States as one of the occupying powers needs maximum latitude in dealing with situations which may arise in Germany. The President has had such latitude in the past under appropriations of funds for use by our military government, and the provisions contained in this bill will continue that authority during the period of civilian administration. The very fact that the United States would be able to move quickly and decisively to meet contingencies which

might arise may in and of itself serve to prevent the contingencies from arising. The committee expects, of course, that if any diversion of ECA funds or counterpart funds is made, there will be a full and complete accounting of such activities.

22. GRANTS AND LOANS

In the original ECA legislation it was provided that \$1,000,000,000 of the total authorized should be available only in the form of loans or guaranties. Last year the amount available only for loans was reduced by Congress to \$150,000,000. Loans in excess of these fixed limits were not made because of a decision by the Administrator, in consultation with the National Advisory Council, that the participating countries could not assume further dollar obligations. This committee is of the opinion that none of the 1950-51 assistance should be specifically limited to loans but that the amount so used should be left to the discretion of the Administrator, acting in consultation with the NAC.

As of June 30, 1949, \$972,300,000 of the United States aid had been in the form of loans as against \$4,948,883,337 in the form of grants, subsidies, and contributions. The estimates for fiscal 1950 are \$150,000,000 for loans as against \$3,594,728,063 for grants, etc.

23. SMALL BUSINESS

Last year the act was amended to require the Administrator insofar as practicable to assist American small business to participate equitably in the furnishing of commodities and services financed with ECA funds. Although ECA is not a purchasing or procurement agency and, in fact, was instructed to utilize private channels of trade to the maximum extent consistent with the purposes of the act, a considerable segment of American small business complained that it did not have sufficient information to enable it to share in the business which stemmed from ECA activities.

The ECA has now reported on steps taken during the past year to assist small business to participate more fully in its programs. Circulars have been utilized to bring prospective purchasers to the attention of American businessmen. Information has been supplied on when and where to submit bids. Lists of foreign purchasers have been compiled for issuance to small business. A counseling service has been established. These are all services rendered in the United States. At the same time, the ECA has taken steps to bring the names of American exporters to the attention of European purchasers.

The committee has not received any complaints from small business, and is satisfied that the ECA has made real progress in assisting small business to participate equitably in the recovery program.

24. TECHNICAL ASSISTANCE PROGRAM

Under the original legislation ECA is permitted to use funds in order to extend technical assistance to the participating countries upon their request. Up to the end of 1949, 5.0 million dollars had been set aside for this purpose. Much of the cost of technical assistance activities is normally borne by the participating countries.

The program consists of furnishing assistance in meeting problems pertaining to industrial productivity, marketing, agricultural produc-

tivity, manpower utilization, public administration, overseas development, tourism, and transportation and communication. To accomplish this purpose, foreign experts and delegates visit the United States; United States experts are sent abroad; the aid of international organizations is enlisted; basic surveys, technical and professional services are rendered; and the technical literature, films, and materials needed for training and illustrative purposes are procured. Under this program some 350 experts have been sent from the United States to provide service, and 481 persons have come to the United States for training.

The ECA now requests \$15,000,000 for this purpose based upon a careful screening of selected projects totaling over \$25,000,000. A substantial part of the amount appropriated will go to the continuation of technical assistance for Greece.

25. INFORMATION PROGRAM

The publicity given to United States aid varies with each country. In some there is general appreciation and understanding of the aid we are furnishing. In others it is not as well known. The committee was told that Italy has an excellent program of publicizing the source of ECA assistance and the purposes of the Marshall plan. France has been very slow in this respect, but is rapidly improving. In Britain full effect is being given to the informational program. For example, in addition to the types of publicity mentioned below, every British firm which uses Marshall-plan-aid materials carries posters telling the workers that, "Marshall aid ends in 1952, as each month goes by we must pay for more of what we need by our exports of manufactured goods."

As of December 31, 1949, local currency equivalent to \$12,502,950 had been spent on information projects. Western Europe's 7,000 daily and weekly papers, having a combined circulation of 110,000,000 are now publishing 4,000 Marshall-plan stories a week. Over 40,000,000 listeners hear two special ERP broadcasts in their respective languages. More than 50 documentary ECA films and ECA newsreels are being shown to a weekly audience of 30,000,000 people. 5,000,000 European fair-goers are seeing ERP exhibitions, a million ERP texts are used in German schools, and four ERP showboats ply the inland waterways of Europe. Other informational projects include posters, visual-aid lectures, forums, public-opinion polls, and research analyses. The committee feels strongly that such projects should be encouraged so that the people of the participating countries will understand fully the nature of the assistance the United States is giving.

26. TERMINATION OF TRANSPORTATION SUBSIDIES ON RELIEF PACKAGES

ECA reported to the committee that in certain participating countries the need for relief packages sent via parcel post and commercial firms has decreased to the point where the United States Government subsidy authorized by section 117 (c) of the act is no longer justified.

Accordingly, ECA proposes to stop paying the ocean-freight subsidy on shipment of such packages to those countries that agree that this subsidy is no longer needed, and to revise the agreements under which those countries pay inland transportation costs on such packages and admit them duty-free. At the moment the countries which

appear to be in this category are the United Kingdom, the Netherlands, France, and Germany. The ECA budget estimates for fiscal 1951 reflect the reduction of these ocean-freight subsidies.

Discontinuance of the subsidy as outlined will not mean that the flow of gift parcels to those participating countries affected will cease. It merely will require that, in the future, persons in the United States shipping packages to those countries pay the full rate of transportation, as they did prior to the ECA subsidy, instead of continuing to receive assistance for this purpose from the United States Government.

The subsidy will not be discontinued on supplies shipped by CARE and other voluntary nonprofit relief agencies.

27. END OF THE PROGRAM IN 1952

ECA expects the aid program to end in 1952. The Administrator has reiterated this objective on many occasions, and has stated in this connection that while it will be difficult to accomplish, he believes the goal is attainable. The planning of ECA and the participating countries will continue to be directed toward that end. Progress to date indicates that the participating countries can achieve an economic position which will not require extraordinary outside assistance after 1952.

According to information submitted to it, the committee believes that the dollar deficit of western Europe can be brought to manageable proportions in another 2 years. There should be no relaxing on the part of ECA and the participating countries to attain this objective.

E. CONCLUSIONS

28. CONCLUDING COMMENTS ON ERP

The European recovery program, now at the half way mark, has made remarkable progress toward the achievement of those great goals which the United States and the countries of western Europe jointly set up for it 2 years ago. It has injected new lifeblood into the European economy. It has served as a vigorous antidote to the subversion and intrigue of communism. It has given new strength and courage and life to the free peoples of western Europe. It has reached a new high mark in peaceful cooperation among the nations.

With all this progress, much remains to be done. Above all it is essential that the countries of western Europe continue to move in the direction of economic integration. This is imperative if their people are to preserve the precious gains that have been made and to enjoy the many advantages which flow from a dynamic, expanding economy functioning in a large market area relatively free from trade restrictions.

The committee is convinced that the American people can forever be proud of the role that we are playing in the recovery of western Europe. It sincerely hopes that the Congress, fully cognizant of the fact that the recovery of western Europe is vital to our own security and well-being, will throw its full support back of the program for another year. For only if this is done can we be sure that the free nations of the world will remain strong enough to continue their quest for peace and freedom.

PART II. THE KOREAN AID PROGRAM

Title II of the bill provides for the continuation of our aid to Korea for another year in an amount not to exceed \$100,000,000. It will be recalled that last year the administration requested an appropriation of \$150,000,000 for assistance to Korea during fiscal 1950. (See committee report No. 748.) While this authorization was agreed to by the Senate on October 12, 1949, it did not become law until February of this year when Congress approved \$120,000,000 for the project. Meanwhile, \$60,000,000 of this amount had been advanced in supplemental appropriation bills in order to keep the program going.

29. MAIN OBJECTIVES OF THE PROGRAM

The authorization requested for 1951 is in furtherance of a 3-year, long-range program of economic development in Korea designed to increase production, reduce the need for imports, increase exports, and improve the standard of living of the people. The amount requested in the present bill would permit the achievement of these objectives by the continuance of raw material and fertilizer imports, and by the provision of funds for certain recovery projects. The program is based on the assumption that Korea will remain divided at the thirty-eighth parallel and that trade between the two areas is precluded.

Since 1945 when our troops occupied South Korea the United States has extended various types of assistance to the Korean people. Through this aid we hope to strengthen the Republic of Korea so that it may successfully withstand the constant threat of Communist expansion from the north and serve as a possible nucleus for the eventual unification of the country on a democratic basis. The United States has taken the leadership in the United Nations in helping the Korean people to attain their goal of an independent nation, united and free from foreign domination. This program will help further our objectives in Korea and in the Far East generally.

30. MAJOR CATEGORIES OF AID

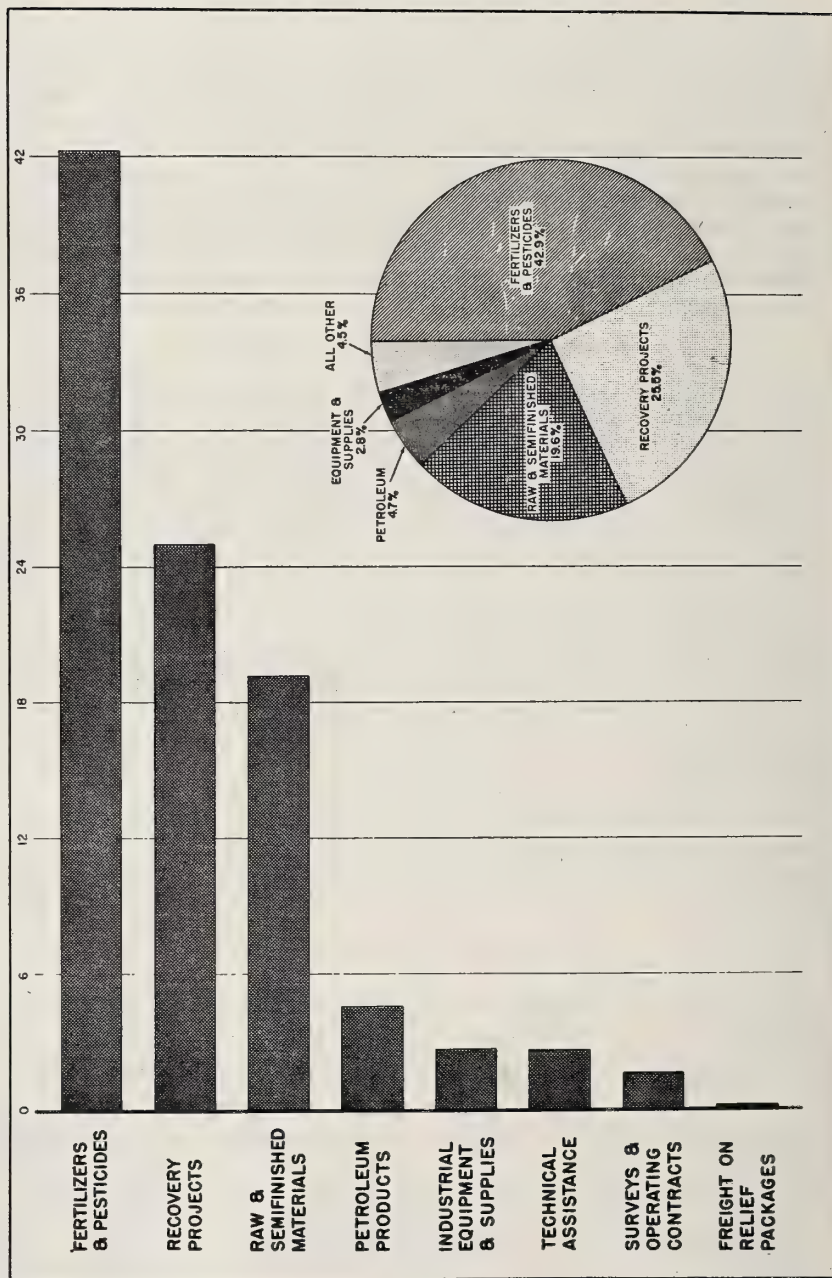
The program contemplated for the fiscal year 1951 will include the following major categories:

Major categories of aid

Grants for recovery imports	Estimated, fiscal year 1950	Estimated, fiscal year 1951	Grants for recovery imports	Estimated fiscal year 1950	Estimated fiscal year 1951
Food.....	\$659,000	None	Ocean freight.....	\$4,776,000	None
Fertilizer.....	34,670,870	\$42,223,600	Transportation of relief packages.....	60,000	\$60,000
Petroleum products.....	8,642,930	4,670,000	Technical assistance.....	3,747,000	2,779,000
Medical supplies.....	310,000	None	Administration.....	1,650,000	1,500,000
Raw materials.....	34,391,200	19,292,400	Total.....	120,000,000	100,000,000
Industrial equipment.....	3,782,000	2,565,000			
Recovery projects.....	25,361,000	25,285,000			
Surveys and contracts.....	1,950,000	1,625,000			

The following chart shows the way in which the aid for 1951 is expected to be expended:

CHART A.—ECONOMIC ASSISTANCE TO THE REPUBLIC OF KOREA: PROPOSED EXPENDITURES FOR FISCAL YEAR 1951



Set forth below is a brief comment on some of the more important items in the program.

(1) *Food*.—At present the production of food in Korea is sufficient to meet domestic needs and to provide a surplus for export. Given the increase in production that has taken place during the past year it will not be necessary to make provision for any food in the 1951 program.

(2) *Fertilizer*.—A large proportion of the aid contemplated will be devoted to meeting Korea's fertilizer import requirements. It is essential to expand the agricultural production of Korea so that the standard of living of the people can be maintained and food exports increased. In fact the export of rice is the principal means by which Korea earns foreign exchange. It is hoped that it will be possible, with the help of additional fertilizer, to export some 425,000 metric tons of rice in fiscal 1952, thus easing Korea's balance of payments problem.

(3) *Petroleum products*.—The funds requested for petroleum products in 1951 represent a reduction of about 45 percent from last year. The Korean Government will finance all gasoline purchases out of foreign exchange earnings, leaving kerosene, oils, lubricants, and grease in the aid program.

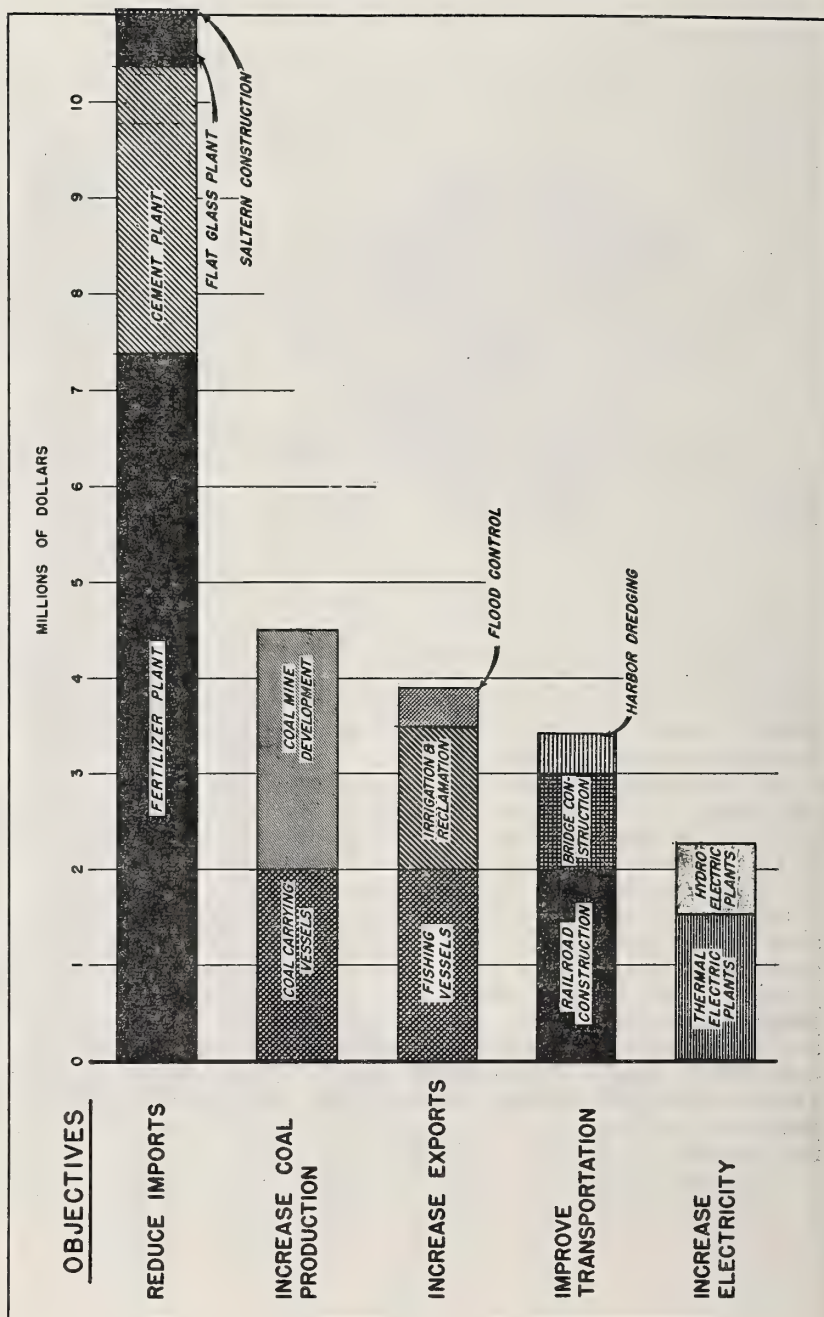
(4) *Raw materials*.—The amount allocated to raw materials has been reduced by about \$15,000,000 over the 1950 figure. Included in the program will be a wide variety of construction materials, chemicals, and other raw materials for processing, such as raw cotton, manila fiber, crude rubber, iron and steel products and nonferrous metals. Major emphasis has been placed upon raw materials rather than processed materials, so as to assure maximum utilization of Korean production facilities.

(5) *Industrial equipment*.—This category of aid consists of mining equipment and repair and replacement parts, electrical repair and replacement parts, and iron and steel products such as steel rail, pipe, and boiler tubes. This equipment will contribute to the repair, and, in some cases, the expansion of existing facilities.

(6) *Recovery projects*.—The amount for recovery projects remains about the same as that available in fiscal 1950. This part of the program seems essential in order to rebuild Korea's badly depleted physical plant and bring about her economic recovery by 1953. The program contemplates the construction of bridges, transportation and irrigation facilities, flood-control projects, electric power facilities, cement and fertilizer production facilities, fishing and coal-carrying vessels, mining equipment and industrial machinery. In addition, provision has been made for supplies for deferred maintenance and replacement of worn-out facilities.

The following chart indicates the objectives of recovery projects:

CHART B.—ECONOMIC ASSISTANCE TO THE REPUBLIC OF KOREA: RECOVERY PROJECTS



7. *Technical assistance.*—Nearly \$3,000,000 is recommended for technical assistance work. Since the Japanese traditionally controlled the majority of positions involving technical and administrative responsibility, Korea is woefully short of technicians and administrators. Measurable progress has been made during the past few years in increasing the level of Korean technical skills as is evidenced by increased over-all production, better quality of output, and improved efficiency. The help of American experts will continue to be vital in promoting real economic recovery.

8. *Use of American ships.*—In addition to the assistance outlined above the Administrator is authorized to continue the loan of a limited number of American merchant vessels to the Korean Government.

31. A BRIEF REPORT ON PROGRESS

The committee is encouraged by the substantial progress that has been made in Korea during the past year. This has been done in the face of difficulties perhaps more trying than those confronted by any state in the European recovery program. The country remains divided into two parts with Russia dominating the situation north of the thirty-eighth parallel; South Korea has a new and untried government; it confronts a refugee problem of serious dimensions; it is under constant threat from the north and must maintain a large internal police force.

In spite of these handicaps industrial production during 1949 was 50 percent above 1948. Coal production increased 34 percent during the same period, and electric power generation was up 35 percent. Korean agriculture, too, is gradually approaching prewar production figures. With good rice crops in the fall of 1949 and the largest summer wheat crop since the liberation, South Korea's crop production has been raised from a famine level to exportable surpluses. Over-all exports in 1950 should increase by 50 percent.

Currently South Korea's balance of payments deficit is running slightly more than \$100,000,000 per year. ECA officials estimate that if the present program is carried on for two more years the deficit in the balance of payments will have been reduced to approximately \$15,000,000 or, if conditions are favorable, eliminated altogether.

32. PREVIOUS AID TO KOREA

American aid to Korea began in the fall of 1945 when our troops entered that country. The program was continued by the Department of the Army until January 1, 1949, when the ECA took over. The Army program was essentially one of relief and rehabilitation with a diminishing emphasis placed on relief each successive year. The ECA program continues this trend away from pure relief, designed only to prevent disease and unrest, to a full-fledged policy of rehabilitation, reconstruction, and development calculated to produce a maximum of economic self-sufficiency in Korea.

Allocations of funds for assistance to Korea have been estimated as follows:

Fiscal year—	Amount
1946-----	\$6, 000, 000
1947-----	93, 000, 000
1948-----	113, 000, 000
1949-----	144, 000, 000
1950-----	120, 000, 000
Total-----	476, 000, 000

It should be emphasized that these figures by no means represent the total United States investment in South Korean independence and democracy, for they cover only civilian supplies and do not include military supplies and services furnished the Koreans; nor do they include the cost of occupation or administration. Thus, for example, we have supplied Korea with some \$40,000,000 worth of surplus property, which is not included in the list above. When all our expenditures involved in the occupation and in assistance rendered Korea are aggregated, the total would probably be well over a billion dollars.

In addition to economic and military aid the United States has given strong political support to the South Korean Government. We brought the cause of Korea before the United Nations; we supported her fight for independence; we led in according her recognition; we supported her membership in the United Nations; and we sent an Ambassador to Seoul.

33. CONCLUDING COMMENT ON KOREAN PROGRAM

As the committee pointed out in its report on Korean aid last July, no course of action which the United States may pursue in South Korea is guaranteed to be successful. But the committee was impressed with the care and precision with which the program has been formulated, and it believes that the objectives set forth above can be achieved barring unforeseen circumstances. It recommends, therefore, the speedy approval of the Korean aid program so that we may continue to help South Korea reach its goal of economic independence by the end of 1952.

PART III. THE CHINA AID PROGRAM

Title III of the bill provides that funds which have heretofore been appropriated, but not expended, for economic assistance to China shall continue to be available until June 30, 1951, for carrying out the objectives of the China Aid Act of 1948, in any place in China and in the general area of China which the President deems not under Communist control.

That act, title IV of the Foreign Assistance Act of 1948 (Public Law 472, 80th Cong.), authorized the appropriation of \$338,000,000 for economic assistance to China. Actually only \$275,000,000 (Public Law 793, 80th Cong.) was appropriated for that purpose. This amount was to have been available until April 3, 1949. It was not fully used, however, and the amount unobligated on that date was reappropriated by section 12 of the Economic Cooperation Act of 1949 (Public Law 47, 81st Cong.). As of February 15, 1950, when this appropriation was to expire, it was estimated that approximately

\$104,000,000 of the amount appropriated in 1948 was still unobligated. On February 14, of this year, the President signed the Far Eastern Economic Assistance Act of 1950 (Public Law 447, 81st Cong., see S. Rept. No. 1251, 81st Cong., 2d sess.). Section 2 of that act continued the availability of these same funds until June 30, 1950. The present title will further extend the availability of the funds to June 30, 1951. It is estimated the amount will be about \$94,000,000 as of June 30, 1950.

The committee believes that conditions in China and the Far East are so fluid that it would be inadvisable at this time to do more than continue the availability of these funds for another year. This title gives the President considerable latitude not only with respect to the area where such funds may be expended, but also with respect to the terms and conditions under which such aid shall be made available.

As noted above, the funds will be available for economic assistance in any place in China and in the general area of China so long as the aid goes to areas which the President deems are not under Communist control.

The committee, in order to be sure that aid is not withdrawn prematurely from those areas of China where communism is still being resisted, has specified that as long as the President deems it practicable not less than \$50,000,000 shall be available for assistance in areas in China, including Formosa and Hainan. The committee desires to emphasize that if it becomes impracticable to expend these funds in China they are to be available for expenditure in the general area of China.

PART IV. PALESTINE REFUGEE AID

Title IV of the bill includes the provisions of Senate Joint Resolution 153 which the Committee on Foreign Relations favorably reported to the Senate on February 14, 1950. Senate Report No. 1275 describes this resolution in some detail.

The committee felt it would be advisable to include the Palestine refugee legislation within the scope of this bill. The incorporation of these various economic assistance programs in one measure will not only facilitate congressional consideration of this important problem, but will also conserve the time of the Senate.

APPENDIX

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law (Public Law 472, 80th Cong., and Public Law 47, 81st Cong.) made by the bill, as reported are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed, is shown in roman):

SEC. 111. (a) The Administrator may, from time to time, furnish assistance to any participating country by providing for the performance of any of the functions set forth in paragraphs (1) through (5) of this subsection when he deems it to be in furtherance of the purposes of this title, and upon the terms and conditions set forth in this title and such additional terms and conditions consistent with the provisions of this title as he may determine to be necessary and proper.

(1) Procurement from any source, including Government stocks on the same basis as procurement by Government agencies under Public Law 375 (Seventy-ninth Congress) for their own use, of any commodity which he determines to be required for the furtherance of the purposes of this title. As used in this title, the term "commodity" means any commodity, material, article, supply, or goods necessary for the purposes of this title.

(2) Processing, storing, transporting, and repairing any commodities, or performing any other services with respect to a participating country which he determines to be required for accomplishing the purposes of this title. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, as far as is practicable, that at least 50 per centum of the gross tonnage of commodities procured out of funds made available under this title and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services, is so transported on United States flag vessels to the extent such vessels are available at market rates for United States flag vessels; and, in the administration of this provision, the Administrator shall, insofar as practicable and consistent with the purposes of this title, endeavor to secure a fair and reasonable participation by United States flag vessels in cargoes by geographic area.

(3) Procurement of and furnishing technical information and assistance.

(4) Transfer of any commodity or service, which transfer shall be signified by delivery of the custody and right of possession and use of such commodity, or otherwise making available any such commodity, or by rendering a service to a participating country or to any agency or organization representing a participating country.

(5) The allocation of commodities or services to specific projects designed to carry out the purposes of this title, which have been submitted to the Administrator by participating countries and have been approved by him.

(b) In order to facilitate and maximize the use of private channels of trade, subject to adequate safeguards to assure that all expenditures in connection with such procurement are within approved programs in accordance with terms and conditions established by the Administrator, he may provide for the performance of any of the functions described in subsection (a) of this section—

(1) by establishing accounts against which, under regulations prescribed by the Administrator—

(i) letters of commitment may be issued in connection with supply programs approved by the Administrator (and such letters of commitment, when issued, shall constitute obligations of the United States and monies due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940 and shall constitute obligations of applicable appropriations); and

(ii) withdrawals may be made by participating countries, or agencies or organizations representing participating countries or by other persons or organizations, upon presentation of contracts, invoices, or other documentation specified by the Administrator under arrangements prescribed by the Administrator to assure the use of such withdrawals for purposes approved by the Administrator.

Such accounts may be established on the books of the Administration, or any other department, agency, or establishment of the Government specified by the Administrator, or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States under authority of this section may be accounted for exclusively on such certification as the Administrator may prescribe in regulations promulgated by him with the approval of the Comptroller General of the United States to assure expenditure in furtherance of the purposes of this title.

(2) by utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment, or, in the President's discretion, by acting in cooperation with the United Nations or with other international organizations or with agencies of the participating countries, and funds allocated pursuant to this section to any department, agency, or establishment of the Government shall be established in separate appropriation accounts on the books of the Treasury.

(3) by making, under rules and regulations to be prescribed by the Administrator, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, approved by the Administrator and the participating country concerned as furthering the purposes of this title (including guaranties of investments in enterprises producing or distributing informational media consistent with the national interests of the United States: *Provided*, That the amount of such guaranties made in any fiscal year does not exceed \$10,000,000), which guaranties shall terminate not later than fourteen years from the date of enactment of this Act: *Provided*, That—

(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator plus actual earnings or profits on said project to the extent provided by such guaranty;

(ii) the Administrator may charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and

(iii) as used in this paragraph, the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States.

(iv) as used in this paragraph, the term "investment" includes the furnishing of capital goods items and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after [June 30, 1950] the end of the fiscal year in which the guaranty of such investment is made; and

(v) the guaranty to any person shall be limited to assuring the transfer into United States dollars of other currencies, or credits in such currencies received by such person as earnings or profits from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency or credits on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith.

The total amount of the guaranties made under this paragraph (3) shall not exceed \$150,000,000: *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding. Any payments made to discharge liabilities under guaranties issued under paragraph (3) of this subsection shall be paid out of fees collected under subparagraph (ii) of paragraph (3) of this subsection as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which shall be issued under authority of paragraph (2) of subsection (c) of this section when necessary to discharge liabilities under any such guaranty.

(c) (1) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in subsections (a) and (b), respectively, of this section, through grants or upon payment in cash, or on credit terms, or on such other terms of payment as he may find appropriate, including payment by the transfer to the United States (under such terms and in such quantities as may be agreed to between the Administrator and the participating country) of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. In determining whether such assistance shall be through grants or upon terms of payment, and in determining the terms of payment, he shall act in consultation with the National Advisory Council on International Monetary and Financial Problems, and the determination whether or not a participating country should be required to make payment for any assistance furnished to such country in furtherance of the purposes of this title, and the terms of such payment, if required, shall depend upon the character and purpose of the assistance and upon whether there is reasonable assurance of repayment considering the capacity of such country to make such payments without jeopardizing the accomplishment of the purposes of this title.

(2) When it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Administrator is authorized to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$1,000,000,000 (i) for the purpose of allocating funds to the Export-Import Bank of Washington under this paragraph during the period of one year following the date of enactment of this Act and (ii) for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section until all liabilities arising under guaranties made pursuant to such paragraph (3) have expired or have been discharged. In addition to the amount of notes above authorized, the Administrator is authorized, for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section, to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$150,000,000 less any amount allocated prior to April 3, 1949, for such purpose, until all liabilities arising under guaranties made pursuant to this authorization have expired or been discharged. The notes hereinabove authorized shall be redeemable at the option of the Administrator before maturity in such manner as may be stipulated in such notes and shall have such maturity as may be determined by the Administrator with the approval of the Secretary of the Treasury. Each such note shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the note. Payment under this paragraph of the purchase price of such notes and repayments thereof by the Administrator shall be treated as public-debt transactions of the United States. In allocating funds to the Export-Import Bank of Washington for assistance on credit terms under this paragraph, the Administrator shall first utilize such funds realized from the sale of notes authorized by this paragraph as he determines to be available for this purpose, and when such funds are exhausted, or after the end of one year from the date of enactment of this Act, whichever is earlier, he shall utilize any funds appropriated under this title. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. Credits made by the Export-Import

Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any credits made under this paragraph shall be deposited into miscellaneous receipts of the Treasury: *Provided*, That, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes authorized under this paragraph shall be deposited into the Treasury for the purpose of the retirement of such notes.

(d) *The Administrator is authorized to transfer funds, not to exceed a total of \$600,000,000, directly to any central institution or other organization formed to further the purposes of this Act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the Administrator, in order to facilitate the development of transferability of European currencies, or to promote the liberalization of trade by participating countries with one another and with other countries.*

SEC. 112. (a) The Administrator shall provide for the procurement in the United States of commodities under this title in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfillment of vital needs of the people of the United States[.]; and (3) *minimize the burden of the European recovery program on the American taxpayer by reducing the amount of dollar purchases by the participating countries to the greatest extent possible, consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery.*

(b) The procurement of petroleum and petroleum products under this title shall, to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this title, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds necessary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour procured in the United States for transfer by grant to such countries under this title shall not be less than 12½ per centum of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title.

(d) The term "surplus agricultural commodity" as used in this section is defined as any agricultural commodity, or product thereof, or class, type, or specification thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following:

(1) The Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States: *Provided*, That this restriction shall not be applicable (i) to any agricultural commodity, or product thereof, located in one participating country, and intended for transfer to another participating country, if the Administrator, in consultation with the Secretary of Agriculture, determines that such procurement and transfer is in furtherance of the purposes of this title, and would not create a burdensome surplus in the United States or seriously prejudice the position of domestic producers of such surplus agricultural commodities, or (ii) if, and to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the participating countries under this title.

(2) In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, provide

for the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements.

(e) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-support programs, is available for use in furnishing assistance to foreign countries, he shall so advise all departments, agencies, and establishments of the Government administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sales price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural commodity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture, and the Secretary of Agriculture may pay not to exceed 50 per centum of such sales price as authorized by subsection (f) of this section.

(f) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization of surplus agricultural commodities pursuant to this or any other Act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 per centum of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus agricultural commodities. The rescission of the remainder of section 32 funds by the Act of July 30, 1947 (Public Law 266, Eightieth Congress), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948.

(g) No export shall be authorized pursuant to authority conferred by the Export Control Act of 1949 of any commodity from the United States to any country wholly or partly in Europe which is not a participating country, if the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by the Export Control Act of 1949 determines that the supply of such commodity is insufficient (or would be insufficient if such export were permitted) to fulfill the requirements of participating countries under this title as determined by the Administrator: *Provided, however*, That such export may be authorized if such department, agency, or officer determines that such export is otherwise in the national interest of the United States.

(h) In providing for the performance of any of the functions described in subsection (a) of section 111, the Administrator shall, to the maximum extent consistent with the accomplishment of the purposes of this title, utilize private channels of trade.

(i) (1) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this title, the Administrator shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under this title by making available or causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with funds authorized under this title, and by making available or causing to be made available to prospective purchasers in the participating countries information as to commodities and services produced by small independent enterprises in the United States, and by otherwise helping to give small business an opportunity to participate in the furnishing of commodities and services financed with funds authorized under this title.

(2) The Administrator shall appoint a special assistant to advise and assist him in carrying out the foregoing paragraph (1). Each report transmitted to the Congress under section 123 shall include a report of all activities under this subsection.

(j) The Administrator shall, in providing assistance in the procurement of commodities in the United States, make available United States dollars for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II.

(k) No funds authorized for the purposes of this title shall be used in the United States for advertising foreign products or for advertising foreign travel.

(l) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price-support programs required by law) at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(m) *It is the sense of Congress that no participating country shall maintain or impose any import, currency, tax, license, quota, or other similar business restrictions which discriminate against citizens of the United States or any corporation, partnership, or other association substantially beneficially owned by citizens of the United States, engaged or desiring to engage, in furtherance of the purposes of this title, in the importation into such country of any commodity, which restrictions are not reasonably required to meet balance of payments conditions, or requirements of national security, or are not authorized under international agreements to which such country and the United States are parties.*

SEC. 114. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (c) of this section, to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.

(b) Such part as the President may determine of the unobligated and unexpended balances of appropriations or other funds available for the purposes of the Foreign Aid Act of 1947 shall be available for the purpose of carrying out the purposes of this title.

(c) In order to carry out the provisions of this title with respect to those participating countries which adhere to the purposes of this title, and remain eligible to receive assistance hereunder, such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952, to carry out the provisions and accomplish the purposes of this title: *Provided, however,* That for carrying out the provisions and accomplishing the purposes of this title for the period of one year following the date of enactment of this Act, there are hereby authorized to be so appropriated not to exceed \$4,300,000,000: *Provided further,* That, in addition to the amount heretofore authorized and appropriated, there are hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$1,150,000,000 for the period April 3, 1949, through June 30, 1949, and not to exceed \$4,280,000,000 for the fiscal year ending June 30, 1950: *Provided further,* That, in addition to the foregoing, any balance, unobligated as of June 30, 1949, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1950, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year[.]: *Provided further,* That, in addition to the amount heretofore authorized and appropriated, there are hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$2,950,000,000 for the fiscal year ending June 30, 1951: *And provided further,* That, in addition to the foregoing, any balance unobligated as of June 30, 1950, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1951, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year. Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries. The authorizations in

this title are limited to the period ending [June 30, 1950, in order that the Congress may pass on any subsequent authorizations.] *June 30, 1951.*

(d) Funds made available for the purposes of this title shall be available for incurring and defraying all necessary expenses incident to carrying out the provisions of this title, including administrative expenses and expenses for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this title, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of government funds, as the Administrator shall specify in the interest of the accomplishment of the purposes of this title.

(e) The unencumbered portions of any deposits which may have been made by any participating country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress) may be merged with the deposits to be made by such participating country in accordance with section 115 (b) (6) of this title, and shall be held or used under the same terms and conditions as are provided in section 115 (b) (6) of this title.

(f) In order to reserve some part of the surplus of the fiscal year 1948 for payments thereafter to be made under this title, there is hereby created on the books of the Treasury of the United States a trust fund to be known as the Foreign Economic Cooperation Trust Fund. Notwithstanding any other provision of law, an amount of \$3,000,000,000, out of sums appropriated pursuant to the authorization contained in this title shall, when appropriated, be transferred immediately to the trust fund, and shall thereupon be considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures. The Secretary of the Treasury shall be the sole trustee of the trust fund and is authorized and directed to pay out of the fund such amounts as the Administrator shall duly requisition. The first expenditures made out of the appropriations authorized under this title in the fiscal year 1949 shall be made with funds requisitioned by the Administrator out of the trust fund until the fund is exhausted, at which time such fund shall cease to exist. The provisions of this subsection shall not be construed as affecting the application of any provision of law which would otherwise govern the obligation of funds so appropriated or the auditing or submission of accounts of transactions with respect to such funds.

(g) Notwithstanding the provisions of any other law, until such time as an appropriation additional to that made by title I of the Foreign Aid Appropriation Act, 1949 (Public Law 793, Eightieth Congress), shall be made pursuant to subsection (c) of this section, the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such times, and in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.

(h) *Of the amounts authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title and allocated for assistance to Germany the President may transfer such amounts as he deems appropriate to any department or agency which may be used without regard to other provisions of this title as the President may specify, for expenses not otherwise provided for, necessary to enable the President to meet the responsibilities and obligations of the United States in connection with the rehabilitation of occupied areas of Germany, including such minimum supplies for the civilian population of such areas as may be essential to prevent starvation, disease, or unrest prejudicial to the objectives sought to be accomplished, and the cost of such supplies, commodities, equipment, and services as may be essential to carry out the purposes of this subsection: Provided, That any such funds which are so transferred may be expended either under the authority contained in this subsection or under any provisions of law applicable to the department or agency to which so transferred and not inconsistent herewith: Provided further, That such part, as may be agreed upon by the Secretary of State and the Administrator for Economic Cooperation, of the local currency deposited or to be deposited by Germany under the bilateral agreement entered into by the Government of the United States and the Government of the Federal Republic of Germany on the 15th day of December 1949, or any supple-*

mentary or succeeding agreement which shall not substantially alter the basic obligations of either party in this respect, shall be deposited into the GARIOA Special Account under the terms and conditions contained in article V of the afore-mentioned bilateral agreement, and shall be available without reimbursement from any appropriation to the Department of State in such quantities and under such terms and conditions as may be determined by the Secretary of State after consultation with the Administrator for Economic Cooperation, for carrying out the responsibilities of the United States in the occupation of Germany, including any contingencies which may arise in connection therewith.

SEC. 115. (a) The Secretary of State, after consultation with the Administrator, is authorized to conclude, with individual participating countries or any number of such countries or with an organization representing any such countries, agreements in furtherance of the purposes of this title. The Secretary of State, before an Administrator or Deputy Administrator shall have qualified and taken office, is authorized to negotiate and conclude such temporary agreements in implementation of subsection (b) of this section as he may deem necessary in furtherance of the purposes of this title: *Provided*, That when an Administrator or Deputy Administrator shall have qualified and taken office, the Secretary of State shall conclude the basic agreements required by subsection (b) of this section only after consultation with the Administrator or Deputy Administrator, as the case may be.

(b) The provision of assistance under this title results from the multilateral pledges of the participating countries to use all their efforts to accomplish a joint recovery program based upon self-help and mutual cooperation as embodied in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, and is contingent upon continuous effort of the participating countries to accomplish a joint recovery program through multilateral undertakings and the establishment of a continuing organization for this purpose. In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

(1) promoting industrial and agricultural production in order to enable the participating country to become independent of extraordinary outside economic assistance; and submitting for the approval of the Administrator, upon his request and whenever he deems it in furtherance of the purposes of this title, specific projects proposed by such country to be undertaken in substantial part with assistance furnished under this title, which projects, whenever practicable, shall include projects for increased production of coal, steel, transportation facilities, and food;

(2) taking financial and monetary measures necessary to stabilize its currency, establish or maintain a valid rate of exchange, to balance its governmental budget as soon as practicable, and generally to restore or maintain confidence in its monetary system;

(3) cooperating with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and cooperating to reduce barriers to trade among themselves and with other countries;

(4) making efficient and practical use, within the framework of a joint program for European recovery, of the resources of such participating country, including any commodities, facilities, or services furnished under this title, which use shall include, to the extent practicable, taking measures to locate and identify and put into appropriate use, in furtherance of such program, assets, and earnings therefrom, which belong to the citizens of such country and which are situated within the United States, its Territories and possessions;

(5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling or other purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities, of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country;

(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States,

when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis: *Provided*, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates. Such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be held or used within such country for such purposes as may be agreed to between such country and the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems, and the Public Advisory Board provided for in section 107 (a) for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the declaration of policy contained in section 102 and the purposes of this title, including local currency administrative expenditures of the United States incident to operations under this title, and under agreement that any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States;

(7) publishing in such country and transmitting to the United States, not less frequently than every calendar quarter after the date of the agreement, full statements of operations under the agreement, including a report of the use of funds, commodities, and services received under this title;

(8) furnishing promptly, upon request of the United States, any relevant information which would be of assistance to the United States in determining the nature and scope of operations and the use of assistance provided under this title;

(9) recognizing the principle of equity in respect to the drain upon the natural resources of the United States and of the recipient countries, by agreeing to negotiate (a) a future schedule of minimum availabilities to the United States for future purchase and delivery of a fair share of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources at world market prices so as to protect the access of United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from the participating countries, and (b) suitable protection for the right of access for any person as defined in paragraph (iii) of subparagraph (3) of section 111 (b) in the development of such materials on terms of treatment equivalent to those afforded to the nationals of the country concerned, and (c) an agreed schedule of increased production of such materials where practicable in such participating countries and for delivery of an agreed percentage of such increased production to be transferred to the United States on a long-term basis in consideration of assistance furnished by the Administrator to such countries under this title; and

(10) submitting for the decision of the International Court of Justice or of any arbitral tribunal mutually agreed upon any case espoused by the United States Government involving compensation of a national of the United States for governmental measures affecting his property rights, including contracts with or concessions from such country.

(c) Notwithstanding the provisions of subsection (b) of this section, the Administrator, during the three months after the date of enactment of this Act, may perform with respect to any participating country any of the functions authorized under this title which he may determine to be essential in furtherance of the purposes of this title, if (1) such country has signified its adherence to the purposes of this title and its intention to conclude an agreement pursuant to subsection (b) of this section, and (2) he finds that such country is complying with the applicable provisions of subsection (b) of this section: *Provided*, That, notwithstanding the provisions of this subsection, the Administrator may, through June 30, 1948, provide for the transfer of food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed to any country of Europe

which participated in the Committee of European Economic Cooperation and which undertook pledges to the other participants therein, when the Administrator determines that the transfer of any such supplies to any such country is essential in order to make it possible to carry out the purposes of this title by alleviating conditions of hunger and cold and by preventing serious economic retrogression.

(d) The Administrator shall encourage each participating country to insure, by an effective follow-up system, that efficient use is made of the commodities, facilities, and services furnished under this title. In order further to insure that each participating country makes efficient use of such commodities, facilities, and services, and of its own resources, the Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to observe and review the operation of such follow-up systems.

(e) The Administrator shall encourage arrangements among the participating countries in conjunction with the International Refugee Organization looking toward the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this title.

(f) The Administrator will request the Secretary of State to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program.

(g) It is the understanding of the Congress that, in accordance with agreements now in effect, prisoners of war remaining in participating countries shall, if they so freely elect, be repatriated prior to January 1, 1949.

(h) Not less than 5 per centum of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

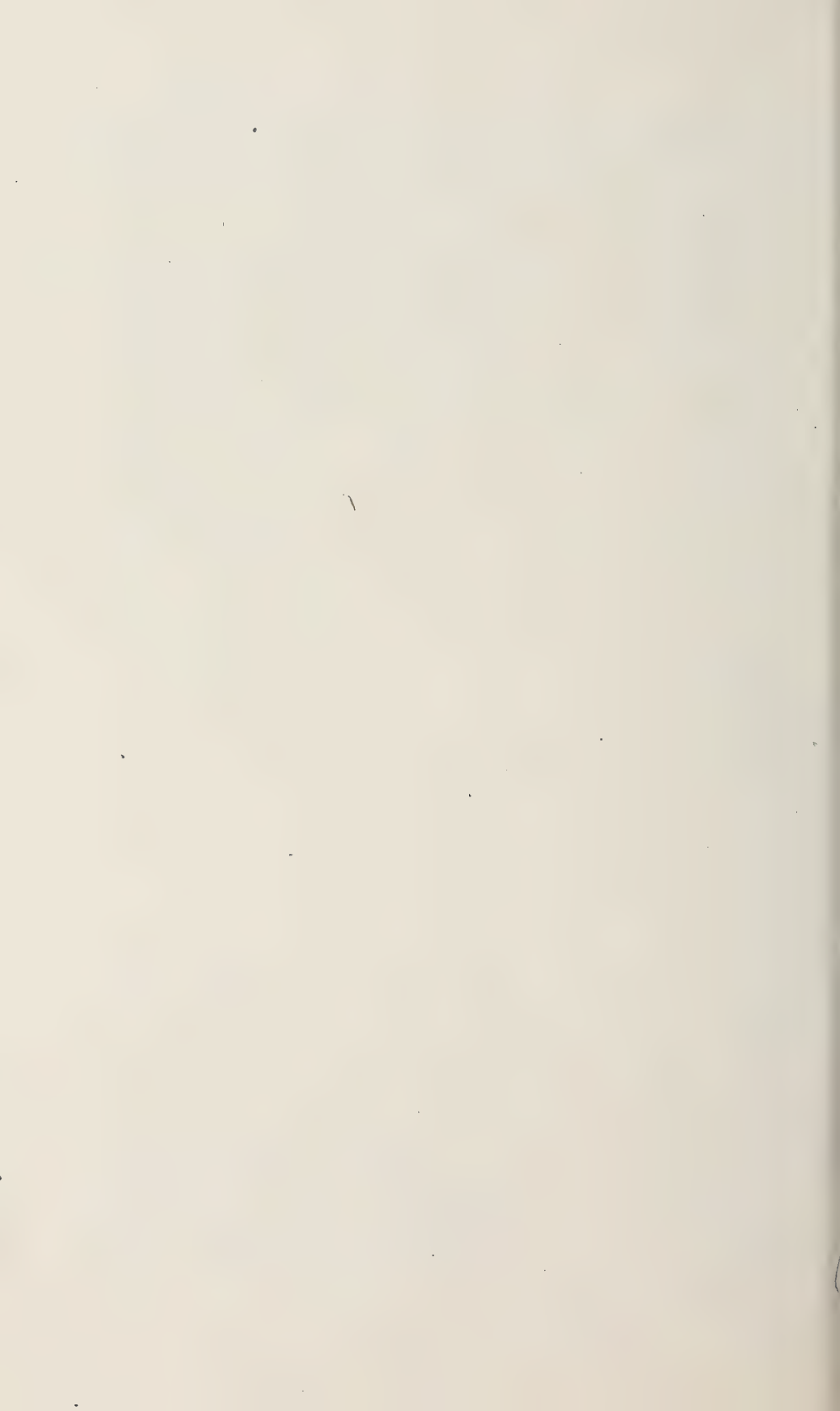
(i) (1) The Administrator shall, to the greatest extent practicable, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources; and in furtherance of those objectives the Administrator shall, in addition to the local currency allocated pursuant to subsection (h), use such other means available to him under this title as he may deem appropriate.

(2) In furtherance of such objectives and within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials, the Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States for the account of such Bureau for the purchase of strategic and critical materials in any participating country. Such contracts may provide for deliveries over definite periods, but not to exceed twenty years in any contract, and may provide for payments in advance of deliveries.

(3) Nothing in this subsection shall be deemed to restrict or limit in any manner the authority now held by any agency of the United States Government in procuring or stimulating increased production of the materials referred to in paragraphs (1) and (2) in countries other than participating countries.

(j) The Administrator shall utilize such amounts of the local currency allocated pursuant to subsection (h) as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer.

(k) It is the sense of Congress that as much as possible of the local currency deposited under this section after June 30, 1950, shall be held or used within such country only for such purposes set out in section 111 (d) (facilitating the development of transferability of European currencies or promoting the liberalization of trade by participating countries with one another and with other countries), or otherwise consistent with the declaration of policy contained in section 102 of this Act, as may be agreed to by such country, by the Administrator, and, if the Administrator so designates, by any central institution or other organization formed to further the purposes of this Act by two or more participating countries.



[Report No. 1371]

IN THE SENATE OF THE UNITED STATES

MARCH 24 (legislative day, MARCH 8), 1950

Mr. CONNALLY, from the Committee on Foreign Relations, reported the following bill; which was read twice and placed on the calendar

A BILL

To amend the Economic Cooperation Act of 1948, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Foreign Assistance Act
4 of 1950”.

5 TITLE I

6 SEC. 101. This title may be cited as the "Economic
7 Cooperation Act of 1950".

LIBERALIZATION OF TRADE BETWEEN EUROPEAN

9 COUNTRIES

10 SEC. 102. Section 111 of the Economic Cooperation
11 Act of 1948 is amended by adding at the end thereof the
12 following new subsection:

1 “(d) The Administrator is authorized to transfer funds,
2 not to exceed a total of \$600,000,000, directly to any central
3 institution or other organization formed to further the pur-
4 poses of this Act by two or more participating countries,
5 or to any participating country or countries in connection
6 with the operations of such institution or organization, to be
7 used on terms and conditions specified by the Administrator,
8 in order to facilitate the development of transferability of
9 European currencies, or to promote the liberalization of trade
10 by participating countries with one another and with other
11 countries.”

GUARANTIES

13 SEC. 103. Subparagraph (iv) of section 111 (b) (3)
14 of such Act is amended by striking out "June 30, 1950"
15 and inserting in lieu thereof "after the end of the fiscal
16 year in which the guaranty of such investment is made".

PROTECTION OF DOMESTIC ECONOMY

18 SEC. 104. (a) Section 112 (a) of such Act is amended
19 by striking out the period at the end thereof and inserting
20 a comma and the following: "and (3) minimize the burden
21 of the European recovery program on the American tax-
22 payer by reducing the amount of dollar purchases by the
23 participating countries to the greatest extent possible, con-
24 sistent with maintaining an adequate supply of the essentials

1 for the functioning of their economies and for their continued
2 recovery.”

3 (b) Section 112 of such Act is further amended by
4 adding at the end thereof the following new subsection:

5 “(m) It is the sense of Congress that no participating
6 country shall maintain or impose any import, currency, tax,
7 license, quota, or other similar business restrictions which
8 discriminate against citizens of the United States or any
9 corporation, partnership, or other association substantially
10 beneficially owned by citizens of the United States, engaged
11 or desiring to engage, in furtherance of the purposes of this
12 title, in the importation into such country of any commodity,
13 which restrictions are not reasonably required to meet balance
14 of payments conditions, or requirements of national security,
15 or are not authorized under international agreements to which
16 such country and the United States are parties.”

17 AUTHORIZATION OF APPROPRIATIONS

18 SEC. 105. (a) Section 114 (c) of such Act is hereby
19 amended in the following particulars:

20 (1) By striking out the period at the end of the first
21 sentence and inserting in lieu thereof a colon and the fol-
22 lowing: “*Provided further*, That, in addition to the amount
23 heretofore authorized and appropriated, there are hereby
24 authorized to be appropriated for carrying out the provisions

1 and accomplishing the purposes of this title not to exceed
2 \$2,950,000,000 for the fiscal year ending June 30, 1951:
3 *And provided further*, That, in addition to the foregoing,
4 any balance unobligated as of June 30, 1950, or subsequently
5 released from obligation, of funds appropriated for carrying
6 out and accomplishing the purposes of this title for any
7 period ending on or prior to that date is hereby authorized
8 to be made available for obligation through the fiscal year
9 ending June 30, 1951, and to be transferred to and con-
10 solidated with any appropriations for carrying out and ac-
11 complishing the purposes of this title for said fiscal year.”

12 (2) By amending the last sentence of such section 114
13 (c) to read as follows: “The authorizations in this title are
14 limited to the period ending June 30, 1951.”

15 (b) Section 114 of such Act is further amended by
16 adding at the end thereof the following new subsection:

17 “(h) Of the amounts authorized to be appropriated for
18 carrying out the provisions and accomplishing the purposes
19 of this title and allocated for assistance to Germany the
20 President may transfer such amounts as he deems appro-
21 priate to any department or agency which may be used
22 without regard to other provisions of this title as the Presi-
23 dent may specify, for expenses not otherwise provided for,
24 necessary to enable the President to meet the responsibilities
25 and obligations of the United States in connection with the

1 rehabilitation of occupied areas of Germany, including such
2 minimum supplies for the civilian population of such areas
3 as may be essential to prevent starvation, disease, or unrest
4 prejudicial to the objectives sought to be accomplished, and
5 the cost of such supplies, commodities, equipment, and serv-
6 ices as may be essential to carry out the purposes of this
7 subsection: *Provided*, That any such funds which are so
8 transferred may be expended either under the authority con-
9 tained in this subsection or under any provisions of law
10 applicable to the department or agency to which so trans-
11 ferred and not inconsistent herewith: *Provided further*, That
12 such part, as may be agreed upon by the Secretary of State
13 and the Administrator for Economic Cooperation, of the
14 local currency deposited or to be deposited by Germany
15 under the bilateral agreement entered into by the Govern-
16 ment of the United States and the Government of the Federal
17 Republic of Germany on the 15th day of December 1949,
18 or any supplementary or succeeding agreement which shall
19 not substantially alter the basic obligations of either party
20 in this respect, shall be deposited into the GARIOA Special
21 Account under the terms and conditions contained in article
22 V of the afore-mentioned bilateral agreement, and shall be
23 available without reimbursement from any appropriation
24 to the Department of State in such quantities and under such

1 terms and conditions as may be determined by the Secretary
 2 of State after consultation with the Administrator for Eco-
 3 nomic Cooperation, for carrying out the responsibilities of
 4 the United States in the occupation of Germany, including
 5 any contingencies which may arise in connection therewith."

6 COUNTERPART FUNDS

7 SEC. 106. Section 115 of such Act is amended by add-
 8 ing two new subsections as follows:

9 "(j) The Administrator shall utilize such amounts of
 10 the local currency allocated pursuant to subsection (h) as
 11 may be necessary, to give full and continuous publicity
 12 through the press, radio, and all other available media, so
 13 as to inform the peoples of the participating countries regard-
 14 ing the assistance, including its purpose, source, and char-
 15 acter, furnished by the American taxpayer.

16 "(k) It is the sense of Congress that as much as pos-
 17 sible of the local currency deposited under this section after
 18 June 30, 1950, shall be held or used within such country
 19 only for such purposes set out in section 111 (d) (facilitat-
 20 ing the development of transferability of European currencies
 21 or promoting the liberalization of trade by participating
 22 countries with one another and with other countries), or
 23 otherwise consistent with the declaration of policy contained
 24 in section 102 of this Act, as may be agreed to by such
 25 country, by the Administrator, and, if the Administrator

1 so designates, by any central institution or other organiza-
2 tion formed to further the purposes of this Act by two or
3 more participating countries.”

4 TITLE II

5 AID TO KOREA

6 SEC. 201. This title may be cited as the “Korea Aid
7 Act of 1950”.

8 NATURE OF ASSISTANCE

9 SEC. 202. The Administrator for Economic Cooperation
10 is hereby authorized to furnish assistance to the Republic of
11 Korea in conformity with—

12 (a) the provisions of the Economic Cooperation
13 Act of 1948, as amended, wherever such provisions are
14 applicable and not inconsistent with the intent and pur-
15 poses of this title; and

16 (b) the agreement on aid between the United
17 States of America and the Republic of Korea signed
18 December 10, 1948, or any supplementary or succeeding
19 agreement which shall not substantially alter the basic
20 obligations of either party.

21 MERCHANT VESSELS

22 SEC. 203. (a) Notwithstanding the provisions of any
23 other law, the Administrator is authorized to make available
24 to the Republic of Korea merchant vessels of tonnage not in
25 excess of two thousand and five hundred gross tons each, in

1 a number not to exceed ten at any one time, with a stipula-
2 tion that such vessels shall be operated only in east Asian
3 waters and must be returned forthwith upon demand of the
4 Administrator and in any event not later than June 30, 1952.

5 (b) Any agency of the United States Government
6 owning or operating any such vessel is authorized to make
7 such vessel available to the Administrator for the purposes
8 of this section upon his application, notwithstanding the pro-
9 visions of any other law and without reimbursement by the
10 Administrator, and title to any such vessel so supplied
11 shall remain in the United States Government.

12 AUTHORIZATION OF APPROPRIATIONS

13 SEC. 204. In order to carry out the provisions of this
14 title, there is hereby authorized to be appropriated to the
15 President for the fiscal year ending June 30, 1951, not to
16 exceed \$100,000,000.

17 LIMITATION ON AUTHORIZATION

18 SEC. 205. The authorization for appropriations in this
19 title is limited to the period ending June 30, 1951, in order
20 that any subsequent authorizations may be separately passed
21 on, and is not to be construed as an express or implied com-
22 mitment to provide further authorizations or appropriations.

23 TITLE III

24 AID TO CHINA

25 SEC. 301. This title may be cited as the "China Area
26 Aid Act of 1950".

NATURE OF ASSISTANCE

SEC. 302. Funds, now unobligated or hereafter released from obligation, appropriated by section 12 of the Act entitled "An Act to amend the Economic Cooperation Act of 1948", approved April 19, 1949 (Public Law 47, Eighty-first Congress), are hereby made available for furtherance of the general objectives of the China Aid Act of 1948 through June 30, 1951, and for carrying out the purposes of that Act through economic assistance in any place in China and in the general area of China which the President deems to be not under Communist control, in such manner and on such terms and conditions as the President may determine, and references in the said Act to China shall, insofar as applicable, apply also to any other such place: *Provided*, That, so long as the President deems it practicable, not less than \$50,000,000 of such funds shall be available only for such assistance in areas in China (including Formosa and Hainan).

TITLE IV

AID TO PALESTINE REFUGEES

SEC. 401. This title may be cited as the "United Nations Palestine Refugee Aid Act of 1950".

SEC. 402. The President is hereby authorized to make contributions from time to time before July 1, 1951, to the United Nations for the "United Nations Relief and Works

1 Agency for Palestine Refugees in the Near East", established
2 under the resolution of the General Assembly of the United
3 Nations of December 8, 1949, in amounts not exceeding
4 in the aggregate \$27,450,000, for the purposes set forth in
5 this title.

6 AUTHORIZATION OF APPROPRIATIONS

7 SEC. 403. (a) There are hereby authorized to be appro-
8 priated, out of any money in the Treasury not otherwise
9 appropriated, not to exceed \$27,450,000 to carry out the
10 purposes of this title.

11 (b) Notwithstanding the provision of any other law,
12 the Reconstruction Finance Corporation is authorized and
13 directed, until such time as an appropriation shall be made
14 pursuant to subsection (a) of this section, to make advances
15 to the President, not to exceed in the aggregate \$8,000,000,
16 to carry out the provisions of this joint resolution. From
17 appropriations authorized under subsection (a) of this sec-
18 tion, there shall be repaid to the Reconstruction Finance
19 Corporation, without interest, the advances made by it under
20 authority contained herein. No interest shall be charged on
21 advances made by the Treasury to the Reconstruction Fi-
22 nance Corporation in implementation of this section.

23 NATURE OF ASSISTANCE

24 SEC. 404. (a) The provisions of sections 301, 302, and
25 303 of the Act of January 27, 1948 (62 Stat. 7), are hereby

1 made applicable with respect to the United Nations Relief
 2 and Works Agency for Palestine Refugees in the Near East
 3 to the same extent as they apply with respect to the govern-
 4 ment of another country: *Provided*, That when reimburse-
 5 ment is made by said Agency, such reimbursement shall be
 6 credited to the appropriation, fund, or account utilized for
 7 paying the compensation, travel expenses, and allowances of
 8 any person assigned hereunder.

9 (b) Departments and agencies of the United States
 10 Government are authorized, with the approval of the Secre-
 11 tary of State, to furnish or procure and furnish supplies, ma-
 12 terials, and services to the United Nations Relief and Works
 13 Agency for Palestine Refugees in the Near East: *Provided*,
 14 That said Agency shall make payments in advance for all
 15 costs incident to the furnishing or procurement of such sup-
 16 plies, materials, or services, which payments may be credited
 17 to the current applicable appropriation or fund of the depart-
 18 ment or agency concerned and shall be available for the
 19 purposes for which such appropriations and funds are au-
 20 thorized to be used.

Calendar No. 1379

81ST CONGRESS
2d Session

S. 3304

[Report No. 1371]

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To amend the Economic Cooperation Act of
1948, as amended.

By Mr. CONNALLY

MARCH 24 (legislative day, MARCH 8), 1950
Read twice and placed on the calendar

81ST CONGRESS}
2d Session }

SENATE

{REPORT No. 1371
Part 2

FOREIGN ECONOMIC ASSISTANCE, 1950

SUPPLEMENTARY REPORT
OF THE
COMMITTEE ON FOREIGN RELATIONS
ON
S. 3304
A BILL TO AMEND THE ECONOMIC COOPERATION
ACT OF 1948, AS AMENDED

TITLE V
ACT FOR INTERNATIONAL DEVELOPMENT



MARCH 24 (legislative day, MARCH 8), 1950.—Ordered to be printed,
with illustrations

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building toward a better world

*T*wo-thirds of the entire human family are caught in a self-perpetuating vicious circle of poverty, disease, hunger, ignorance, and lack of the technological skills and capital to improve their lot. It is possible, however, for the more prosperous nations to help the people of underdeveloped countries to break out of this circle, and it is in the interest of all nations that they should do so.

FOREIGN ECONOMIC ASSISTANCE, 1950

MARCH 24 (legislative day, MARCH 8), 1950—Ordered to be printed with illustrations

Mr. CONNALLY, from the Committee on Foreign Relations, submitted
the following

SUPPLEMENTAL REPORT

[To accompany S. 3304]

TITLE V. ACT FOR INTERNATIONAL DEVELOPMENT

The Committee on Foreign Relations, having had under consideration a draft bill providing for technical assistance to the underdeveloped areas of the world, reports favorably an amendment in the form of a new title V to S. 3304, a bill to amend the Economic Cooperation Act of 1948, and recommends to the Senate that the latter bill as amended do pass.

1. PURPOSE OF TITLE V

This title provides for the continuation and expansion of the technical assistance now being extended by the United States to the underdeveloped areas of the world. The President is authorized to coordinate all the work of the United States Government in this field and to allocate responsibilities to such governmental agencies as he may determine. He is also permitted to provide funds and personnel to the United Nations and to other international agencies for technical assistance programs.

A sum not to exceed \$45,000,000 is authorized for these purposes for the period ending June 30, 1951. Ten million dollars of this will be requested for the continuation of the activities of the Institute of Inter-American Affairs and for the programs of the United States Information and Exchange Act of 1948. Thirty-five million dollars are for new activities.

The declared purpose of title V is to aid the efforts of the peoples of the underdeveloped areas to "develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills." This language is to be given a broad meaning. The technical assistance programs authorized under

title V are to be provided in agreement with the country requesting aid, and they may be expected to provide information, advice, and assistance among other things on such subjects as agricultural and industrial productivity, medicine, mining, markets, transportation, irrigation, and education. The programs may also be expected to provide information and advice on problems of management and of labor. In the field of labor, for example, assistance would be given in improving labor standards, developing safety and health programs, promoting fair working conditions, and encouraging collective bargaining. This work will give due recognition to the promotion of similar objectives by the United Nations and its specialized agencies, particularly the International Labor Organization, the Food and Agricultural Organization, the United Nations Educational, Scientific, and Cultural Organization, and the World Health Organization.

2. COMMITTEE ACTION

A public hearing was held on March 30 at which time the committee heard the following witnesses for the Administration: Dean Acheson, Secretary of State; Willard L. Thorp, Assistant Secretary of State; and Philip C. Jessup, Ambassador at Large. Another public hearing was held on April 3 at which the following witnesses representing religious, missionary, social work, veterans, and other groups appeared: Dr. Walter Van Kirk, Clarence Pickett, Wallace J. Campbell, Michael Straight, Theodore Waller, Rev. Herman Reissig, Prof. Leo Hansberry, H. E. Ewing, Benjamin C. Marsh, Rowland M. Cross, Norman Littel, Philip Schiff, and Dr. A. Langston Taylor. On April 4 the committee met in executive session, perfected the title, and voted unanimously to report it to the Senate for favorable action in the form of an amendment to S. 3304, which the committee had previously reported on March 24, and which was then awaiting Senate action.

3. NEED FOR THE PROGRAM

In the struggle to maintain and promote free institutions, and to resist the attacks of communism and totalitarianism in general, it is an ever-present truth that freedom is difficult to maintain where hunger and misery prevail. It is therefore significant that two-thirds of the world's people live in the underdeveloped areas, most of them in the shadow of hunger, poverty, and disease. Living conditions are difficult for a majority of the people, death rates are high, life is short, and the productive capacity of human beings is limited. In these areas people are becoming increasingly aware of the gap which separates their standards of life from that of the more highly developed countries, and they are becoming increasingly unwilling to accept their conditions as inevitable. Many of them are less interested in abstract political conceptions than they are in obtaining those material things with which to meet the ordinary needs of life. In particular they need food, clothing, shelter, and medicine. They are logical prey for communism, with its nostrums and sweeping and cynical promises of quick and easy solutions for their problems.

Many of their problems can be solved by the proper technical assistance and advice. The technical cooperation program proposes to provide that information and advice. Technical and scientific knowledge can contribute materially to improving the standards of living in the underdeveloped areas.

4. NATURE OF THE PROGRAM

The terms "technical assistance" and "technical cooperation" as used in this legislation mean the furnishing of aid through experts, trainees, and technicians in such a way as to promote the balanced and integrated development of the productive capacities of the underdeveloped areas. It will consist, for example, of such aid as surveys of the need for specific projects, the exchange of expert counsel and advice, the demonstration of techniques and procedures, and on-the-job training. It contemplates, but is not confined to, projects in the fields of economics, engineering, medicine, education, agriculture, fisheries, and mining, as well as demonstration and training projects. Also trainees will be brought to the United States. Experts will be sent to underdeveloped areas to advise on how soils can be improved, diseases eradicated, mines used in more productive ways, census figures taken, vital statistics kept, production methods improved, and many similar problems.

Because of some misunderstanding that has arisen about the nature of this program, it should be made clear at the outset that it is neither an ECA for the world nor in any sense a capital investment program. Because of the limited nature of the program it will not require the expenditure of large sums of money. Its chief cost will be for the salaries and expenses of technicians and other personnel and not for example to purchase machinery, food, and raw materials.

Under one phase of the program the United States Government proposes to coordinate and correlate and expand its own technical assistance for countries abroad.

Under the other phase, the United States will play an increasingly important role in international work of this kind. The measure before the Senate fits into a world program in which not only the United States, but the United Nations, other international agencies, participating countries, private groups, and individuals will share. The scope and nature of this broader program can best be set forth in tabular form. As to category of activity and the amounts involved the figures for the fiscal period contemplated are as follows:

Proposed 1951 technical cooperation program by functional activity—Estimated total costs and costs to United States and international agency

[Thousands of dollars]

Activity	Total cost (including costs borne by recipient countries)	Estimate of costs borne by United States and international agency	United States cost
1. General economic surveys.....	\$5,221	\$3,481	\$1,927
2. Agriculture, forestry, fisheries.....	19,391	12,927	10,692
3. Education and labor.....	16,622	11,081	8,115
4. Health.....	16,666	11,111	9,677
5. Transportation and communications.....	5,936	3,957	2,544
6. Service to industry.....	5,147	3,431	1,899
7. Mineral and water resources.....	9,125	6,083	3,652
8. Government administration and technical services.....	7,512	5,009	3,094
Total.....	85,620	57,080	41,600
Net administrative cost.....			2,900
Department of Commerce service to business for foreign economic development.....			500
Total appropriation requirement.....			45,000

Since most countries are underdeveloped in some respect, it should be noted that the term "underdeveloped areas" as used here means those areas of the American Republics, the Far East, the Near East, and Africa, where low standards of living generally prevail. As noted in the previous section, these areas include two-thirds of the world's population. The following table showing the proposed geographical distribution of technical assistance for the fiscal period under consideration also shows the portions of the earth which fall into the classification of underdeveloped areas.

Proposed 1951 technical cooperation program by area—Estimated cost to United States and international agency

[Thousands of dollars]

Area	Total cost (including costs borne by recipient countries)	Estimate of cost borne by United States and international agency	United States cost
American Republics.....	31,692	21,128	19,802
Near East, Africa.....	28,388	18,926	11,470
Far East (other than south Asia).....	13,082	8,721	5,294
South Asia.....	12,458	8,305	5,034
Total.....	85,620	57,080	41,600
Net administrative cost.....			2,900
Department of Commerce.....			500
Total appropriation requirements.....			45,000

While the committee is aware that precedent and experience are to be found for these activities, it nevertheless prefers to regard the program as experimental in character. The committee notes with approval the plans to make extensive use of the many private organizations which have engaged in supplying technical assistance to countries abroad for a long time. Scores of business organizations, 98 colleges and universities throughout the country, and various private foundations have much to contribute both in personnel and experience. Outstanding among the nonprofit organizations are the Rockefeller Foundation, the Near East Foundation, farm organizations, foreign missionary groups, and the Institute of International Education. Private business enterprises too are engaged in providing United States know-how.

5. BENEFITS

Many groups and individuals representing a substantial part of American public opinion support the technical-assistance program. A large number maintain that it is our responsibility to take care of those less fortunate than ourselves. It is not hard to visualize the benefits the underdeveloped areas will reap from the program, but the committee believes that technical cooperation is a two-way street and the United States will also benefit.

The people of the underdeveloped areas will achieve a firmer economic base on which to build free governments. They will experience improved living conditions, live longer, eat better, produce more, be physically active for a longer period of their lives, and in general move toward a better life.

What perhaps is not so clear is that this program is one of enlightened self-interest for the United States. In a very real sense, as is explained

in the section on the relation to foreign policy in this report, it is a security measure necessary to winning of the "cold war." Moreover, the program looks beyond the cold war to an era when millions of people, who are now compelled to devote all their meager energies to the sheer struggle for existence, will be able to live decent lives and make their own contributions to world production, peace, and prosperity.

Nor is the program without its economic advantages. We are on friendly terms with most of the countries in the underdeveloped areas. As their economic powers increase we shall be able to purchase more of their products and resources, and they in their turn will be able to buy more from us. Experience teaches us that our volume of trade is greater with the more highly developed countries. To increase the output and the production of the underdeveloped areas is to increase our own economic stability.

6. KINDS OF ASSISTANCE PROGRAMS CONTEMPLATED

Two kinds of technical assistance programs are contemplated under this title: (1) multilateral and (2) bilateral.

(1) *Multilateral programs*

Under these programs the United States will provide funds and personnel to the United Nations and other international organizations, which the President may decide will provide technical assistance as well as or better than the United States.

(a) *The United Nations and specialized agencies.*—The Charter charges the United Nations with the promotion of higher standards of living and economic progress. This is now being done in the form of technical assistance through the specialized agencies; and through the United Nations directly where no specialized agency exists to cover a field such as industrial and mineral development. In 1949 the General Assembly adopted an expanded program of technical assistance that calls for the setting up of two coordinating agencies: (1) The Technical Assistance Board (TAB) composed of the Secretary-General and the executive heads of the participating international agencies; and (2) the Technical Assistance Committee, composed of the 18 governments that are members of the Economic and Social Council (ECOSOC). The first agency will plan and coordinate, while the second will exercise broad supervisory functions. Funds will be provided by (1) a central fund drawn from voluntary contributions of member nations, both those providing and those receiving aid, and by (2) a special fund contributed to by "requesting" nations to cover local costs of the United Nations program carried on in their territory. The financing of these programs is provided for outside of the regular budget of the United Nations.

At its meeting last summer the ECOSOC determined that funds received by the United Nations for technical assistance would be distributed in accordance with the percentages listed below:

	Percent
United Nations Secretariat.....	23
International Labor Organization.....	11
Food and Agricultural Organization.....	29
United Nations Educational, Scientific, and Cultural Organization.....	14
International Civil Aviation Organization.....	1
World Health Organization.....	22
Total.....	100

There are many reasons why the United States should share in this expanded program. First of all it is a member of all of these specialized agencies and will play a considerable role in their decisions. Our support will lend strength to the United Nations, and presumably what is good for the United Nations is good for us. But, most significant of all, we do not have a corner in the technical information of the world, and there are many areas of activity where the other nations can make substantial contributions. Work through the United Nations will supply technical assistance which we cannot supply, and will actually save money and make the assistance dollars go much further than were the United States to carry on the program alone.

(b) *Other international agencies.*—In addition to the United Nations, this country participates in other international organizations which support technical-assistance programs. It is contemplated that this country will continue its participation and assistance in these in the future. Three in particular deserve mention—namely, the Organization of the American States, the Caribbean Commission, and South Pacific Commission.

(2) *Bilateral programs*

Bilateral programs are those which are to be carried on by the United States in cooperation with another country. These are the programs in which the United States has been engaged for the last 10 years and which are now being carried on with individual countries. They are to be broadened in scope and extent, and, as set forth in the section in this report dealing with administration, they are to be coordinated so as to achieve more effective results. They rest on bilateral agreements which set forth the conditions under which technical assistance is extended.

At the present the United States carries on several bilateral programs, the most noteworthy of which are those of the Interdepartmental Committee on Scientific and Cultural Cooperation (SCC), the Institute of Inter-American Affairs (IIAA), and the Economic Cooperation Administration (ECA).

(a) *The Interdepartmental Committee on Scientific and Cultural Cooperation.*—The SCC coordinates the United States activities for technical assistance, some of which—as with the Latin American Republics—have been carried on since 1938. In 1948, the Smith-Mundt Act (Public Law 402, 80th Cong.) expanded these programs to other areas of the world. The activities under the Fulbright Act (Public Law 584, 79th Cong.) are also coordinated by this committee. The principal Federal agencies and the programs which have been carried on under the SCC are as follows:

Department of Agriculture.....	Soil conservation, plant entomology and development, extension service, forestry, statistics, etc.
Office of Education, Federal Security Agency.	Exchange of students and teachers, fundamental and vocational education.
Public Health Service.....	Development of public-health services, research and control measures, training; improvement of vital statistics and public-health statistics, consultation and training.
Social Security Administration and Office of Vocational Rehabilitation.	Social-welfare services, social insurance (old-age, unemployment), employment service, maternal and child welfare, vocational rehabilitation.

Department of the Interior---	Geological surveying for mineral and water resources, mining and metallurgy, multiple-purpose water development including reclamation and irrigation, fish development, public-land management, etc.; also mobilizing technical resources of our Territories and island possessions (Puerto Rico, Hawaii, Alaska).
Department of Commerce----	Census and statistical procedures, national income and balance-of-payments research, information on foreign economic development opportunities for American business, foreign investment research, coast and geodetic surveying, weather, standardization and laboratory testing, tidal and magnetic observations.
Civil Aeronautics Administration.	Aviation.
Public Roads Administration.	Highways.
U. S. Army Corps of Engineers.	Multiple-purpose water development, port and harbor development.
Interstate Commerce Commission.	Railroads.
Department of Labor-----	Industrial training, apprenticeship and employment service; industrial safety and health; employment standards, labor legislation and labor inspection; employment of women and children; employment in agriculture; productivity and other labor statistics; and labor, business, and government interrelations.
Housing and Home Finance Agency.	Shelter and urban development.
Federal Communications Commission.	Telecommunications
Treasury Department-----	Taxation, fiscal policy, customs administration.

(b) *Institute of Inter-American Affairs*.—The IIAA, first authorized by Congress in 1947 (Public Law 369, 80th Cong.), and limited to Latin America, carries on the activities of the former wartime Office of Inter-American Affairs in such fields as public health, sanitation, agriculture, and education. The United States and the participating countries share jointly the responsibility of planning and setting up the necessary staff for the various projects.

(c) *Bilateral programs outside the scope of this program*.—Certain existing technical assistance programs with specialized objectives will not be brought under the central authority to be established pursuant to this title. As a part of the recovery program ECA carries on technical assistance activities in most European countries in industrial productivity, manpower utilization, market surveys and analysis, public administration, and colonial development surveys. The present title does not affect this program. The other programs which will not come under the title are those provided for under the International Aviation Facilities Act and the Philippine Rehabilitation Act. Under the Philippine Rehabilitation Act some eight United States agencies have been carrying out reconstruction programs, extending technical and scientific advice, and training Filipinos both in the United States and the Philippine Islands. This act is due to expire on June 30, 1950.

7. COST OF THE PROGRAM

The recommended authorization is based upon a careful study of the most urgent problems of the underdeveloped areas after consultation with representatives of those countries and after an appraisal of

the number and kinds of experts who will be needed. Forty-three agencies of the Federal Government have shared in that study which has covered more than a year in time.

The grand total of all the technical assistance programs, both our own and those of international agencies in which we expect to share, and including the contributions of the recipient countries, is in an estimated amount of \$85,500,000 for the period ending June 30, 1951. Title V authorizes not to exceed \$45,000,000 for that period to meet the United States expenses. Ten million of the \$45,000,000 has already been requested in the President's budget to cover current programs and \$35,000,000 is for new money. The amount of new funds required is arrived at by deducting from the total cost of all technical assistance programs (1) the share to be borne by the participating countries, (2) the share to be borne by the UN and other international agencies, and (3) the amount requested by the President in his budget message for existing technical assistance by the United States. The break-down on which the committee recommendations are based is as follows:

Costs of the program

Total estimated cost of all technical assistance activities.....	\$85, 500, 000
Less—	
A. Local costs to requesting countries.....	\$28, 500, 000
B. Tentative estimates of contributions from United Nations contributing members (excluding the United States).....	12, 000, 000
Total estimated contributions other than United States.....	40, 500, 000
Total estimated costs for United States activities (including bilateral programs, contribution to United Nations programs, and IIAA and Public Law 402 activities already authorized).....	45, 000, 000

Estimated allocation of appropriations for technical assistance, fiscal year 1951

Activity	New program cost	Programs already authorized		Total
		Public Law 402	IIAA	
1. General economic surveys.....	\$1, 927, 000			\$1, 927, 000
2. Agriculture, forestry, fisheries.....	7, 156, 500	\$1, 449, 200	\$2, 086, 000	10, 691, 700
3. Education and labor productivity.....	6, 134, 500	321, 500	1, 659, 000	8, 115, 000
4. Health.....	6, 151, 300	270, 700	3, 255, 000	9, 677, 000
5. Transport and communications.....	2, 190, 700	353, 000		2, 543, 700
6. Service to industry.....	1, 899, 200			1, 899, 200
7. Mineral and water resources.....	3, 367, 600	284, 500		3, 652, 100
8. Government administration and technical services.....	2, 773, 200	321, 100		3, 094, 300
Total.....	31, 600, 000	3, 000, 000	7, 000, 000	41, 600, 000
Net administrative cost.....				2, 900, 000
Department of Commerce service to business for foreign economic development.....				500, 000
Total appropriation requirement.....				45, 000, 000

8. CONDITIONS FOR EXTENSION OF ASSISTANCE

Experience with technical assistance both of the bilateral and the multilateral kinds has shown that it is important to make clear at the outset conditions upon which assistance will be supplied. By its very nature this program is a cooperative one which means that the recipient countries should carry their fair share of the burden. This involves salaries and expenses of personnel for the most part. It is of course clear that the contributions of the recipient countries probably will never be large; but the committee believes that, if they have no other value, they are important because they emphasize the mutual and cooperative nature of the program. Therefore the committee has attached several conditions to United States technical assistance, and has incorporated them into title V. Assistance shall only be available when the President determines that the country assisted (1) pays a fair share of the cost of the program, (2) provides all necessary information concerning such program and gives it full publicity, (3) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that country, (4) endeavors to make effective use of the results of the program, and (5) cooperates with other participating countries in the mutual exchange of technical knowledge and skills.

9. ADMINISTRATION OF PROGRAM

As has already been noted in this report, all United States technical assistance programs will be reviewed and coordinated through a single agency with the following exceptions: Programs, which are not designed to promote the economic development of the underdeveloped areas under the United States Information and Exchange Act of 1948, and programs under the International Aviation Facilities Act, the Philippine Rehabilitation Act of 1946, and the Foreign Assistance Act of 1948.

The committee has been informed that the contemplated organization will be located in the State Department. The committee understands that the President will delegate his powers under the law to the Secretary of State, although the President has full power to locate the program anywhere he may wish in the executive branch. A director will be appointed by the President with the advice and consent of the Senate to head the program, at a salary not to exceed \$15,000 per annum. The recommended title authorizes the employment of personnel both at home and abroad. Presumably some time will be necessary to create the organization and to find the professional and expert competence needed. Time will also be required to reach arrangements with private groups and individuals, whose excellent work in the field of technical assistance makes their help highly desirable if not actually necessary for the success of this program.

It should again be noted that the bill leaves the President free to set up the kind of organization he deems will accomplish the program's objectives. He is permitted to employ the highest type of technicians and experts on either a part-time or on a full-time basis. He is authorized to detail personnel from governmental agencies to serve abroad, but the number is limited by the size of the funds appropriated, since the salaries of employees so assigned must be refunded from the

technical assistance funds to the agency providing the employee. Thus, the President may send an expert in soils from the Department of Agriculture to help an underdeveloped area improve its soils; or he may send a member of the United States Public Health Service to a tropical country to help eradicate malaria. He may also detail United States governmental employees to positions in other governments or to international organizations. When so detailed, United States employees may not take an oath of allegiance to a foreign government nor receive a salary from a foreign government or an international organization, although they would be permitted to receive necessary travel or other expenses.

10. DURATION OF PROGRAM

Although it may prove desirable to continue the program for a period of years, the committee is unwilling at this time to place it on a permanent basis unless and until it has proved itself. Because the program is new and because it will take some time to set up the necessary administrative machinery as well as to secure the required technical competence, the committee recommends that the Senate limit its present authorization to a period of 5 years. Moreover the title authorizes an appropriation only for the period ending June 30, 1951, so that progress to date may be reviewed and passed upon by the Senate before further appropriations are authorized. In this connection it should also be noted that the President is required to make annual reports of progress to the Congress. Forward contracting authority is limited to 2 years.

11. RELATION TO UNITED STATES POLICY

It is the aim of the technical cooperation program to enable the free peoples of the world through their own efforts to produce the things they need for a decent life. To be fully understood, it should be regarded as one part of a broad fourfold interrelated program of the United States designed to attain peace and to assure personal freedom in the world. The other three are (1) unfaltering support of the United Nations, (2) continuing efforts at world economic recovery, and (3) strengthening of the freedom-loving nations to enable them to resist aggression.

The postwar demands of security, recovery, and development in the more highly industrialized countries of Europe have served to intensify the need for more comprehensive work in the development of the underdeveloped areas. We are spending billions on military defense and on the economic recovery of Europe; we are also encouraging the reduction of trade barriers and the removal of the causes of international friction. All of these things are being done in the interest of our national security—the broadest kind of security for our free and democratic way of life.

In that same sense the Act for International Development is essential to our national policy and is a security measure. Our security is directly and vitally dependent upon the security of other peoples. The act is a measure which will improve the welfare of other people, to which our own well-being is closely related. As the people of the underdeveloped areas see new opportunities for a better life they will

associate them with American assistance and a democratic way of life. The program will also preserve and enlarge the freedom of the individual, which lies at the heart of free governments and free institutions, which we are struggling to preserve against totalitarian aggression. Technical assistance is thus a vital arm of our foreign policy, which if successful should help millions of people in the underdeveloped areas to choose the democratic way of life and thus remain our friends in the years ahead.

CONCLUSION

After having given the measure full consideration, the committee on April 4 voted 11 to 0 to report title V to the Senate for favorable action. The committee is of the opinion that it is positive, constructive, and in the best American tradition, and therefore recommends to the Senate that it do pass.



The gentleman from Indiana [Mr. CROOK] apparently complains because after his party organization has employed, after 4 years it retains these individuals in the Federal service, Republicans at last have mustered the courage to draw back the veil, lift the lid from the whole disheartening mess.

The SPEAKER. The time of the gentleman has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

FINANCES AND THE DEMOCRATIC PARTY

Mr. RICH. Mr. Speaker, it is interesting to sit here and listen to the Members on the other side of the aisle who are condemning the Republicans for not doing anything. What is the matter with them anyway? They have had a Democratic President for over 20 years. They have had a Democratic House for 20 years, all but 2 years. In those 2 years the Republicans were in power in the House and the Senate, and they cut down expenses so that we balanced the budget and had a surplus of \$800,000,000 in one year and \$8,000,000,000 in the other year. Just think of all those years you have been going in the red. It is just terrible the way you are taking this country down into the slough of despond. You are taking the money from your children and expecting them to carry the country on. You should be ashamed of yourselves.

Any Congress that cannot balance its own budget has something wrong with it. You know it, I know it, and the country knows it.

Be wise and economize. Be nifty and thrifty in fifty.

PERMISSION TO ADDRESS THE HOUSE

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

THE POTATO PARADOX

Mr. MILLER of Nebraska. Mr. Speaker, yesterday's paper carried the information that the tariff imports on potatoes would automatically drop 50 percent this year. The State Department is seeking changes in the reciprocal trade agreements, which affect many agricultural products, and particularly potatoes, with 26 foreign countries.

The present tariff rate is 75 cents on 100 pounds. Under the State Department's order, this will drop to 37.5 cents. If the American growers produce 350,000,000 bushels the reduction will not take place. The 25 other nations must also agree on the tariff reduction.

Mr. Speaker, I meet today with the Secretary of Agriculture and some potato growers from my district in Nebraska. They are having difficulty in getting the Secretary of Agriculture to accept their plan for acreage controls. Now it seems ridiculous that the farmers of the country should be forced to reduce the acreage of potatoes and at the same time the State Department reduce the tariff on imports. This reduction, plus acreage cuts means more potatoes can be brought into the United States. Canada, last year, brought in between fifteen and twenty million 100-pound sacks of potatoes. This cost the American taxpayer a great deal of money. The farmers of the country are faced with big cuts, and now we find the State Department making agreements with 26 other countries to bring more potatoes into the country, and the taxpayers will be called upon for more taxes to support the potato program.

The American people consumed about 108 pounds of potatoes apiece last year. This represents a steady decline in the per capita consumption since 1910, when the average person ate 195 pounds of potatoes. Potatoes were cheaper in 1910.

Mr. Speaker, it is an amazing paradox to find the State Department lowering the tariff on potatoes. The Congress, just last week, passed a law putting teeth into a bill which calls for a further reduction in the domestic potato acreage. The potato program cost the taxpayer approximately \$100,000,000 last year. If the tariff is further reduced, we can expect another fifteen or twenty million 100-pound sacks of potatoes from Canada this year. Most of the reductions in tariff were made upon agricultural products. We have been importing large amounts of eggs, apples, grains, and other agricultural products which are in surplus supply in this country. Such a program does not make sense. It ought to impress the majority party in the House that the Congress should have retained some policy relative to the setting of tariffs.

PERMISSION TO ADDRESS THE HOUSE

Mr. HAYS of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

BALANCING THE BUDGET

Mr. HAYS of Ohio. Mr. Speaker, I was very much interested in the speech of the gentleman from Pennsylvania [Mr. RICH] relative to balancing the budget during the Eightieth Congress. He started off by saying that they had a surplus after expenses of \$1,000,000. Then somebody on his left whispered in an undertone "\$6,000,000,000" and he immediately echoed "\$6,000,000,000." Then someone said "\$8,000,000,000" and he said "\$8,000,000,000." I am wondering if the truth of the matter is not that the Eightieth Congress really borrowed money in order to reduce taxes.

ANNUAL REPORT OF THE GOVERNOR OF THE PANAMA CANAL—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 410)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Merchant Marine and Fisheries and ordered to be printed:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, the annual report of the Governor of the Panama Canal for the fiscal year ended June 30, 1949.

HARRY S. TRUMAN.

THE WHITE HOUSE, March 24, 1950.

PERMISSION TO ADDRESS THE HOUSE

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

IS ONE WEALTHY AT \$250 A MONTH?

Mr. EBERHARTER. Mr. Speaker, on March 14 the gentleman from Nebraska [Mr. CURTIS] stated on the floor of the House that the administration's social-security program as passed by the House favors the high-salaried and well-to-do. As a high-salaried, well-to-do person, the gentleman from Nebraska [Mr. CURTIS] has used a \$250-a-month man. In other words, under Mr. CURTIS' definition a high-salaried, well-to-do person is one who earns \$3,000 a year.

Here we see clearly the difference between the philosophy of the Democratic administration and of the Republican Party. The Republicans believe that \$3,000 a year is sufficient for a family to live on because if they have that much, they are high-salaried and well-to-do. We do not believe that \$3,000 a year for an American family is sufficient to call such a family high-salaried and well-to-do. According to estimates made by the Bureau of Labor Statistics, \$3,200 per year is the absolute minimum necessary for an American family to maintain themselves in many communities.

Here again representatives of the Republican Party reveal their basic philosophy. They want to share poverty rather than increasing social security to a level where it will be meaningful to the large number of people in the United States. They want a system of poor man's social security which will treat all of the American people on a pauper level.

EXTENSION OF REMARKS

Mr. ENGEL of Michigan asked and was given permission to extend his remarks in the Record to express his views on the one-package appropriation bill.

Mr. GOODWIN asked and was given permission to extend his remarks in the Record in three instances, in one to include a statement presented to the New England congressional delegation by

John H. Campbell, of Cambridge, Mass., in behalf of the Smaller Business Association of New England, and in the other two extensions to include editorials.

Mr. WOODRUFF asked and was given permission to extend his remarks in the Record and include an editorial.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the Record and include an editorial.

Mr. DOLLIVER asked and was given permission to extend his remarks in the Record and include a letter from a constituent addressed to the editor of the Des Moines Register.

Mr. SADLAK asked and was given permission to extend his remarks in the Record and include a newspaper article.

Mr. LANE asked and was given permission to extend his remarks in the Record in three instances, in each to include extraneous matter, and in one to include a statement by Mr. S. Abbott Smith.

Mr. RANKIN asked and was given permission to extend his remarks in the Record and include a statement.

Mr. ROGERS of Florida asked and was given permission to extend his remarks in the Record and include an editorial from the Washington Star.

Mr. LARCADE asked and was given permission to extend his remarks in the Record on the subject of the farm plan adopted by the Southern Commissioners of Agriculture.

Mr. PRICE asked and was given permission to extend his remarks in the Record and include excerpts from a radio broadcast by Mr. Elmer Davis.

Mr. BIEMILLER asked and was given permission to extend his remarks in the Record in two instances and include certain newspaper articles.

Mr. O'BRIEN of Michigan asked and was given permission to extend his remarks in the Record and include an excerpt from a Department of Commerce report.

Mr. ANDREWS asked and was given permission to extend his remarks in the Record and include a speech by Hon. Ed Gossett.

Mr. RAINS asked and was given permission to extend his remarks in the Record and include three newspaper editorials.

Mr. WALSH asked and was given permission to extend his remarks in the Record in two instances and in each to include an editorial.

Mr. JONES of Missouri asked and was given permission to extend his remarks in the Record in two instances and in each to include newspaper articles.

Mr. FOGARTY asked and was given permission to extend his remarks in the Record and include a speech delivered on St. Patrick's Day by the distinguished majority leader [Mr. McCORMACK].

Mr. HAYS of Ohio asked and was given mission to extend his remarks in the Record and include a newspaper article.

Mr. RABAUT asked and was given permission to extend his remarks in the Record and include a proclamation by the Governor of the State of Michigan relative to the National Wildlife Restoration Week.

Mr. HULL asked and was given permission to extend his remarks in the Record and include a resolution.

Mr. TOLLEFSON asked and was given permission to extend his remarks in the Record in three instances and include extraneous matter.

Mr. MURDOCK asked and was given permission to extend his remarks in the Record.

Mr. ANGELL asked and was given permission to revise and extend the remarks he expects to make in the Committee of the Whole today and include therein extraneous matter.

Mr. MORRIS asked and was given permission to extend his remarks in the Record and include an address by Hon. William E. Warne, Assistant Secretary of the Interior, before the New Mexico Indian Affairs Association at Santa Fe on March 10.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to have inserted in the Appendix of the Record a splendid article appearing in Collier's magazine and written by Admiral Louis E. Denfeld. If the article exceeds the ordinary space limitation, I ask permission that notwithstanding the excess it may be included.

The SPEAKER. Without objection, notwithstanding the cost, the article may be printed.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. McCORMACK asked and was given permission to extend his remarks in the Record and include a radio address recently delivered by Attorney General McGrath on the subject Justice for Poland.

Mr. BUCHANAN asked and was given permission to extend his remarks in the Record and include an article.

Mr. JAVITS asked and was given permission to extend his remarks in the Record in four instances and include extraneous matter.

CALL OF THE HOUSE

Mr. SMITH of Wisconsin. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 118]

Andersen, H. Carl	Dingell	Kennedy
Barden	Douglas	Keogh
Baring	Gilmer	Kruse
Bennett, Mich.	Gore	Kunkel
Bentsen	Granger	Lichtenwalter
Boggs, La.	Grant	Lucas
Buckley, Ill.	Gwinn	Lyle
Bulwinkle	Hall	McGrath
Burdick	Edwin Arthur	Miles
Carroll	Hall	Monroney
Celler	Leonard W.	Morgan
Chatham	Hand	Morrison
Chudoff	Harden	Morton
Coudert	Hébert	Nixon
Crawford	Hedrick	Norton
Dague	Herlong	O'Konski
Davenport	Hoffman, Ill.	O'Toole
Davies, N. Y.	Jackson, Calif.	Patman
Dawson	Jenison	Peterson
	Jennings	Powell

Reed, N. Y.
Riehlman
Rivers
Rogers, Mass.
Sabath
Sadowski
Saylor
Scott, Hardie

Smathers
Smith, Ohio
Staggers
Stanley
Tackett
Underwood
Whitaker
Widnall

Willis
Wilson, Ind.
Withrow
Wolcott
Woodhouse
Worley

The SPEAKER. On this roll call 343 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ECONOMIC ASSISTANCE

Mr. KEE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 7797) to provide foreign economic assistance.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 7797, with Mr. HARRIS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Friday, March 24, the gentleman from West Virginia [Mr. KEE] had 2 hours and 20 minutes remaining, and the gentleman from Ohio [Mr. VORYS] had 2 hours and 35 minutes remaining.

Mr. VORYS. Mr. Chairman, I yield 16 minutes to the gentlewoman from Ohio [Mrs. BOLTON] a member of our committee.

(Mrs. BOLTON of Ohio asked and was given permission to revise and extend her remarks.)

Mrs. BOLTON of Ohio. Mr. Chairman, we are come together in this Chamber to consider the grave problems which attend the continuance or discontinuance of this country's aid to the free peoples of the world. It would be completely inconceivable to me that we could be so unaware of the imminence of possible catastrophe as to fail to recognize the importance of a continuing contribution of ours—whether as ECA aid or otherwise—not just to the building of the road to peace by the strengthening of the free nations, but far more vitally to the continuance of civilization, even of the life of man upon the earth.

It has been said during the debate that the first purpose of the ECA was to bring about the union, the integration of Europe. I cannot agree to that, Mr. Chairman, important as such integration may inevitably be, for I believe with all my being that the fundamental purpose of our foreign aid program is to strengthen the bastions of freedom that the forces of darkness may not prevail upon God's earth.

Granted that the executive branch has been going at this program and that program with less wisdom than the moment demands, granted that political pressures have governed decisions adversely to the best interests of the great future, granted that we are lacking in the leadership that should evolve a better program; nevertheless, without an alternative we must implement the only program which is at work; and we must make some very fundamental decisions

and take some very far-reaching actions in these next days. Time, as in all crises is short.

I am constrained to say, Mr. Chairman, that we should seek our solutions with deep humility and complete selflessness at the altar of the Most High God. The threat of godlessness and man's inhumanity to man requires me to fight against communism with the only weapons we have short of war. If nothing more, ECA has brought us time. In the interest of democracy and humanity we can hardly stand by and argue at this late date how much more we could have bought with what we have spent.

I am a woman, Mr. Chairman. Perhaps we women have a special kinship with suffering. Life has taken us over many hard, dark roads. I have shared with women the world over the agony and the glory of giving birth. I have shared with women everywhere the pain of letting a little one slip back into the unknown. I have watched by the bedside of my menfolk as they fought for life. I have stood quietly by while they have faced their own Gethsemanes. I have been down into the darkness too in my own soul's need.

Mr. Chairman, these deep experiences of living have been my preparation for the privilege of serving in this great body. They have taken from me all sense of separateness, they have brought me a vibrant certainty that ultimately man will solve his problems by virtue of unity of action, by virtue of the recognition of responsibility on the part of those who have had opportunity. Perhaps this explains the fundamental urge I feel in extending this hand to humanity without using as the only criterion the tremendous cost and sacrifice it entails.

I would like to ask, Mr. Chairman, what country, what people, has had greater opportunity than we here in America, what nation in all the world has so great a need to recognize her responsibility and to assume it—not sentimentally, not arrogantly, but humbly and with every grain of intelligence and wisdom and judgment she possesses.

Yes, I agree that there must be integration in Europe if there is to be strength; and I cannot dispute the fact that in this critical hour this must come quickly, far more quickly than our own integration after we separated ourselves from the British Empire. But, I must protest the statement that Europe is making no effort to so integrate, indeed, that the nations are standing against it.

It may be that certain governments are getting in the way, Mr. Chairman, but when the people of these countries express themselves as they did through that amazing meeting at Strasbourg in August last, unification in some form will and must come. As a matter of fact, the nations of western Europe have faced their situation and have taken certain very definite steps toward integration. Let me name the most important ones:

First. They have pooled their economic knowledge in the Organization of European Economic Cooperation;

Second. They have lifted quantitative restrictions on 50 percent of their imports in private trade, and are taking steps to lift them on 10 percent more;

Third. They have taken far-reaching measures to establish the mutual transferability of their currencies;

Fourth. They have appointed Dr. Dirk U. Stikker, Foreign Minister of the Netherlands, "political coordinator" of the effort to integrate their countries;

Fifth. Twelve of the nations of western Europe participated in the Strasbourg Conference which faced squarely up to the problems involved in the formation of a united Europe, whose committees are at this moment studying not only the similarities existing among them as a possible springboard to union, but also the changes which each would have to make in their constitutions as well as in currencies and tariff barriers, to bring about the desired end;

Sixth. They have undertaken to study and bring about in 25 months changes which would under the roughest of conditions, take 25 years to accomplish—and all of this against a backdrop of centuries of warfare, a clash of mores, and a clang of tongues.

No, Mr. Chairman, I cannot agree that European countries are making no effort toward becoming an integrated Europe.

To this end, these next 2 years of our help are essential. No matter what mistakes we have made, out of what we have done has come an awakening and certain definite accomplishments.

In the completely practical, material areas of these 2 years of Marshall plan aid, let me summarize some of the accomplishments which the countries of western Europe have made.

Less than 5 years after World War II, in which the destruction was far greater than in the first war, industrial production has not merely been lifted to the prewar level, but stands 20 percent above it. In the last 2 years, hard-coal production has expanded 17 percent, steel 52 percent, electric power 21 percent, cement 58 percent, cotton yarn 31 percent. The recovery of agricultural production, though not as spectacular, has also been impressive. Since 1947 grain production has risen 30 percent, sugar 40 percent, meat 16 percent, milk 19 percent, and fats and oils 19 percent.

The increases in production and productivity per worker has helped the Europeans put their economic house in order. Since the Marshall plan has gone into operation, the western European countries have taken drastic steps to stamp out inflation and to bring their currencies down to realistic levels. As a result of these reforms and the production increase, their total exports have risen by one-half of their international payments except with the dollar area—are in balance.

Remarkable progress has also been made in improving the Europeans' trading position with the United States and other dollar countries. In the last 2 years the dollar gap has been cut by almost 45 percent from \$7,400,000,000 in 1947 to slightly over \$4,000,000,000 in the current fiscal year.

These are the facts of physical recovery. Impressive as they are, they only tell part of the Marshall plan story. The biggest single achievement of the Marshall plan is that it put force and vigor behind the Europeans' own reconstruc-

tion effort. We must not forget that American aid was merely the recovery tool; it was necessary that the people themselves do the work. Once they had more adequate food they could tighten their belts—not because the pains of hunger were entirely eliminated, but because their valiant efforts toward self-recovery could be sustained.

I myself have seen the changes that have taken place as new hope dawned. I have seen their chins go up and their backs bend to the task.

It is well for us to be aware that with the four to five billions of dollars of American aid already spent, the Europeans have expanded their production annually by \$30,000,000,000. This is of the utmost importance in the reestablishment of constructive living everywhere in the world.

Mr. Chairman, because there have been so many questions as to whether the story of ECA is getting over to the people of Europe, I want to give you at this point a brief and pertinent summary of fact.

Western Europe's 2,000 daily and weekly papers, with a combined circulation of 110,000,000, are now publishing some 4,000 Marshall plan articles per week.

In cooperation with the governments, Marshall plan news, explanatory interviews and programs dramatizing the ERP are broadcast on the Nation-wide radio networks of all the Marshall plan countries. The European radio listener in each country now has available in his own language an average of two special ERP broadcasts weekly. Our studies show that they are being heard by some 40,000,000 listeners. In addition to all this there is constant coverage by the Voice of America.

Over 50 ECA documentary films have been made, each adapted to particular countries and reproduced in various languages. Individual newsreel shorts on Marshall plan subjects are being shown in commercial theaters with an average weekly audience of 30,000,000 Europeans. This distribution is being steadily increased.

Last summer some 5,000,000 European fair-goers saw ERP exhibitions which were prepared and shown in collaboration with the participating governments, and this year the ERP will be graphically portrayed at an even larger number of fairs.

The story is told in many other ways. In some places the European postman has spread the word of American aid through special ERP stamps. A million ERP schoolbooks are in use in the German schools. This year four ERP showboats will play the inland waterways of the Continent.

Incidentally, more than four-fifths of the cost of these information programs are paid for out of European counterpart funds.

Mr. Chairman, a moment's look at what has transpired in western Europe to stem the tide of communism will not be amiss at this point.

In August, the people of western Germany had their first opportunity to register a free choice as to the kind of federal government they wanted. Out of 402 seats, only 15 went to Communists.

When the Belgian people went to the polls last June, the Communists were left with only 12 seats out of 212 in the assembly as compared with 23 out of 197 in the previous election. In the senate the Communists were reduced from 17 out of 167 to 7 out of 174.

The people of Austria, even with part of their country under Soviet occupation, have been firm in their rejection of communism, with only 5 percent voting the Communist ticket and the number of seats in the parliament held down to 5 out of 165.

Mr. Chairman, here let me pay tribute to the non-Communist labor organizations of America and of Europe for communism has experienced its most notable set-back in the European trade-union movement which it sought to penetrate and control at all costs. Intent on using the labor movement as the spearhead of their drive, the Communists had captured the major trade-union federations in Italy and France before the Marshall plan took shape. The labor movements in these two countries were under virtually complete Communist domination. Now that control is losing its grip and the non-Communist labor movements are rapidly gaining strength. In France, the Force Ouvriere, together with other non-Communist trade-unions, is challenging the Communist control of the French labor movement.

In Italy two major non-Communist labor federations have broken away from the Communist-controlled confederation, and are now combining their forces of more than 1,500,000 free Italian workers.

At a convention held last October in western Germany at which the trade-unions formed a single federation, the Communists could muster only a handful of delegates.

In other countries like Austria, Belgium, and Norway, where Communists had once been strong, their influence in organized labor has diminished to insignificance.

The rising determination of workers to drive out Communist agents from positions of control and influence in the labor movement has had world-wide repercussions. The walk-out of free-labor organizations from the once powerful World Federation of Trade Unions, which has been an instrument of Communist intrigue, was a significant advance in the march of labor toward freedom and democracy.

Meeting in London early last December, representatives of free trade-unions from 53 countries, including 15 ERP countries and the United States, formed the new International Confederation of Free Trade Unions with a total membership of over 48,000,000. This great new labor organization issued a forceful declaration in support of the Marshall plan. We in America can be justly proud of the leadership of the great labor organizations of the United States, who, working closely with labor unions in other lands, have helped establish the new confederation as a world organization devoted to the advancement of workers' welfare and the defeat of communistic infiltration.

These steps have been taken, Mr. Chairman, and in Europe the Communist tide has been halted. But the cold war is far from won, and we cannot afford to lose. Should this occur, the United States will be left to stand alone, an island of free people in a world enslaved by aggressive communism.

We must face the present moment of decision not only with courage, but also with complete realism.

Mr. Chairman, let me now point out some of the reasons why we must be completely realistic in adjudging the full significance of our foreign aid program.

The present administration has offered no alternative to the European recovery program. The executive branch has given us no offensive program to combat communism in Europe.

To leave the present defensive hope of containment should not mean engaging in an offensive program of guns and soldiers. We must initiate an offensive of diplomacy, in addition to dollars. To date we have spent billions of dollars which we cannot hope to recover; perhaps all we have achieved thus far economically is to rebuild European industries so that they now compete overmuch with our own. A program which could have been—and now must be—more effectively managed and implemented has led to an unnecessary disruption of American industry and a loss of foreign markets.

True, the European recovery program has achieved some success because it has, in conjunction with other forces, temporarily stayed the surge of communism across a part of western Europe, but we have paid a great price for the resurgence of Italy and France. We have spent our money and shut off our industry from its traditional export markets. Trade is a two-way game; American industry must have foreign markets or American workers will be without jobs.

I am hopeful, Mr. Chairman, that when I vote for a continuance of this aid, I will be voting for a program which will be so administered in the future that it will not liquidate the export business of American industry.

It is my bounden duty as a Representative to Congress from the great Twenty-second District of Ohio to be realistic regarding every last program which materially affects the workers of that district. In the Twenty-second District and the two districts which it encircles, there are more than 500 firms which are dependent upon export trade to keep them in business and to keep in gainful employment hundreds of thousands of workers in industry. These firms are mostly small businesses, but they employ many thousands of highly skilled American workers.

One of the important industries in my district—one that is vital to the economic life and to the defense of the United States—is the machine-tool industry.

How proud we should be of the men at the head of this great machine-tool industry, who have recognized the indispensable need of putting Europe on its feet. They initially supplied the machine tools which rehabilitated and augmented the European industry. Now, through ECA, they are precluded from

effectively competing with it. I am reliably informed that ECA officials in Europe have directed that if a machine can be purchased in a soft-currency currency, regardless of delivery date or preference, the order must go to the soft-currency country rather than to an American manufacturer. The result is that we are losing our traditional market and our all-important dealer relationships. The hard-headed British and French are well aware of this. Our generous policy has served to expand the machine-tool industry of Europe at the expense of the machine-tool industry of the United States. Not only is the status of this vital wartime and peacetime industry at stake but the future of its thousands of employees hangs in the balance. The same situation exists in other industries.

Mr. Chairman, let me at this point insert into the RECORD a statement signed by the chairman of the government relations committee of the National Machine Tool Builders' Association which graphically expresses the facts just stated:

The machine-tool industry, as you may know, has been operating for some time in a very depressed condition. A number of the companies are operating at the rate of 32 hours a week with greatly reduced forces. The industry is not now in a position to carry the load of a sudden emergency such as it was called upon to accept in 1939. The reason for this is that from 1935 on the foreign demand for machine tools enabled this industry to recruit workers and get its production organized in such a way that it had the necessary momentum when the demand of 1939 crystallized.

For many years this industry has had normal markets abroad which have fluctuated from time to time in percentage of the total production. In years of very good business domestically, the percentage of foreign business has been held down in order to supply the domestic market; then, in years when the demand for machine tools domestically decreased, the foreign sales were pushed very hard.

The amount of business which this industry has been able to secure through the use of ECA funds has been substantial in the present market so far as the industry as a whole is concerned. Those who have been benefited are largely the manufacturers of special machines such as are sold to the automotive trade. The backbone of the industry, however, is the large number of manufacturers of universal type machines, and this group of manufacturers has seen its markets largely taken away by the European manufacturers. The industry as a whole, however, has benefited probably more than it would have otherwise, and therefore, we would recommend that the ECA program be continued and that further funds be made available.

We would suggest, however, that more control be used over the use of these funds so that if the European manufacturer wishes to buy an American machine tool, he be permitted to do so, and also that where long-term loans are made for the purchase of capital assets somewhat equivalent terms are extended to the foreign manufacturer of the country making the loan. There is a great shortage of working capital in European countries, and this would greatly facilitate the purchase of machine tools.

Paradoxical as all the foregoing would appear, it is my conviction that we must continue a program which has done much harm to American industry simply because it has done some good for Eu-

rope. We have come so far along this road and made European and American industry so dependent that a cessation of the program now would mean disintegration in Europe and no markets at all for American industry. The insidious thing about these managed programs and the planned economy is that one cannot get along with them, nor without them after they are under way. Today, ECA allocations upon which Europe is absolutely dependent are practically the only source of funds for machinery purchases abroad. With no allocations and no export sales, I am reliably informed that about one-third of all machine-tool-industry employees in the United States would be out of work almost immediately.

Let me quote from a telegram received from the Chamber of Commerce of the City of Cleveland to show to what extent all industry in the Twenty-second District of Ohio, dependent to a large extent on foreign markets, would be affected by any discontinuance of our foreign-aid program:

Six thousand one hundred and thirty-one persons employed in machine-tool industry directly with twice this number affected secondarily. From the standpoint of exportable products from greater Cleveland area—total employed personnel Greater Cleveland, 268,750—with 20 percent of this figure machine tools, general machinery, cranes, hoists, road and bridge equipment; 13 percent automotive and airplane parts transportation equipment; 16 percent iron and steel foundry and blast furnaces production; 12 percent in fabricated products such as stampings, hardware, small tools, plumbing equipment, and special castings; 9 percent in electrical supplies such as motors and welding devices; 6 percent in textiles and clothing; 5 percent chemicals and paints; remainder miscellaneous industries not likely to have volume reports.

Thus, you will understand, Mr. Chairman, why I say we must continue a transitional phase of aid to Europe until we can evolve under new leadership a dynamic offensive against both communism and defeatist socialism. Perhaps out of this transitional stage for which we vote our dollars can come a new program—a concept of offensive containment.

It may be the will of this Congress to change the methods somewhat, but I trust it will be done only after most serious consideration, because I am convinced, as are a number of members of the Committee on Foreign Affairs, that the allocations have been made after a severe process of screening and have been cut in advance, and that a further cut would be a serious matter.

I am not prepared to say that I will not vote for some cuts, or that I would not be willing to go along with the very serious-minded majority of this House on various matters in the program as presently submitted. But I am convinced that foreign aid is an essential part of our whole program of national security.

Mr. Chairman, the ECA program must be continued in sufficient force to be effective.

The CHAIRMAN. The time of the gentlewoman from Ohio has expired.

Mr. VORYS. Mr. Chairman, I yield myself sufficient time to announce that

at the committee table on both sides you will find a number of examples of the way the ECA material is labeled so that Europe can know what is going on. Some of these are extremely interesting. We have a series of photographs there. It will be impossible to take the time to present this on the floor, but those who wish to find out about it can see the material at the two committee tables.

Mr. KEE. Mr. Chairman, I yield 12 minutes to the gentleman from Missouri [Mr. CARNAHAN].

Mr. CARNAHAN. Mr. Chairman, the Foreign Affairs Committee is before the House today with a bill to continue economic and technical assistance to our friends for another year. The bill we are considering, H. R. 7797, contains three titles: Title I extends ECA for another year. Title II extends the Palestine refugee aid for another year. Title III implements the technical assistance program for underdeveloped areas.

Your Committee on Foreign Affairs is before you on this bill with almost unanimous agreement. Our colleague the gentleman from Wisconsin [Mr. SMITH] has told you that he is the only member of the committee opposing this bill. All the other members of the committee respect the gentleman from Wisconsin [Mr. SMITH] in his sincere opposition. Hearings on the bill, which have consumed many days, together with many hours spent in perfecting the bill, have brought the committee to this agreement.

We are endeavoring to present our findings to our colleagues in the House, to the Nation, and to the world. It is our hope that further consideration of this legislation will continue with open, sincere, and searching minds. We earnestly invite all Members of the House who care to do so to join in the debate. It is the unanimous desire of the committee that both the proponents and the opponents have equal opportunity to be heard.

As the debate progresses, both in general debate and on specific debate, on any amendment which may be offered, let us carefully examine and carefully evaluate every argument, both pro and con, in the light of the realities we face. Those realities are not too encouraging.

While we are not engaged in a shooting military war, we must however, face the grim reality that we are unavoidably engaged in a world-wide clash of ideologies. The outcome of this conflict is of major concern to us. We cannot escape the reality that we are engaged in a struggle for survival as a free nation. The democratic concept is locked in a mortal struggle for life itself.

This struggle, more intense than it has ever been before in history, we now refer to as the cold war. This cold war is a mortal conflict between two fundamentally different concepts of government. So long as the totalitarian group presses for world dominion, we of course are left no choice but to resist. We must successfully resist if our democratic concept is to survive.

Each title of the bill we are considering today, and each section of each of those titles, is designed to improve and further strengthen the weapons which we must

rely upon in our struggle for survival. It would thus be safer and would make more sense to constructively criticize the committee for not being more inclusive rather than attempting to delete what we have proposed. Your committee makes no contention, or even suggestion, that the bill is perfectly written. Improving amendments may be offered. We do, however, contend that each section, if written into law and vigorously administered, will improve our position in the struggle to survive.

The world will gain or lose something which we hold to be very precious, depending on which side wins in this conflict. Thus, in my opinion, it is imperative that we accept and squarely face the realities which challenge us. To put it bluntly, we must win the cold war. We must win the cold war if we keep alive any possible chance of avoiding another military conflict. We must win the cold war to avoid world war III. If we lose the cold war, then world war III becomes inevitable and we will find ourselves fighting that war alone. If we lose the cold war, we will be forced into world war III. Then our only hope will be in our ability and chance to win another military conflict and, the sad thing about it all would be that all we could hope to gain by winning another military clash would be another chance to engage in another cold war.

What I am attempting to say is that democratic concepts can develop only in a free world. Assuming that we could win world war III, and this is considered by many as an optimistic assumption, we would find it necessary, after military victory No. III, as we are finding it necessary now after military victory No. II, to meet the threats of peace that challenge our existence. Democracy is then a growth of peace and not a product of war.

We and our allies were victors in the shooting phase of World War I. We rejoiced in what we thought was victory. Soon after the ending of hostilities we began to repeat the tragic statement, "We won the war, but we lost the peace." This is all too true. What we were actually saying is that we defeated the enemies of democracy on the military field of battle and then in military victory permitted the enemy in military defeat to successfully challenge our chance to survive. We won the war but foolishly flitted away our chance to survive. We stupidly fumbled the ball on that chance by following the silly and ineffective policy of isolation.

Failure to take advantage of an expensive opportunity landed us in World War II. We and our allies again forced the enemies of democracy to unconditional surrender on the field of battle. We gained at staggering cost our second chance to survive. Fortunately we still have that chance but in my opinion, we still must take further positive action if we develop this chance to survive. The legislation now before us is a necessary part of such action. We must not falter this time. Another fumble of the ball could well be the last. This legislation is not a partisan issue. I therefore urge my colleagues on both sides of the aisle

not to be confused by heckling tactics from any source.

Perhaps the most essential test of any society is the task of maintaining the ability to defend itself. This is a defensive job—that of creating the will and the means of self-preservation. Our success in this defensive task however, depends mainly on the use the free world makes of its present constructive possibilities and opportunities.

Our fundamental task therefore, if we are to survive with the concepts we cherish, is to help build a political and economic society of free nations which will work. This is a positive constructive job. Desirable attainments in this difficult task will require courage, determination and sacrifices. Tolerance, understanding and mutual concern all transcending national barriers are essential. If we develop our chance to survive we will find it necessary to continue making adjustments to the changed and the constantly changing facts of international life. To put this fact bluntly, we can retain and perpetuate our freedom only by sharing that freedom with others—others who will cherish it and defend it as we do.

These are the challenges we face. These are not the challenges of military conflict. Instead they are very definitely the challenges of peace. I am sure all of us sincerely hope that we will have the opportunity to continue our peaceful efforts toward building a free world. Such efforts are so much less expensive and so much more pleasant to pursue than are the mass disruptions and human sacrifices of military conflict. Surely we will not this time either overlook or minimize the essential fact that we must attain and develop the fundamentals of peace. We must not fumble the ball again. This time we should spare no reasonable effort to win the peace.

H. R. 7797 is another essential step in our national and international effort to consolidate and expand the gains we and our friends have made. It is now the responsibility of Members of Congress to set the pattern for further action. I want to here repeat the words of our beloved colleague the gentleman from New Jersey, Dr. EATON, when he so forcefully and beautifully said:

We stand today in America and in the world at the most critical hour in human history. We are today in the unknown land between two ages, one dying, the other in the grim process of birth.

Destiny has placed the decisions involved in this legislation in our hands. We cannot escape the responsibility. Let us follow the seasoned advice of Dr. EATON and evaluate every part of this bill by placing it against the background of conditions which it is designed to meet. At best, the outlook is not too bright. Actually, our chance to survive is at stake. Dollars alone must not be the deciding factor. If we lose, the dollars we may have saved in losing will have little significance. Again, let us remind ourselves, we are involved in a mortal struggle for survival. Surely we will wisely evaluate this legislation only against the background of the grim realities involved.

We, as Members of Congress, must of necessity carefully feel our way in the twilight zone between a decadent past and the hope of tomorrow. Yet, we need offer no apology to anyone or to any group for our actions. It is time for us to boldly and with determination declare our aims to the disrupted masses of men everywhere. Let us, through the adoption of this legislation, continue to say, "We intend to strengthen the foundations of democracy. We intend to defend the concepts of freedom. We intend to establish the realities of peace."

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. WHITE of Idaho. Do you think that the Russians with their military organization are any match for the Americans and their military organization?

Mr. CARNAHAN. The conflict could well be settled outside of a military clash.

Mr. WHITE of Idaho. You think the conflict could be settled by diplomacy, then?

Mr. CARNAHAN. I believe it could.

Mr. WHITE of Idaho. In the event of world war III, do you not think we would come out the victors?

Mr. CARNAHAN. Assuming we could come out victors, as I have just said, all we would gain would be a chance to participate in another cold war.

Mr. VORYS. Mr. Chairman, I yield to the gentleman from New Jersey [Mr. WOLVERTON] such time as he may desire.

Mr. WOLVERTON. Mr. Chairman, I have supported up to this time all Marshall plan appropriations for western Europe. It was my privilege to serve on the Colmer committee that made a study and survey of postwar conditions in Europe in 1945, immediately after the close of the shooting war. It was also my privilege to serve on the Herter committee that made a similar survey and study in 1947. As a result of the information gained by service on these two important committees, I could readily see that there was a necessity for outside help. It was plain that the losses and devastations resulting from 6 years of war had left the nations and people of western Europe in a state of collapse and that help was necessary if they were to be revived and enabled to again be self-supporting nations.

If our Nation had failed to give the aid to accomplish the above purpose there is every reason to believe that, with the lowered standard of living that would have resulted, the people of western Europe would have become susceptible to poverty, disease, and despair. Thus, they would have become an easy prey to the forces of communism.

The aid that has been advanced by this Nation since the end of the shooting war has been the tremendous sum of \$28,000,000,000. In addition thereto were the hundreds of millions expended by private sources to alleviate the starvation and physical needs of the distressed people of western Europe. I do not mention these sums with any thought of glorifying ourselves for what we have done as a nation, or as a people, but, merely that it may be understood that

we have given liberally and willingly to alleviate suffering and provide security for a helpless people. Our hearts have gone with the gifts we have made.

We are happy that our Nation has been financially able to make these gifts to a stricken people. It has been gratifying to see that our dollars have brought a large measure of the relief intended, and, that the economic, industrial and financial structures of the nations of western Europe have been strengthened and rehabilitated to such a surprising degree, as is shown by the reports of the Economic Cooperation Administration. It speaks well for the wise and careful manner in which the Marshall plan funds have been administered and reflects great credit upon Mr. Paul Hoffman, the Administrator.

The reports of ECA and the testimony given by officials of that organization show that production in the nations of western Europe, except Germany, is about 35 percent above their prewar level; that 50 percent of their trade has been freed so that it can be unilateral, and their exports have gone up from 60 percent of prewar in 1947 to 110 percent of prewar in 1949. These figures are too significant to be ignored. They demonstrate a degree of recovery that is astonishing. It seems to justify our changing to a considerable degree the basis upon which relief has been heretofore predicated. While it is true that there may be some conditions that will necessitate further advances before our commitments have been fulfilled, yet, we should not overlook the fact that a degree of recovery has been reached that might shortly enable the reconstructed industries of western Europe to seriously compete with our own industries, with resultant unemployment of American workers. While there may be an obligation upon this Nation to help a stricken brother to his feet, yet, I do not conceive that our obligation is a continuing one to our financial, industrial, or economic detriment.

A very interesting illustration of the point I am making, namely, that recovery in some industries in the nations we are aiding under the Marshall plan has reached a point that does not justify further aid, is to be found in the shipping and the shipbuilding industry in Great Britain. Reports indicate that British shipping has now reached a total of 26,000,000 gross tons of ships as against 20,000,000 the year before the war. Furthermore, that nearly 50 percent of the total world tonnage in ship construction is being done in British-controlled shipyards. This has been made possible in large degree because of the financial aid that has been extended by this Nation through ECA, under the Marshall plan program. As against this we cannot and should not overlook the fact that only 13 percent of world shipbuilding is under construction in the United States. Lloyd's Register of June 1949, shows that out of 1,070 ships under construction throughout the world, only 50 are being built in American yards, and 432 in British-controlled yards. From the same source of information it will be found that France, Italy, Belgium,

Holland, and all the other nations receiving aid from us are pushing their ship construction to an appreciable extent. There are many other illustrations that could be given concerning other industries, such as glassware, pottery, gloves, and shoes that have not only been restored to prewar levels, but, are now operating upon a basis that makes them serious competitors to similar industries in our own country.

Certainly it cannot be expected that financial aid be further continued to foreign industries to a point that enables them to take away our American markets, and thereby cause our own industries to shut down with resultant unemployment for our own workers. To do so is to relinquish our first and primary obligation to our own Nation and its people, and, substitute in place thereof an obligation to a foreign nation and its people. There is no justification for such a course of preferment to others that results in harm to our own people. The time and conditions are now such that we must give serious consideration to the adverse results that can come from a too liberal degree of aid to foreign competitors.

A further question that must have serious consideration at this time in determining the amount of aid to be given by this Nation during the next fiscal year, relates to how much we can, after full recognition of our own financial condition, safely afford to give.

Let us look at this question for a moment. Today, we have a national debt of approximately \$260,000,000,000. This is greater than the combined national debts of all the other countries of the world. Furthermore, we are operating upon a deficit basis. In other words our revenue from all sources is not sufficient to meet the expenditures we are now making. The estimated deficit for this year is \$5,000,000,000. For the coming year we will face a similar deficit unless there is a reduction in expenditure of that amount, or, an increase in taxes levied on our people to meet the deficiency. The President in his annual messages to the Congress does not contemplate any reduction in expenditures, but, has requested an increase of taxes. It is significant to note in this connection that the total amount of foreign aid recommended by the administration at this time is \$3,276,500,000. This approximates very closely our anticipated deficit this year. Therefore, it is appropriate to consider whether we are justified in creating a deficit in order to make an appropriation of \$3,276,500,000 for foreign aid? Or, as an alternative, should we increase the taxes of our people by that amount as suggested by the President?

I am opposed to any increase in our taxes. It is becoming more apparent every day that a necessity exists to decrease rather than increase. To increase taxes at this time for the purpose of giving foreign aid, or, to finance the waste and extravagance that now exists in our Government, would result not only in a direct increased hardship on our people, but, the indirect effect on them through decreased production in our manufacturing industries would be very serious. The

alternative is to cut out waste, eliminate extravagance, and thus reduce the expenses of government. If this is done and we have a surplus instead of a deficit then we can afford to be more generous in our aid to others than present conditions now justify.

I am also conscious of the necessity to tighten our Marshall plan spending to force western Europe to help itself to a greater degree instead of depending too greatly upon America for aid. In an interview given by Elder Statesman Bernard Baruch, upon his return from a European tour, to John W. Dienhart, political editor of the Chicago Herald-American, he is reported to have made a statement that confirms the statement I have just made. Furthermore, he is reported to have said that he feels American workers and industry are taxed far too heavily to support nations which have not made an all-out effort themselves. For instance, he found in England that it could balance its budget if 40,000,000 more tons of coal were produced annually; instead miners are working a short week. He also expressed interest in the fact that Britain has \$14,000,000,000 in frozen pound sterling which is not being employed to improve its financial situation. In his opinion, France appears to be recovering rapidly, but though in deadly fear of Russia and Germany, the country is not requiring full production of raw materials and manufactured goods to increase the national wealth. Holland and Belgium appear to Baruch to be making the most progress. But they, too, are not working to full capacity. In contrast, Baruch feels that American workmen and business are being taxed heavily to permit Europeans to continue to evade hard work demanded by a serious situation in which they have been engulfed by the drains of war years. Baruch reportedly believes that the aid extended to western Europe was not sufficiently conditioned upon European nations helping themselves regain their prewar economic stability. As a consequence, he found that people abroad are not being required to produce to capacity and that their governments have not inaugurated obvious moves to improve business. In short, both peoples and governments have come to look to America to keep them going. It would therefore seem that in the opinion of this man, who in the past has been the adviser of Presidents, that while some good has been accomplished, America could be saved billions of dollars if the whole program were evaluated and new loan conditions imposed.

While my remarks up to this time have been confined to European aid, yet, the bill before us carries authorizations of substantial amounts for other portions of the world. All of these are of a worth-while character, but, notwithstanding such may be the case, the necessity exists that we measure our giving by our ability to give. The people of America have always been generous and charitable to those in need. Our Nation, giving expression to this commendable feeling that is a part of the heart and soul of America, has been open-handed in its generosity. How-

ever, we are all painfully aware that we cannot continue to lavishly cast our substance to the four corners of the earth and continue to maintain that financial stability that is so necessary to our own stability and welfare as well as to the rest of the world. America can only be helpful in maintaining world peace so long as its financial structure remains stable and sound. If America should fail, chaos would exist throughout the world.

Therefore, in conclusion permit me to say that it shall be my purpose to support foreign aid only to the extent that it can be done without weakening our own financial structure. The time has come when we must give serious consideration to this very important question, and, also have in mind that whatever aid we do extend should be upon conditions and assurances that will necessitate those to whom aid is given of conforming to the basic principles laid down so as to insure the fullest cooperation upon their part.

(Mr. WOLVERTON asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 11 minutes to the gentleman from New York [Mr. JAVITS].

(Mr. JAVITS asked and was given permission to revise and extend his remarks.)

Mr. JAVITS. Mr. Chairman, this bill is in a fair way to restore the bipartisan foreign policy which was such a powerful force in the postwar reconversion of our foreign policy. I hope it will be fully debated and will be the occasion for a complete exploration and discussion of our foreign policy. Only good can come from this. The leading architect of the bipartisan foreign policy in the other body—the distinguished Republican, the senior Senator from Michigan [Mr. VANDENBERG] has once again clearly indicated the path to be followed. I offered an amendment in committee along the lines of his suggestion which I will again offer on the floor to establish a Post-ERP Economic Policy Committee with congressional participation.

The ECA represents the most enlightened policy any nation which has led the world has ever evidenced in recorded history. The basis of this program is the realization that to be richer we must help others out of poverty, to be safe, we must see that others do not despair; to be at peace, we must see that others do not become desperate; and to be free, we must see that others remain free. This is the meaning of our foreign policy. It is the heart of the ECA idea. So great is this idea that I believe it will be found to be the complete answer to the totalitarian challenge of communism.

Our foreign policy now is based on the principle of the shield and the wrench. Through the Atlantic Pact and the mutual defense-assistance program, American military power shields the freedom of western Europe, while the ERP and similar programs propose to restore the power of western Europe to secure itself.

The ECA has been successful. First, it has repelled the active menace of communism, particularly in France and Italy where in 1947 and early 1948 Commu-

nist Parties were on the verge of taking over. Second, it has given Europeans a new self-respect and a new confidence—a reason for defending themselves against communism. These are the important points. The fact that industrial production of western Europe has risen from 80 percent of its prewar average in 1947, to 120 percent in 1949, and that agricultural production has risen from 80 percent of its prewar normal to almost 100 percent in 1949, are only the basis for the even more important gains in the morale of the free European peoples which have been achieved.

Aside from the detailed problems of terms and amounts which we will be debating on the amendment stage—and I was one of those who opposed the amendment of my distinguished colleague, the gentleman from Ohio [Mr. VORYS] on amount—the one question we have to answer in the ERP is, Can we stop now? And the answer is a decisive “No.” Let it be said at the outset that there is no commitment to continue—the Congress made that perfectly clear, but that our own self-interest demands continuance. It is the powerful alliance of the free world which is so overwhelming to the Russians, and the best confirmation of that is the herculean efforts which they are making to sabotage the ERP and also to absolutely shut off their own satellites from any part in it, knowing full well that this is the one way in which they would lose the satellites. An evidence of the significance of western Europe as an active ally in the cold war is seen in the one estimate that if the United Kingdom should, because of internal break-down, be compelled to relinquish its international role, particularly in Germany, and also in the Far East and other parts of the world, the vacuum created would increase our budget, on this item alone, by not less than \$4,000,000,000 a year, yet the amount for which Great Britain figures in this year's ERP is about \$600,000,000.

There has also been a good deal of ill-considered talk about how well off the Europeans now are. Nothing could be further from the facts. The 270,000,000 people of Europe enjoyed a gross national product in 1949 estimated at \$160,000,000,000, this compares with the gross national product of 150,000,000 Americans of \$260,000,000,000. No one contends for a moment that our job is to bring the Europeans up to this parity, but it certainly indicates that recovery in Europe even for very basic well being still has a long way to go. As a breakdown on this figure, it is significant that the average British worker earns \$16.70 for a 45-hour week against the earnings of his United States counterpart which average \$55 for a 40-hour week. I refer the Members to the average British workers' budget, which I have put in the RECORD of hearings at page 139, and the following. This is a graphic picture of grim austerity.

I would like to deal specifically with two other sections of the bill—one is section 104 at page 13, and the other is title III at page 15. Section 104 represents a policy with respect to the Far East as developed by the Congress. It does not

wait for the dust to settle, but advocates a joint organization of the free countries and the free peoples of the Far East, in the interest of their own security and their own prosperity. These free peoples need each other's strength to rely on and a consciousness of their common purpose, if they are to adequately defend against communism. In addition they can and should help each other and in doing so they better than anyone else can separate the wheat from the chaff and determine conflicting national claims as in the Burma area. Our experience with the OEEC demonstrates that a joint organization on a regional basis is the essential initial step toward a concerted program of self-help and mutual cooperation and that this in turn is the best initial defense against the Communist drive and the best basis for a counterdefensive. The Secretary of State says that somehow or another this must be made to occur on the volition of the States affected, but Secretary Marshall showed how it could be done by his Harvard speech in June 1947 which started the Marshall plan, and the same can be done here with respect to the Far East.

The other subject to be considered is title III, the act for international development. It is said that this title will face considerable opposition in the House. I do not believe there is another part of the bill which gives as much for as little as does this title. The export of technical skills from the United States is good business, good politics, and good public relations. Title III should not be made a target of opposition either because it is a point made by the President or because it was not first proposed by the Congress. As a matter of fact all the President did was to blow up into a major statement of policy an activity which had been going along very successfully under the Institute of Inter-American Affairs since 1942 and under the Smith-Mundt Act since 1947. If blowing it up into such a major statement of policy could strike a telling blow against the Communist drive, as indeed it will, I do not see why we here should want to vitiate it. That is certainly not the spirit of the bipartisan foreign policy.

The projects to be assisted are primarily those where there is no inducement for private enterprise to step in for development of underdeveloped areas, but which are nevertheless the very basis upon which private enterprise must ultimately enter. They include health and sanitation, education, agricultural conservation and reconstruction, road building, and port development. In short, the normal functions of government, where skill and money are available—and what we are going to do under this title is to supply the skill and a small part of the money.

These are not untried fields but rather fields in which we have had great experience. For example:

The Institute of Inter-American Affairs is now cooperating with 16 of the Latin American governments in a total of 25 programs of technical aid exactly like those in this bill. I shall insert material into the RECORD detailing these

programs and showing also that the cost to the United States is constantly decreasing and that the share of the local governments is constantly increasing.

The ECA's overseas development fund is another example and it is significant that under this fund \$20,000,000 of American know-how and technical equipment will be translated into \$200,000,000 of projects, with the remainder coming from the affected governments and areas.

These include such projects as research in Nigeria—British; on sleeping sickness, building of roads requiring road-building equipment and technical training in the Congo—Belgian; road building and port development in west and equatorial Africa and in the Cameroons—French; a livestock utilization plant in Angola—Portuguese; and technical assistance to aid small farms in Surinam—Netherlands.

The House will hear from my colleague, Dr. Judd, of the great benefits of the comparable program for rural reconstruction in China.

This program of exporting technical know-how should attract especially those who are looking to cut budgets, for it is the cheapest investment in overseas well-being that we can make, stimulating other projects on a basis of at least \$10 for every dollar invested and often as much as \$100 for every dollar invested. If we do not launch such a program, we are likely in a few years to be up against a new emergency and to have to undertake another relief program or to increase our National Defense Establishment in a major way—in either case adding billions rather than some millions to our budget. There is no economy like short-sighted economy—should we strike out title III, we would be completely missing the forest for the trees.

The program of cooperative action by the United States with the other American republics has achieved a record of practical and beneficial accomplishment during the past 8 years stretching from the Rio Grande border of Mexico to the Andean republic of Chile. The agency which represents the United States in this far-reaching cooperative work in the Institute of Inter-American Affairs. The Institute is a Government corporation operating under the policy direction of a board of directors appointed by the Secretary of State. It is the successor of two corporations which were established by the wartime Office of the Coordinator of Inter-American Affairs in 1942 and 1943. Its job is to collaborate directly with the Latin American governments in action programs aimed at improving their basic economies and raising the standards of living for their people. These programs are carried on in the three fundamental fields of health and sanitation, agriculture, and education.

Altogether the Institute is now cooperating with 16 of the Latin American governments on a total of 25 such programs. Fourteen of these are in the field of health and sanitation; seven in education; and four in agriculture. Cooperative programs of all three types are going forward in only two countries—

Paraguay and Peru. Two types of programs are being carried on in five of the countries—Bolivia, Brazil, Ecuador, Guatemala, and Haiti. Each of the nine other countries—Chile, Columbia, Costa Rica, El Salvador, Honduras, Mexico, Panama, Uruguay, and Venezuela—has one currently active cooperative program. No programs of this type are presently active in Argentina, Cuba, the Dominican Republic, or Nicaragua.

In all 25 of the active programs the work is actually planned and executed by a unique type of governmental agency known generally as a *servicio*, comparable to a bureau in one of our Cabinet departments here in the United States. What makes the *servicio* unique is that it is jointly staffed and jointly financed by the United States and the cooperating Latin-American Government. In all cases the *servicio* functions within the appropriate ministry—of health, education, or agriculture—of the host republic. Yet it is headed ordinarily by the institute's chief of field party, who is a citizen of the United States. Its staff typically is made up of a comparatively small contingent of United States specialists and a much larger complement of nationals of the other country. Its operations are financed by joint contributions of the two countries, with the Latin-American government in most cases putting up by far the larger share.

The cooperative programs in the field of health and sanitation are aimed at the basic objectives of creating more healthful environments in the disease-ridden areas of Latin America and providing a more adequate kind of public-health service with special emphasis on preventive medicine and sanitation. The work includes, first, public-health activities carried out through health centers and other similar facilities such as clinics and mobile units; second, environmental sanitation through the construction or improvement of community water-supply and sewage-disposal systems; third, campaigns for the control of endemic diseases such as malaria; fourth, assistance in the construction and equipment of new hospitals or the improvement of existing ones; fifth, health education programs designed to inform the masses of the people of the basic facts about personal hygiene and nutrition; and sixth, the training of qualified nationals of the host country as specialists or administrators in the various phases of health and sanitation work.

In the field of education the cooperative programs are focused primarily on the improvement of elementary schools in the rural areas and on vocational training. The basic method of approach used by the *servicio* is through teacher training and the development of better teaching materials and methods. Teacher training includes not only the normal-school type of activity, but also the systematic reorientation of teachers in service. In the rural elementary schools major emphasis is placed on the development of teaching techniques and of curricula that are closely tied in with the environmental needs and interests

of the pupils. In vocational training the work is centered around the development of shop courses, vocational-teacher training, and similar activities that will provide future generations of Latin Americans with facilities for acquiring skills in carpentry, plumbing, mechanics, electricity, and other trades that are important in the basic economic growth of the country.

Cooperative programs in the field of food supply very considerably from country to country in accordance with peculiar local needs and problems. Major emphasis, however, is placed on the development of new agricultural areas through techniques such as irrigation and on the intensification of crop and livestock production. The work includes, first, direct assistance to farmers through extension-type offices established in key agricultural areas; second, training of nationals of the host country as agricultural technicians; third, operation of demonstration projects; fourth, basic studies and surveys of existing agricultural resources and potential areas for development; and, fifth, the provision of services and supplies, such as agricultural-machinery pools, bull-ring services, properly balanced fertilizers, improved seeds, insecticides and fungicides, and hand implements. Such services and supplies are made available to farmers on a fee or cost basis in areas where the needs cannot be adequately met from commercial sources.

The work that has been going forward in these three fields of activity since 1942 is now scheduled for continuation until the middle of 1955. Under the 1947 law which created the Institute of Inter-American Affairs in its present form, the agency was authorized to carry on its work only until August of the present year. Last spring and summer, however, Congress reexamined the operations of this Government corporation and decided that they should go forward for another 5 years beyond the previously scheduled termination date. In the same statute—Public Law 283 of the Eighty-first Congress, approved September 3, 1949—Congress also authorized an increase of 40 percent in the institute's annual rate of appropriations.

Since the passage of this law the institute has been busy planning for an extension and expansion of its operations along the lines authorized by the statute. All of the Latin-American governments have been officially advised by the American ambassadors of the enactment of the new law and have been invited to indicate their interest in the continuation of existing cooperative programs or the initiation of new ones in the coming 5-year period. It now appears probable that the institute will be asked to carry forward all 25 of the programs now in operation and to launch more new ones than it can undertake with the appropriations that have been authorized. For the fiscal year which begins next July 1, the institute is contemplating a total of at least 32 programs in the three fields of activity and is asking Congress for appropriations on this basis.

This work, which was initiated originally under the stress of wartime exigencies, has amply proved its value as an instrument of American foreign policy within the Western Hemisphere in time of peace. While the cooperative programs have brought no sweeping revolutionary changes to Latin America, they have struck effectively at some of the region's age-old problems and have laid a solid basis for future economic and social growth.

Comparative contributions by United States and other American Republics to programs currently in operation by the Institute of Inter-American Affairs

(In thousands of dollars)

Fiscal year	United States (Institute)		Total Insti- tute	Other Ameri- can Repub- lics	Grand total
	Techni- cal and other assist- ance	Coop- erative proj- ects			
1943-----	\$1,075	\$5,661	\$6,736	\$700	\$7,436
1944-----	1,748	8,750	10,498	2,080	12,578
1945-----	1,714	7,231	8,945	3,353	12,298
1946-----	1,642	4,823	6,465	5,622	12,087
1947-----	2,183	4,014	6,197	7,240	13,437
1948-----	2,157	5,012	7,169	11,143	18,312
1949-----	2,480	1,745	4,225	13,306	17,531
1950-----	3,156	1,950	5,106	12,990	18,096
Total-----	16,155	39,186	55,341	56,434	111,775

Mr. ARENDS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and eighteen Members are present, a quorum.

Mr. KEE. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. HOLIFIELD].

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

POINT 4 A VITAL ELEMENT IN OUR FOREIGN POLICY

Mr. HOLIFIELD. Mr. Chairman, point 4 has become a symbol of hope to those who live in underprivileged areas of the globe.

The emphasis in the point 4 program is on technical assistance. We propose to lend our brains, so to speak, rather than to give away our substance. The President pointed out, when he first announced this new program in his eloquent inaugural address, that our physical resources are limited, but that our technical skill and know-how are virtually unlimited. By strategic deployment of technical aids amongst peoples and lands that can be helped to better health and productivity, we can work wonders with relatively small outlays of money.

Already the constructive spirit emphasized in the point 4 program has shown results in areas of suffering and despair. Various agencies of the United Nations and of our Government have made encouraging starts. Teams of technical experts have been dispatched to the byways of the world. Cooperative demonstration projects have been set up. Engineering and economic surveys have been conducted. Workers and execu-

tives of many lands are being brought to this country for training. International conferences are being held to exchange needed information. These and other varied activities are directed toward helping those millions upon millions—half the population of the globe—who live in disease, squalor, and ignorance to help themselves.

We have begun to scratch the surface. We must scratch it a little deeper, to let in the sunlight of human decency. The help we can offer through the point 4 program is a small part of the price of enduring peace in the world. President Truman has said many times that peace cannot be quickly, easily, nor cheaply bought. Point 4 is a good investment.

The time is not too far distant when the nations of western Europe will begin to stand firmly on their own feet. Our vast outlays of Marshall plan funds will have been made for good causes and with good results. But then our attention must be more firmly and steadily directed to those underprivileged areas where the agents of communism already work night and day to win the struggle of ideas, if not of arms.

The challenge to world peace and to our own survival lies finally in those suffering lands. Let us be active and alert to the challenge. Let us make some headway now, to demonstrate that our way of life can better provide the elemental needs of life as well as a better kind of society.

Point 4 is a program that guarantees huge dividends in the future, in terms of human needs fulfilled, with modest investments now.

Mr. KEE. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. GORDON].

(Mr. GORDON asked and was given permission to revise and extend his remarks.)

Mr. GORDON. Mr. Chairman, the provisions of H. R. 7797, the bill before us, lies at the very center of our foreign policy. Legislatively speaking, what we do today will determine the direction of American policy for the next year—and several years to come.

Mr. Chairman, I intend to vote for this bill—all three titles. I speak in favor of it now to remind my colleagues to consider carefully what is before them.

This bill expresses our policy in dollar terms; but it is more than just a money bill. We must judge it not by the arithmetic alone but by what the arithmetic represents. I am as mindful of the taxpayer's dollar as any Member of this House. But I am also keenly aware of what our foreign policy must do in this world of crisis.

Let us look briefly at the bill. It continues the European recovery program. It provides means to strengthen our position in the Far East. It offers our help in settling a tragic and difficult refugee problem in the Near East. Finally, it launches a new program of assistance to the underdeveloped areas of the world. All of these are parts of a coordinated whole. The objective is to further the interests of the democratic world, to help others to help themselves, and to strengthen the United States.

I know of no better way to use our resources than this. Our European recovery program is now at the halfway mark. It was carefully conceived on a 4-year basis; it should be carried through according to plan.

A few months ago I went to Europe to see things for myself. I felt that I should, so I could act intelligently on this bill. Europe has made an amazing comeback in 2 years.

Industrially and agriculturally, Europe is improving rapidly. Production is above prewar levels. The confidence of Europeans in themselves has been restored; communism is fighting a rear-guard action. Europe is on its way to economic health. Up to now this has cost the United States less than \$10,000,000,000. To stop now, or to slash the program would be a tragedy.

We should bear in mind that the European recovery program for the coming year has been scaled down over last year. This has happened every year; the program will be reduced again in 1951. But this is a carefully planned reduction, worked out by ECA and the European nations. Europe expects to do with less. To slash the figure further would simply cripple the whole effort. Of course, Europe can make do with less. So can a man who gets only food enough to keep himself half alive.

The Arab refugee problem is a festering sore in the Near East. The Near East is an area vital to us. Unless we alleviate that situation all we can, it will worsen progressively and the difficulties will mount.

Title III is a new program—the President's point 4 program. It proposes to develop underdeveloped areas by helping the people to help themselves. There are dollars involved, to be sure. But they are dollars to finance the export of American know-how. Point 4 is not a grant or a loan program. It makes good sense because it gets down to fundamentals. It proposes to use expert knowledge to get lasting improvements. Its aim is economic development and the benefits come to us as well as to those who get our help. Point 4 gets maximum effort and results for a minimum expenditure.

I am in favor of point 4 because I believe it is a realistic policy that furthers the interests of the United States.

The bill before the House advances the interests of this country. It has been carefully thought out. It has been carefully considered in committee. I know because I was there.

I ask the House to give this legislation the same kind of consideration. European recovery is our Nation's business. So is the Far East. So is the refugee problem. So are the underdeveloped areas. Let us get on with it without delay.

Mr. KEE. Mr. Chairman, I yield 15 minutes to the gentleman from Connecticut [Mr. RIBICOFF].

(Mr. RIBICOFF asked and was given permission to revise and extend his remarks.)

Mr. RIBICOFF. Mr. Chairman, I am in favor of this legislation. The Foreign Economic Assistance Act is under heavy attack. There will be much talk about

economy. It is in point that the budgetary disbalance approximately equals the amount of aid we are sending to Europe. The conclusion is simple: Cut out aid to Europe, lower taxes, and keep on priming our overflowing domestic pump. Economy talk is always beautiful music just before an election.

A deep-seated illusion hides behind the attacks on foreign aid. This illusion is not unusual. We have had it in varying forms throughout our history. Simply stated, it is the feeling that the world really does not change. The deep source of this illusion must be left to the psychologists. Its political result is something that every voter must conjure with.

The illusion that things do not change produced violent reactions to the national bank proposals of Andrew Jackson, the antitrust laws, the Federal Reserve System, social-security laws, the Securities and Exchange Commission, legalized collective bargaining, and a host of other measures now the law of this land. The genius of our country is that in large part the people have recognized change more rapidly than have the peddlers of the illusion.

Now we face another great manifestation of the illusion: That Europe has not fundamentally changed from the semi-balanced days of the nineteenth century. Because, whether they know it or not, this is what the opponents are really saying: Out of Europe now—back to 1890 by 1952.

It is not difficult to recognize that Europe for the first time in modern history stands between two great poles of power—Russia and the United States. Europe is a middle ground; it is no longer the leader of western thought and action. The force and direction of the future are coming from the far steppes of Russia and the very close Washington, D. C. The people of Europe sit in an uneasy balance, not the kind created by nineteenth century power politics, but rather one that a midget feels when he is being pulled in opposite directions by two giants.

The important thing to recognize is that the political and economic balance of nineteenth century Europe is now dead. Germany has been decisively defeated in two great wars. Italy is unified but without significant economic or political resources. France has lost her reserve strength. Britain has been reduced to a debtor status. The recovery of the former positions held by these nations is not even remotely possible. The Second World War was not a momentary interlude in the common life of Europe. It was a decisive event with deep historical roots which totally changed international political relationships.

The recent power shifts in Europe are comparable to the upheaval of the sixteenth century. Undoubtedly there were people around at that time who failed to see that change is inevitable. When Thomas Moore wrote his Utopia in protest against England's emergence as an independent power, his illusion had no more chance of success than those who contend today that we can get out of Europe now.

Just how does our situation today differ from that of yesterday? There are obvious ways, such as the loss of our oceans as instruments of defense. Airplanes can cross the ocean in 10 hours. Guided missiles with atomic warheads could probably make the trip in three. Oceans are mere puddles in commercial and military highways. Human ingenuity in developing engines of destruction has destroyed the freely offered defense of nature.

More significant is the change in Europe itself. Much European land is worn out, the population of Europe has become far too heavy for the traditional semifeudal land system. The growth of European cities has made impracticable the ancient system of distribution. Industrial plants in the urban areas have long since become obsolete. European nations are no longer able to compete effectively with the New World.

The age of empire has ended, and apparently few Europeans were ready for the ending. They have preferred to think that such an essential part of their mental and institutional baggage was eternal. Statesmen and the people they led turned to war as a means of reestablishing the lost glory and insuring a bright and prosperous future, and the wars have served only to speed the plunge toward a new and more dangerous world.

A consideration of the changed position of England should enlighten our contemporary peddlers of illusion. We should have seen that the loss of Britain as a balance wheel was eventually going to place the burden for maintaining world order upon our shoulders. We did not. The peddlers of illusion won a momentary victory. The Versailles Treaty, involving United States participation in the League of Nations, was defeated, and the era of Calvin Coolidge correctly expressed our blindness. The fact is, of course, that we did not bother to think at all. We just blithely assumed that our protected position was God-given, an inherent destiny in the center of the providential design.

Had we seen that the conditions of the twentieth century changed the position of the United States, the Second World War might have been averted. We were not so much deluded by the ideology of facism; we were wrong in thinking that the way Europe lives is no concern of ours. We had lived so long as a protected Nation that we were unable to recognize that Europe's problems are really our problems. Once we allow Italy and Germany to build their armies and unify themselves under dictators, we were on the road to war. Yet very few in our leadership could see it.

Since the close of the Second World War, our foreign policy has accurately recognized that we are directly concerned in what Europe does. The Marshall plan, the mutual defense assistance program, the Truman doctrine, the aid to Greece and Turkey, the United Nations, and the President's fourth point all give concrete expression to our recognition of the new world. But even new leaders in both parties are crying that our concern for Europe is really finished.

Peoples having power, courage, and purpose will determine the course of the second half of the twentieth century. Let us trust that they will also be peoples endowed with decency and the instinct for freedom. It is up to this country to say whether that hope will be fulfilled. If we avail ourselves of the opportunities before us, it will be realized. If we renounce these opportunities, it cannot be.

That is why the present legislation is one of the most critical issues—perhaps the most critical—in our history so far as impact upon American foreign relations is concerned.

Our position in the world will be greatly harmed unless we find a drastic and prompt cure for the illusion that the world has stood still. The best prescription I can think of is a huge dose of the truth.

The fact, as I see it, is that we are involved in the world in general and in Europe in particular for the calculable future just as far as we can see ahead. It will take much time and many more billions before we have run the course of world policy upon which we set ourselves with such hesitation only 2 or 3 years ago. If the Nation's leaders, by realistic thinking and frank speech, will comprehend the situation and present it candidly to the American people, I believe the people will respond to the demands of the times. I am always willing to bet on the inherent wisdom of the American people and on their courage under pressure. In the past they have always acted grandly in the face of huge challenges. They can do so, and will do so, again if the real size of the task is revealed to them.

There are no breathing spaces ahead for this Nation to enjoy while the balance of power serves as a buffer between us and the world's problems. Never again can we feel safe behind the barriers of our oceans. Never again can we devote our undivided attention to our own economic ends while the pound sterling serves as the integrator for world trade.

Whether we wish it or not, the Nation has been thrust into a determining position in the Western World. We shall rejoice in the opportunity or shrink from its implications, depending on the degree of our confidence in ourselves and our Nation. We have a heavy burden or a heavy opportunity. The situation is that described by Abraham Lincoln:

We cannot escape history. We of this Congress and this administration will be remembered in spite of ourselves.

I, for one, contend that the primary consideration is not the earliest ending, with the smallest outlay, for our foreign assistance programs. It is rather, in a paraphrase of Lincoln, that "we shall insure that the last, best hope of earth shall be nobly saved, not meanly lost."

The Europe which looks to us for sustained leadership is no longer physically and economically as it was. This may be uncomfortable for those who are nostalgic for the easy world now lost. But it remains a fact.

Progress has been made, however. In comparison with the situation of two

years ago, a brilliant success has been achieved through our economic undertakings in Europe. Hope has been kindled where hope had been dead. Bodies that had faltered have been restored to working strength. Color and activity have been restored where drabness and inertia had reigned. Men breathe again the air of freedom where before they had been of a mind to surrender anew to dictatorship. I was cheered and thrilled as I saw, during my recent trip to Europe, the results of the first brave steps forward.

Many of my colleagues were likewise cheered. Indeed, some of them have concluded that we are doing so well that we should quit the effort altogether. They feel that we have run up so many touchdowns in the first half that we would not even have to bother to send the team back on the field to finish the game. Those who most vehemently proclaim that we must yield the effort because of our huge success to date would, I am sure, have been the first to call for abdication of the effort if the going had proved tougher and the results less reassuring.

My own conviction is that, although progress has been substantial, much of the course still lies ahead and most of it runs uphill. We may breathe the sigh of Socrates: So much to do, so little done.

This runs directly counter to much opinion now prevailing. It runs counter to the understandable desire to return to things as they were, or as we once dreamed they would be: No extraordinary outlays abroad, a comfortable economy at home free from foreign commitments, and a budgetary balance.

The course which I contend is the only practical one is far less comforting to us, superficially considered.

It involves one difficulty which must not be discounted—a difficulty arising from a basic difference between the economic position of this country and that of England during the last century.

The course I propose brings forth this question: Can we afford it?

My answer is: Yes. Indeed, I believe we can afford no other course.

Despite the talk of those who call for drastic retrenchment immediately applied, the choice is really not between saving and spending the goods represented by the estimated sums necessary to round out our foreign reconstruction programs to complete success. The choice actually lies between alternative courses of spending.

England needed the world's materials in the degree that the world needed England's goods. Thus, the pound sterling was able to function as the denominator of world trade. The United States, however, does not need the world's materials in the same degree as the world needs our products. Thus, the dollar is not able to function with full effectiveness as the denominator of world trade. The dollar is more sought than it seeks. The disparity is exemplified in the cleavages and tensions between the hard money and soft money areas of the world.

It will take more time than the next 2 years, I venture, to close this gap. It must be closed, first by developing reci-

procuity of need and resource among the nations in the soft-money area and, second, by developing greater access to hard currency through normal channels of trade. It will be necessary to develop productivity and resources among the economically lagging nations and to reduce the barriers to trade among all nations, ours included. This is not the place to discuss these developments in detail. It is necessary here only to say that they must take place if the foundation of life among the nations still devoted to free institutions is to be restored to adequate strength.

But while we await the fulfillment of these developments, we must, I contend, be willing to subsidize the favorable balance of trade which this Nation enjoys. This is nothing new. One way or another we have been subsidizing a favorable trade balance for 35 years—through immigrant remittances, unrepaid loans, defaulted bonds, and the like. What is novel is that we shall do this consciously and purposively.

We must look upon the cost of keeping Europe clothed and housed and free as a cost of keeping ourselves in business. If we pull out at any time in the foreseeable future, we leave a vacuum which can only be filled by the Soviet Union. England is no longer the balance wheel of Europe, and Europe is now directly our business.

The United States must further recognize that it cannot maintain balance in Europe in the same way Britain did during the nineteenth century. Britain was working to preserve her colonies by keeping Europe disunited. We must, on the other hand, labor for a united Europe which will stand with us. Money, time, and effort must be put into seeing that such a free association of European nations is formed at once.

Of equal importance with the reorganization of European traditions is the retooling of American thinking. We must be prepared to pay in taxes the cost of this wide-scale rehabilitation program. We must do it as an investment, an investment in the future which will pay off in peace and security. In other words, we must consider our foreign-aid programs as fixed charges, just as we do our social-security payments and our Military Establishment. Economy talk should be directed toward efficiency in operation and purely domestic expenditures.

There will be plenty for America even if we follow through with such an undertaking. Indeed, America, even with this burden of foreign commitments, will continue to enjoy prosperity in a degree and scope heretofore undreamed.

In the past few years the American national mind has been made up on a number of subjects. No longer do candidates campaign against the Securities and Exchange Commission, collective bargaining, social security, or antitrust laws. Such campaigning would today be political suicide.

This Nation is now called upon to make up its mind just as decisively about foreign policy.

The objectors to this legislation are not presenting the American people with

a real alternative at all. If we do not accept our long-term responsibility abroad, we will have to accept a greater tax burden to support a tremendously expanded military force. I for one am firmly convinced that our structure of free institutions will crumble under the burden of a large-scale atomic arms race. The United States stands a much better chance of peaceful survival by staying in Europe for long years to come.

As we debate the issue of foreign aid, we shall hear much more about the American standard of living. Let us ask ourselves what is meant by the phrase. Are we to limit its meaning to the consumption of physical goods, or shall we widen its meaning to include the standards by which men live in every aspect of their lives?

If we consider the standard of living as a narrow material concept, we may think of it in terms of narrow national interest. If we think of it in relation to the essentials of civilized life, we shall sense in its meaning the community of destiny between ourselves and the rest of the human race.

In these debates on foreign aid we shall hear much also about this country's national interests. I have no argument with the nationalist. I urge only that we pitch nationalism on a higher plane.

I believe that American wealth, American resources, America herself, are not the ends but the means to an end.

I for one do not believe that the Creator endowed this Nation with all its vast potential merely to the end that Americans might luxuriate in the midst of a depleted, dismayed, deranged world. We hold this wealth as instruments of a grand design. It is ours in stewardship for the benefit of a peaceful, freedom-loving world, as well as for our own prosperity.

Justice Holmes' phrase, that the judgment of nature upon error is death, I shall paraphrase to say that the judgment of history upon moral error among nations is moral death. If we fail to perceive the purposes for which our wealth was given us, and if we fail to act upon these perceptions, then I believe we must say farewell, a long farewell, to all our greatness.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Illinois.

Mr. YATES. Did the gentleman see the article appearing in yesterday's newspaper as to the estimated cost of making this Nation atom-proof? The estimate that was given was \$300,000,000,000 as the cost of relocating the cities, in addition to the untold potential cost in sociological damage and community damage in event this country went back to its old policy of isolation.

Mr. RIBICOFF. I do not believe there is any question about that. I did not see the article, but I think I can comment on it. There is not \$300,000,000,000 of loose capital around this country to afford such a relocation. If this country should reach the stage where it had to make an investment of \$300,000,000,000 in capital expenditures to relocate our industry, I believe under such cir-

cumstances our free-enterprise system and democracy as we know it would definitely go down.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield.

Mr. WHITE of Idaho. The gentleman spoke of financing defaulted bonds. Does he not think that if we are going to finance defaulted bonds of European countries or any bonds at all they should scale down their obligations just as we do here in this country?

Mr. RIBICOFF. I said that before the Marshall plan, in the last 35 years, we had given to Europe in one way or another \$100,000,000,000 and got nothing in return—certainly not world stability, peace, or security.

At least we hope that through the Marshall plan we are spending this money in a way that it will do the United States of America some good. That was the contrast I was making. I would much rather do it this way and accomplish something than spend the \$100,000,000,000 as we did in past years, before the Marshall plan came into existence, and accomplish nothing.

I yield to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. I hope the gentleman in his remaining time will explain to the committee the guarantee provision and the extension of it and what we hope will be a strengthening of it so that we can get more pay-back money into this Europe recovery plan.

Mr. RIBICOFF. I will be delighted to do that. Will the gentleman from West Virginia [Mr. KEE], chairman of the committee, yield me additional time to go into that?

Mr. KEE. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut.

Mr. RIBICOFF. Mr. Chairman, in answer to the request of the gentleman from Ohio, we on the committee have been deeply concerned that private enterprise has not been playing the part it should in rehabilitating Europe. We have felt that industrial know-how and private capital of America could make a definite contribution toward rebuilding the industrial plant and improving the employment picture and bringing back economic life in Europe.

The way to do it may be through the guaranty provision, such as we have written into the ECA. Of course the Congress, during the past sessions when this bill was before us, had written in a guaranty provision which was so ineffectual that although you had authorized \$150,000,000 for this purpose, actually only \$10,000,000 has been used for such guaranties. This bill contains a provision enlarging the guaranty provisions and allowing the utilization of \$300,000,000 to guarantee private investments. What does it mean when we talk about guaranteeing private investments? It does not mean that we are guaranteeing any private investor against ordinary business risks. What we are seeking to guarantee is the substitution of private funds for Government money. That is, a project is contemplated which would help European recovery, and if Govern-

ment funds were to have been used, this bill allows the utilization of private money in substitution for Government money and to guarantee the private investment against extraordinary political risks, such as expropriation, revolution, or war. What does this actually mean to the United States, and does it cost us any money? In the first place, it does not require any appropriation. It is a contingent liability financed through a note transaction. So it requires no appropriation whatsoever to put the plan into operation. Secondly, the individual has to have the approval of the ECA to put his investment into effect. We are betting approximately \$18,000,000,000 on the Marshall plan that the European recovery program is going to work.

If Europe gets back on its feet, and if Europe takes its place in the family of nations economically, these guaranties will never have to be picked up. So, to the extent that the investment does not have to be paid back, it eliminates the necessity of putting in Government money.

Also, if these investments are expropriated, or taken by revolution, let us say, all the United States would do would be to pay back the original amount of the investment, which would be actually the equivalent sum that the United States would have given in give-away dollars. We are hoping this program will work out.

It is the feeling of the committee that our Nation which has a national product of approximately \$250,000,000,000 can certainly afford approximately two or three billion dollars in private investments. If we can get private capital flowing into these European nations, to that extent we will eliminate the necessity of using our taxpayers' dollars. We on the committee have the hope that if the ECA will have the foresight and willingness to go along on a guaranty program as the Congress has asked it to, and actually uses the guaranty provisions of ECA, we will find the road and the way to eliminate the so-called give-away dollars and substitute private capital for them.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield.

Mr. JUDD. Is it not a recognized fact that when the program ends in 1952, even under the most favorable conditions, these countries in Europe still are going to have to have investments from the outside? Is that not true?

Mr. RIBICOFF. There is no question about that. I would not delude the House by saying that the Marshall plan will end in 1952 and that we will be out of Europe by 1952. I do not think so. I agree with the gentleman.

Mr. JUDD. Therefore, is it not imperative that, if we want to cut down on our Government's investments in these countries, we must get more private investment at once?

Mr. RIBICOFF. Absolutely.

Mr. JUDD. Therefore, this guaranty program cannot cost us any more, and if pursued vigorously and successfully, it may cost us a great deal less. There is sound reason to expect it will cost us less, because it ought to be handled by

private industry on a sound basis, instead of on a basis of Government investments and hand-outs.

Mr. RIBICOFF. I would like to state that many members of the committee have been disappointed in the ECA administration, because of its unwillingness to proceed with the guaranty provision of ECA.

When I was in Europe last fall I not only talked with various ECA administrators, but private businessmen, and also the heads of various governments, who said they would welcome private capital to come into Europe to cooperate to the fullest extent. The ECA administrators, with the most business experience were the ones who urged most that we come back to Congress and write a good guaranty provision in the law, and with this provision get the flow of private capital to substitute for public dollars. I, for one, believe that if this Congress passes the guarantee, and if the ECA will cooperate, we might find the alternative for these give-away dollars that are costing the taxpayers these large sums.

Mr. JUDD. And we can say to our colleagues in the House that the more we want to have the Marshall plan end in 1952 the more we must support this guaranty program?

Mr. RIBICOFF. There is not any question about it.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield.

Mr. MULTER. Would you mind pointing out what part of the bill provides for these guaranty provisions?

Mr. RIBICOFF. It begins on page 2, line 13.

Mr. MULTER. Has your committee considered the bill which has been reported by the Committee on Banking and Currency on the same subject?

Mr. RIBICOFF. Yes, we did. We looked at the bill, and, with due respect to that august committee, I would say that, in my opinion, the guaranty provisions as written by the Committee on Banking and Currency would not be as effectual. We have been living with this bill—I, myself, for 2 years, and the gentleman from Ohio and the senior members of the committee for 4 years.

The CHAIRMAN. The time of the gentleman from Connecticut [Mr. RIBICOFF] has expired.

Mr. KEE. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. RIBICOFF. It seems that the average administrator, the average man in the Government, is unwilling to take upon his shoulders the question of interpretation. They like to narrow their vision down instead of expanding it.

As I recall the provisions in the Banking and Currency guaranty amendment, they were so narrow that the average administrator, who was not interested in the guaranty program and might like to give away dollars instead, might say, "Well, we have no rule, we have no formula upon which to go."

You will notice that beginning on line 13 we have used the definition of what an investment is, which will comport with the actual business practice that

goes on between one business concern and another when it comes to investment. It is not a question of investing dollars. It is also the placing of patents and services.

Mr. MULTER. Who will make this guaranty?

Mr. RIBICOFF. The guaranty is given by the United States Government. The administrator writes a note on the Treasury of the United States under a contract between the administrator and the person or firm whose investment is being guaranteed. The guaranty is then listed in the Treasury as a contingent liability of the United States, and does not require a present appropriation. Each guaranty is a separate and individual guaranty, contracted, depending upon the circumstances in each individual case. In this contract are the guiding principles between the administrator and the American investor.

Then, of course, it is not any sense to guarantee these investments if you cannot guarantee to the American individual who invests the money that he can convert his earnings, to a reasonable sum, or his investment into dollars. Therefore, we provide that you guarantee a reasonable amount of earnings and capital investment and in the event of sale or destruction, to be converted from local currencies into United States dollars, and the United States Government then becomes subrogated to the currencies, plant and equipment, and investment of the United States investor in the countries abroad.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield.

Mr. VORYS. The gentleman is explaining this very ably, but I am sure he will agree that we must fix in our minds clearly the fact that this is not a risk guaranty; it does not guarantee that a man is going to make a profit or that he is going to make a dime. But it does guarantee under the limited conditions set forth in the law that if he does make a profit he can transfer it into dollars and that if his loss is solely because of the extraordinary political risks the gentleman has described, he would get his original capital back.

Mr. RIBICOFF. Answering the gentleman, we guarantee against extraordinary political risks that the investor would not find in the United States of America such as seizure, confiscation, or destruction of his property by the Government. Under no circumstances do we guarantee that he will make a profit, and we definitely do not guarantee against ordinary business risks.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield.

Mr. MULTER. If I may interrupt, those are the very reasons we are trying to cover in the bill before the Committee on Banking and Currency.

Mr. RIBICOFF. I hope that is so. If it be so, then the Committee on Banking and Currency sees eye to eye with us on that subject and I am pleased to find it so. Such support is important and welcome.

Mr. VORYS. Mr. Chairman, will the gentleman yield further?

Mr. RIBICOFF. I yield.

Mr. VORYS. Our committee has jurisdiction over foreign loans; we have jurisdiction over this recovery plan, and what we are proposing is that in the limited field of western Europe where the choice is between give-away dollars and guaranteed dollars, that we try this guaranty provision. Is not that right?

Mr. RIBICOFF. That is right.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield.

Mr. FORD. I understand our authorization last year was \$150,000,000.

Mr. RIBICOFF. That is right.

Mr. FORD. Three hundred million dollars is proposed in this bill.

Mr. RIBICOFF. That is right.

Mr. FORD. Can the gentleman tell us how much of the \$150,000,000 was used last year?

Mr. RIBICOFF. Since the inception of this program there has been used for industrial guaranties about \$6,130,000. For national media guaranties, such as magazines, like Time, Reader's Digest, and so forth, that have been sent over, there have been 107 guaranties totaling about \$3,015,000. In other words, since the inception of this program, only \$10,000,000 has been used, not a very encouraging picture, I may say to the gentleman from Michigan; but we believe that is due to two factors: First, the limited nature of the guaranty in the past which gave no assurance to the American investor that he would be guaranteed against extraordinary political risks; and, second, the unwillingness of the Administrator to get his teeth into this program and do something with it.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. LEMKE].

(Mr. LEMKE asked and was given permission to revise and extend his remarks.)

Mr. O'HARA of Minnesota. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and eleven Members are present, a quorum.

Mr. LEMKE. Mr. Chairman, I, too, respect the Committee on Foreign Affairs but that does not mean I shall blindly follow it in all of its extreme, erroneous, and fallacious reasonings. I think we had better come back to earth. We are bankrupting our Nation.

Our Uncle Sam is still delinquent. He not only has deserted our beautiful Miss Columbia but refuses to be reconciled. He is still chasing pink, red, green, and off-colored skirts all over the world. In his second childhood he has hallucinated himself and now believes he is father of all mankind. He is determined to continue to squander the American taxpayers' dollars and play Santa Claus to all the world.

Our Uncle now has a whole nestful of harems in Europe. He calls them the Atlantic Pact. Some of his mistresses are pink—more are red. He not only keeps them at our taxpayers expense—but he says he has to arm them so that Joe Stalin cannot steal them. Nothing like self defense in distant lands.

This is the same Stalin that our Presidents went to bed with at Tehran, Yalta, and Potsdam. What a different world this would be if our Uncle had not grown senile at the age of 174. What a blessing to us and the world if he had only observed the policy of our forefathers laid down in 1776—the birth of our Nation; if he had avoided foreign entanglements—kept his nose out of other nations' quarrels. I challenge anyone to name a single thing that the world gained by our intervention except to lose its liberty—and we are losing ours.

Unfortunately for future generations, our Uncle is determined to completely squander the wealth that Miss Columbia and her 150,000,000 sons and daughters have accumulated. He now asks the taxpayers for another \$2,950,000,000 for his foreign gold diggers—through the ECA. In this he is ably assisted by the international gang for a profit and by his boy friends, Dean Acheson and Paul Hoffman. These last two gentlemen are more interested in Great Britain and in other nations than in America. In their stupidity they would deplete our Nation of its natural wealth—commit national suicide.

They are deliberately selling America down the river. They are using our taxpayers' dollars to bring backward nations up to where they will compete and put our domestic agriculture and industry out of business. This by giving them implements and equipment paid for with American dollars. They would open our domestic markets to foreign products produced by slave and semislave labor. They would do this through the manipulation of reciprocal trade agreements—free trade. They call this point 4 in their mad program of wrecking our Nation.

Since World War II our Uncle, in his foreign delirium, has squandered on, and canceled for, foreign nations, over \$110,000,000,000. He is not only now two hundred and sixty billion in the red but with future commitments and obligations, is liable for six hundred and eighty-seven billion. There is danger ahead. Our Uncle in his flirtations has become the easy prey of foreign and domestic grafters, vampires, and gold diggers. He is no longer competent to take care of the wealth that Miss Columbia and her sons and daughters have created and accumulated.

Our Government does not know where it is going, but it is on its way. It is knee deep in international politics. It is sailing unknown seas, seas of foreign entanglements. In place of governing ourselves, in place of looking after our own people, we are now trying to bribe and govern the world.

We are traveling a dangerous road. Congress is lost in the dismal swamps of foreign intrigue. It is operating under a foreign, not an American, atmosphere. The internationalists, the barefoot boys of Wall Street, for a profit and the representatives of foreign governments looking for the taxpayers' dollars, predominate and overshadow all other lobbyists.

We live in a cruel and brutal world. A world without a rudder—in a war-mad world—in an atom-bomb world. In a world where half is arming itself against

the other half. In a cold war that may at any time end in a hot war. There is chaos and fear in every nation of the world. There are rumors of war, rumors of communistic imperialism and rumors of financial and capitalistic imperialism. Let us pause for a moment and find out what brought about this dangerous and deplorable situation—this condition of confusion, revenge, hatred, and fear.

Were we culpable? Did we help to bring about this frightful condition? Our answer is that we played a major part. We were nosed into World Wars I and II by unconscionable men whose greed for power knew no bounds. We were manipulated into both wars by a small clique of profiteers and patrioteers who wanted our sons to save imperialistic and decaying nations in which they had investments.

We, as a Nation, are largely responsible for the present conditions, because our Presidents at Quebec, Tehran, Yalta, and Potsdam accepted the revengeful and hateful doctrine of intellectual pygmies. We were responsible when we demanded unconditional surrender of our vanquished foes in place of a negotiated peace of complete disarmament and justice to all nations. We were responsible when we continued giving aid and assistance and participated in the unlawful execution and enslavement of war prisoners.

We were responsible when we halted General Patton and his Army for weeks so that Russia could invade Germany, and not only take Berlin but march some hundred miles beyond. The world is now paying for that mistake. General Patton blamed General Eisenhower for this blunder. General Eisenhower, however, was simply carrying out the policies laid down by his superiors in Washington.

We now know that Germany attempted to surrender to us but we refused their offer. We insisted that they surrender to the allied nations. If we had only had a Lincoln for President, the world would not be in the mess it is in today. Russia would have been kept in her own boundary and peace would long ago have been established and the threat of Russian domination of Europe would have been impossible.

Again we were responsible when we unnecessarily prolonged the war with Japan after she had offered to surrender. We were responsible when we invited Stalin to enter Mongolia and Korea, and gave him the Kuril Islands in accordance with secret commitments made at Yalta. It is because of these blunders that communism has spread throughout Europe. If we had dealt with Russia as we should have, she would still be within her own boundaries and the squandering of billions and the threat of atomic war would not now endanger the world.

If at Yalta, our President had accepted the advice of Churchill rather than that of Stalin, and we had entered Europe under its soft belly, then Russia would have been prevented from taking over the Balkan states. If we had not halted our army for weeks so that Russia could take over Rumania, Yugoslavia, Estonia, Latvia, Lithuania, Bulgaria, and then

take Berlin as well as east Germany and east Austria, the world would be happier today. If General Patton had not been ordered to withdraw from Czechoslovakia in order to please Stalin, the Communists would not have been successful.

How different this world would be if we only had had an Abraham Lincoln for President, who at the end of the Civil War voiced these noble sentiments "with malice toward none and charity for all." Unfortunately in place of that, we had unconditional surrender, vengeance and hatred, fake courts and prosecutors executing generals and others who were no more to blame for World War II than many of the rulers of the so-called 52 peace-loving nations.

Now we are confronted with the reality of how to get out of this mess. Let us go back to the sentiment expressed by Abraham Lincoln, when he said, "A house divided against itself cannot stand." Let us understand clearly that there can be no peace as long as half of the world is arming against the other half. It makes no difference whether it is communistic imperialism or capitalistic imperialism. An armament race always has and always will, unless discontinued, end in war.

There can be no permanent peace in this world as long as there is dictatorship, enslavement, and liquidation—murder. There can be no peace as long as there are aggressor nations, whether they consist of dictatorial imperialistic Russia and her satellites or capitalistic imperialistic nations consisting of some of the 52 peace-loving nations.

"Of all sad words of tongue or pen the saddest are" the false slogans by which America and the world were betrayed. There was the slogan, "He kept us out of war," when the facts show that Britain was told that if she could hang on until after election the Yanks would come. Then followed the slogans, "Make the world safe for democracy" and "War to end all wars." The Yanks did come—many did not return. They won the war that others started. The world was made safe for dictatorship—not for democracy.

The egg for World War II was laid at Versailles. This was followed by international intrigue, secret and undercover diplomacy—the betrayal of smaller nations and World War II. Then came the slogans, "I said, and I say again and again, your sons will not be sent to fight on foreign battlefields," "the Atlantic Charter," and the "four freedoms." Time proved these slogans false.

Then came Pearl Harbor, and we got into World War II according to prearranged schedule via Japan. The Yanks were sent to the four corners of the world—many did not return. They again won the war that other nations started. We again lost the peace—this because of the blunders of our Presidents.

Again the egg for world war III was laid at Quebec, Tehran, Yalta, and Potsdam. Now we have another false slogan, "The world is small." Made small because of our inventive genius. Made small because we have the telephone, the radio, television, airplanes, and jets. Because of this our internationalists, for a

profit, tell us that we must take part in every international or civil conflict throughout the world. Nothing could be further from the truth.

We are being maneuvered into world war III just as we were into World War II because of false slogans. Let us hope that we will still be able to avoid this catastrophe—that calmer judgment and American sanity may again prevail. That we may learn that even though the world be small we can still mind our own business. Let us again accept our forefathers' warning and avoid foreign entanglements.

The world may have become small because of scientific discoveries and our inventive genius. Our neighbors are much closer to us now than a generation ago, but individually we still have sufficient sense to keep out of their family quarrels. The same doctrine should and can be applied among nations. It is not necessary to immerse the whole world in war just because two nations may disagree.

The time has come that we realize that we, a little over 6 percent of the world's population, occupying less than 7 percent of its area, and possessing now less than 8½ of its natural wealth, cannot play Santa Claus to the rest of the world without depleting our natural resources. We cannot look after all the beggars of the world. We cannot much longer act as an international WPA.

We have a grave decision to make, a decision whether we are going to continue the America we know, or substitute an America we know little about, the America of the internationalists for a profit, and their stooges, the one worlders.

The question is, Shall we deplete our natural resources? I submit we have no moral, legal, or constitutional right to do so. These resources belong to unborn millions as much as they belong to us. It is the property of future as well as living Americans.

The course we are now following is a betrayal which leads to inevitable depletion and destruction. Lincoln was right when he said that this Nation would never be destroyed unless we ourselves were its destroyers. We are now asked to accept without question the false propaganda of the internationalists that infest the various departments of our Government.

Take the profits out of the Marshall plan, foreign aid, and the rearmament program, and there would be no Marshall plan, no rearmament program, and the foreign aid would long ago have ceased.

These profiteers are interested in advancing their financial gains by selling products to foreign nations that rightfully belong to Americans. They are interested in having these nations pay for these goods with our American dollars—gifts. They would deplete this Nation of all its raw materials to further enrich themselves.

The responsibility for this disastrous costly foreign policy rests with the people more than with the Members of Congress. They elect every Congressman and one-third of the Senators every 2 years. It is easy for them to ascertain

whether their Congressmen and Senators prefer the foreign beggars to the American people. It is up to them to see that there is a candidate in each party who believes that Americans come first—who prefers Americans to foreign beggar nations.

Here is the price we pay because of our stupid foreign policy. Our annual Federal expenditures, on an average, are some fifty billion. This alone, on an average, is equal to \$1 a day for every member of your family, including the baby in the cradle.

Your Uncle Sam has become the greatest extortionist. In order to pay for these foreign flirtations, the Government is compelled to take 57 cents on an average, directly or indirectly, out of every dollar you earn on which you pay an income tax.

In addition we already owe six hundred sixty-three billion, including future commitments and obligations. This is about twice the normal value of all our property. Every baby, the moment it is born, has a tax lien against it for \$4,756. That is the share of the Federal debt for every man, woman, and child. It is a tax lien on all your property and on all your earnings, and the future earnings of your baby. It will be collected from you in income tax and 100 other unseen taxes.

The total Federal, State, and local expenditure per capita is \$410.76 per year, or for a family of four, \$1,643.20.

This situation threatens the very foundation of our Government. I am confident, however, when the people fully understand the cost of our foreign flirtations, they will with a determination equivalent to a devotion put a stop to it. They will again accept our forefathers' warning and avoid further foreign entanglements.

The total expenditures of our Government from its birth in 1776 to 1933—157 years—were less than \$110,000,000,000. This included the Revolutionary War, the War of 1812, the Mexican War, the Indian wars, the Civil War, the Spanish-American War, and World War I, up to 1933, and, in addition, all the other functions of our Government. Compare this \$110,000,000,000 with the over \$887,000,000,000 spent in the last 18 years—the Roosevelt global era.

Mr. KEE. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. HAYS].

Mr. HAYS of Ohio. Mr. Chairman, there seems to be a slight resurgence of isolationist sentiment in the House in connection with this bill, and it should be as a stop signal at a railroad crossing to all of us.

The Expenditures Committee of this House sent a select committee to Europe last fall. I was a member of that committee. Part of its mission was to check the expenditures of ECA. Most of us on that committee are convinced that the ECA is doing what it set out to do, that is, to act as an insurance policy to protect this Nation against communism. You can forget about charity, and you can forget about humanity, you can forget about hungry children and all those things and put this thing strictly on an

actuarial basis, as I said last year. It is the cheapest insurance we can buy in this troubled world.

There were a lot of short-sighted, near-sighted people in the United States before World War II. Some of them were in Congress. There were many people who said that this Nation should pull in its neck, bury its head in the sand like an ostrich, and let the rest of the world go by. Did that policy work? We tried it and we got as a result World War II.

One of the earliest things I ever heard in my history class in high school was when the teacher gave us a definition of history. She said: "It is a record of the past, a guide to the present, and a forecast of the future." If we are intelligent enough to use that record of the past as a guide to the present, certainly we should have learned something by the immediate history which has just passed us by.

A vote against rearmament before the Second World War, a vote for isolationism, only caused the blood of our boys to be shed on foreign soil. It was easy to demagogue about that and easy to be against it, but I wonder if we are stopping to think that a vote against this insurance policy, this Marshall plan, might well be the vote which causes, not the blood of our soldiers, but the blood of our women and children and our citizens to run down the streets of our own towns in the United States.

I wonder if we realize just how far away from Europe we are in the event of another war. At the present time it is possible to go from New York to London in 9 hours, 9½ hours, 10 hours, depending on the weather. I crossed it last September in 11 hours in a slow plane, if you please, a Constellation. It only travels 300 miles per hour. The British at the present moment, who are our friends and allies, have a plane developed in the process of testing, a jet passenger plane which will haul 72 passengers and which will travel at 650 miles an hour. This plane is not on the drawing boards, it is in the air.

If England and France and the other countries of western Europe were in the hands of the Communists we would be only 5½ hours from Europe by this new jet bomber. Can we afford to be without friends? Can we afford to let the rest of the European nations sink into communism? I do not think so.

The expenditures subcommittee traveled behind the iron curtain. I wish I could bring you a graphic word picture of the conditions of the people who have had Communist governments thrust upon them, not by their own free will but by an organized minority backed up by the armed forces of a great army belonging to the greatest military power in Europe, that is Red Russia.

It is impossible for me to describe these dictatorships to you in the way that they should be, because in order to describe anything to anyone it has to be in familiar terms, and no American who has not been behind the iron curtain has witnessed human degradation the equivalent of that which exists in those countries. The people are ground down to depths of misery of which we have no

comprehension, so that it is impossible to tell you in words which will give you a vivid picture of it.

That condition faces the rest of Europe. That condition faced Italy in the elections when I was in Italy in 1948, before I was a Member of this body. A week or so after the elections it was obvious and evident to everyone that American dollars had swayed those Italian elections and had saved that country from being behind the iron curtain today.

It is not a question of whether we can waste money or not, it is a question of whether or not we dare do without this program.

The free nations of the world are looking to us for leadership. They are looking to us to help them establish democratic governments, modeled after our own Government. We dare not fail them.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. RIBICOFF. Mr. Chairman, I yield two additional minutes to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Chairman, this Nation dare not fail them. If we are unable to solve this problem, if we are unable to help them have democratic governments in their own countries, we face the fact that civilization as we know it could conceivably be wiped from the face of the earth in another war. Oh, it would be nice if we could turn back the pages of history and forget about the atomic era. It would be nice if we could do away with our knowledge of the atom bomb and the hydrogen bomb and all of those things. But we cannot. Whether we like it or not we are living in an atomic age and it is up to us as the legislative body of this Nation to find a solution.

We dare not fail the people of this country.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. GAVIN].

(Mr. GAVIN asked and was given permission to revise and extend his remarks.)

Mr. GAVIN. Mr. Chairman, last November and December I made a trip to Europe and visited four countries, Germany, Austria, Italy, and France. When I returned I submitted my report to the Committee on Armed Services, a part of which is as follows:

Economic recovery and ECA: While matters in these fields are more clearly within the purview of the Committee on Foreign Affairs, I believe that the other members of this committee are, like myself, interested in the results which our numerous and very substantial programs of aid have obtained. Since the end of hostilities in Europe, Congress, by means of UNRRA, Interim Aid, United Nations Welfare and Relief Organizations, funds for the government and relief of occupied areas, loans and credits to Britain, and the Economic Cooperation Act, have made available very large sums of money for the relief, rehabilitation, and recovery of European economy. According to a Commerce Department report carried in the press on January 3, the United States has laid out nearly \$30,000,000,000 in postwar

aid to these foreign nations. Now, a million dollars is a thousand thousand dollars, and a billion dollars is a thousand million dollars.

We have laid out thirty thousand million dollars, including \$3,385,000,000 subscribed to the World Bank and Monetary Fund and \$24,802,000,000 in aid furnished directly to foreign countries.

I will mention certain specific situations in various localities in an appendix, but in general the following are my impressions and conclusions:

With the exception of Berlin and other industrial cities of Germany, the war damage in Western Europe has been largely repaired. Railways, highways, electric power systems, and many industrial plants are back in production. ECA and similar programs have largely filled the pipe lines and restored inventories. Shipments of foodstuffs, textiles, fibers, and other raw materials, have resulted in a marked increase in business activities and today the stores in Europe are well-stocked with a wide variety of goods and foodstuffs. Let me tell you the people are well clothed, well shod, well fed, and from all those I contacted, are doing very well. Problems of markets for restored western European economy have not been solved. The export business is very limited on most items to the other European countries.

The amount of imports which this country can absorb is limited. The problem of payment for food and raw material imports likewise remains unsolved. Significant amounts of imported foodstuffs are necessary in order to maintain the population of western Germany, Austria, and Italy. Thus far the United States Government has shipped large quantities of food and raw materials, some of which were surplus under the domestic support program, to Europe. Whether such programs should be continued without reimbursement is a question for the American people, and the extent to which such activities can be carried out, without impairing the solvency and credit of the United States and weakening our economy, is a matter which must be determined by the Congress.

It is my opinion that the economies of western Europe are not, in general, now self-supporting, although the recovery has been amazing. Let no one tell you otherwise. They are well on the mend. It is also my opinion that the necessary arrangements to achieve that end will not, as anticipated, be effective by 1952. This program will go on long after 1952.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. GAVIN. Yes, I yield.

Mr. WILLIAMS. The gentleman says that Europe has already been rehabilitated. In support of his position, I call to his attention a publication of the ECA itself, dated February 3, 1950, in which Mr. Hoffman contends that the countries of western Europe are at a level 118 percent of 1938, the last prewar year.

Mr. GAVIN. I thank the gentleman for that contribution.

Large-scale efforts to achieve balanced economies in those countries will take the form of future industrialization, leading inevitably to increased competition with our own domestic industries and producers, either in the United States market or in the overseas areas, such as South America.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. GAVIN. I yield.

Mr. GROSS. Has the gentleman any lawnmower factories in his district in Pennsylvania?

Mr. GAVIN. I have not.

Mr. GROSS. I wonder if the gentleman has seen this ad in the Washington Post of Friday, "Lawnmowers from England, \$10.99," at Hecht's department store in Washington, D. C., in unlimited amount, apparently.

Mr. GAVIN. I thank the gentleman for calling that to the attention of the Members.

Now, I believe that we must recognize and face the fact that some aid will be required long after 1952, but the amount of such aid should be drastically reduced, starting with the fiscal year beginning July 1, 1950, as it is questionable how long the economy of our country can continue to stand the terrific drain on our finances and resources without finding ourselves in difficulties.

Let me impress upon the Members of this House that no bankrupt nations ever won any wars.

Finally, it must be noted the maintenance of a sizable United States military force in Europe and assistance to be furnished under the military aid program will both result in substantial economic benefits to Europe.

My conclusions: The United States is committed, as the result of the policies and decisions reached during World War II, to the maintenance of forces in Europe for a number of years.

We likewise find ourselves committed to the economic support of numerous areas where the population exceeds the means of subsistence until a new European-economic system is evolved or export markets become available. Under such conditions it is imperative that all possible measures be taken to maintain and increase the morale, efficiency, and the prestige of our limited military forces. It is likewise essential that the program for European aid, whether in the form of loans, economic aid, or otherwise, be scaled down to a level which the United States can support.

Mr. Chairman, this program is going on long after 1952, but if you continue to ask these tremendous sums from the American people, they will revolt; and if in 1952 you drop the ax and you cut them off, then you will have that communistic threat again coming back into the picture. Would it not be better to reduce this amount to that which we can reasonably assume without impairing the solvency of this country, without jeopardizing the industrial life of America and the soundness and economy of the Nation? Let us proceed carefully and cautiously before we find ourselves in difficulties. We are now well on the road to bankruptcy, and I reiterate, if we are suddenly catapulted into an emergency, if we are suddenly precipitated into a war, let me tell you that no bankrupt

nation ever won a war. Let us wake up before it is too late.

I am submitting herewith for the RECORD information on the industrial projects in which ECA is participating in France and Italy and data on the use of counterpart funds in Germany, France, and Italy, and the reports are as follows:

FRANCE

From the start of ECA to December 31, 1949, France has been allotted \$1,784,100,000 as shown below:

	(In millions of dollars)		
	Apr. 3, 1948 to June 30, 1949	July 1, 1949 to Dec. 31, 1949	Total to Dec. 31, 1949
Total allotments.....	\$1,313.4	\$470.7	\$1,784.1
Grants.....	1,141.4	(1)	(1)
Loans.....	172.0	(1)	(1)

¹ Not broken down by type of aid.

Industrial projects

(In millions of dollars and dollar equivalents)

Type of project	Location	Estimated total cost	ECA commitment	P. A.'s issued
Total.....		\$507.2	\$110.1	\$45.6
1. Tin-plate mill.....	Basse-Indre.....	10.0	2.2	1.8
2. Hot strip, slabbing, cold rolling, and temper pass mills.....	Denain and Montataire.....	59.6	12.1	5.1
3. Strip mills.....	Hayange and Ebange.....	133.1	49.4	19.0
4. Blooming mill.....	Rombas.....	8.7	1.3	1.3
5. Petroleum refining.....	Gonfreville and La Mede.....	11.0	3.2	1.3
6. Petroleum refining.....	Donges.....	9.4	.8	.6
7. Petroleum refining.....	Berre.....	31.7	1.9	1.2
8. Petroleum refining.....	Port Jerome.....	6.4	1.4	.3
9. Petroleum refining.....	Notre Dame de Gravenchon.....	6.0	.9	.9
10. Thermal-electric power plant.....	Dechy.....	19.5	15.0	5.6
11. Equipment for nickel-ore mines.....	New Caledonia.....	2.0	.7	0
12. Equipment for iron mines.....	Lorraine.....	4.0	4.0	2.4
13. Equipment for potash mines.....	Alsace.....	125.0	4.9	2.1
14. Aluminum-foil mill.....	Froges.....	2.0	1.1	.8
15. Aluminum-foil mill.....	Rugles.....	2.0	1.1	.9
16. Streptomycin plant.....	Vitry-sur-Seine.....	1.0	.2	0
17. Streptomycin plant.....	La Plaine St. Denis.....	1.6	.3	0
18. Aircraft.....		12.0	7.1	0
19. Aircraft engines and parts.....		2.3	2.3	2.3
20. Equipment for Ministry of Posts, Telegraphs, and Telephones.....		60.0	1.3	0

1. The tin-plate mill is for J. J. Carnaud et Forges de Basse-Indre, France's largest producer of tin plate. Its plant is near Nantes on the Loire River. Through the purchase and installation of the equipment, such as listed below, the plant's tin-plate capacity is expected to be increased from 50,000 metric tons to 100,000 metric tons annually: Cold rolling reversing mill; combination reversing cold reduction and skin pass mill; strip-pickling line, cleaning line, shearing, and tinning lines.

2. Both the hot-strip mill at Denain and the cold-rolling mill at Montataire are for USINOR (Union Siderurgique du Nord de la France).

Most of the dollar cost for machinery and equipment is being financed by the Export-Import Bank and the International Bank. The project has been under way since 1947.

Part of the Denain production will be cold rolled into sheets at Montataire, part will go to Basse-Indre to be made into tin plate, and other French mills will also be supplied. Considerable increases in output of flat-rolled products are anticipated as a result of this project.

3. At Hayange and Ebange, SOLLAC (Societe Lorraine de Laminage Continu) is carrying out an extensive program of modernizing and expanding iron and steel production with the assistance of ECA dollars.

Against this total, France has been authorized to buy \$1,697,400,000 worth of goods and services as indicated below:

Authorizations

(In millions of dollars)

Total.....	1,697.4
Food, feed, and fertilizer.....	233.5
Raw materials and semifinished products.....	471.9
Fuel.....	384.2
Machinery and vehicles.....	339.9
Miscellaneous (including technical services).....	28.4
Ocean freight.....	239.5

Of these authorizations, \$45,600,000 provide materials for industrial projects. The estimated total cost of these enterprises is equivalent to \$507,200,000, of which ECA has agreed to provide \$110,100,000. The balance, equivalent to \$397,100,000, will be financed with local currency and other funds available to France.

The list of industrial projects approved by ECA through December 31, 1949, follows:

rying out an extensive program of modernizing and expanding iron and steel production with the assistance of ECA dollars.

The project, in its first phase, calls for the building of a continuous hot-strip mill with an annual capacity of 700,000 to 850,000 tons of coils, and a continuous cold-strip mill with an annual capacity of 350,000 tons of sheets and tin plate. In its second phase, an 84-oven coke plant to supply existing blast furnaces at Hayange, a blooming mill, and a continuous cold-strip mill will be added.

Upon completion, scheduled for 1952, the SOLLAC development and allied facilities will consist of a modern sheet and tin-plate installation integrated with adequate steel, iron, and coke production located adjacent to the iron-ore and coal mines of Lorraine and the Saar.

4. An electric-powered blooming mill at Rombas for the Societe Lorraine des Acieries de Rombas (a member of the SOLLAC group) will replace two obsolete steam-driven mills. The new mill will produce as much as the two old mills (dating prior to 1900) and will roll higher quality steel. A major part of the mill's production will be in the form of blooms and slabs for the finishing mills at Rombas and the new SOLLAC strip mill.

5. At Gonfreville, facilities will be installed to produce about 120,000 metric tons of lubricating oils and 10,000 metric tons of wax per year. At La Mede (near Marseille) a cracking unit is to be altered to permit satisfactory processing of distillates from Middle East crude oils—the raw material for both La Mede and Gonfreville. Both refineries are owned by the Compagnie Francaise de Raffinage, a French Company.

6. The Donges refinery (near St. Nazaire) of Raffineries Francaises de Petrole de l'Atlantique, heavily damaged during the war, will be rehabilitated and expanded. Refining capacity will be stepped up and facilities installed to increase lubricating oils output from 14,000 to 38,000 metric tons per year.

7. The project at Berre for Compagnie de Raffinage Shell is designed to increase refining capacity from 1,000,000 tons to 2,330,000 tons annually and lubricant production from 20,000 metric tons to 35,000 metric tons annually. Part of the increased capacity will be achieved by transferring to Berre the Shell facilities at Pauillac which was severely damaged during the war.

8. Standard Francaise des Petrole's refinery at Port Jerome (near Le Havre) is being expanded to allow production of 139,000 metric tons of lubricating oils per year. Lube oils were made there prior to the war but facilities were removed by the Germans. The company is an affiliate of Standard Oil of New Jersey.

9. Facilities for the production of lube oils will be modernized at the Notre Dame de Gravenchon refinery of Socony-Vacuum Francaise, an affiliate of the Socony-Vacuum Oil Co. War destruction and removal of lube facilities by the Germans made postwar operation impossible. The approved project provides for lube production of about 50,000 tons per year.

10. Construction of a thermal-electric power plant of 100,000 kilowatts capacity at Dechy was approved for Charbonnages de France. The Dechy plant (in the Pas de Calais region) will use waste coal. Annual output is estimated at 400,000,000 to 500,000,000 kilowatt-hours. Specifications and equipment will originate in the United States.

11. Under the nickel-ore project, equipment is being provided to mechanize the nickel-ore mines of Societe le Nickel in New Caledonia. As a result, a substantial increase in production is expected.

12. Many of the Lorraine mines were damaged during the war and in addition the shortage of housing for workers in the area has made reactivation difficult. Increased mechanization—to alleviate partially these difficulties and to step up output for expanding steel production—is contained in this mining project. Loading, crushing, scraping, etc., American machinery are to be purchased by SECM (Societe pour l'Etude du Chargement Mecanique) for 25 Lorraine companies.

13. Potash production will be increased from 720,000 tons in 1943 to 1,200,000 tons in 1957 under a project for Mines Domaniales de Potasses d'Alsace near Mulhouse. The company is government-controlled and operates 13 shafts and 9 processing plants. French potash reserves are one of the principal sources of supply outside of Russia and the Russian zone of Germany. Over 90 percent of potash produced is used in the form of agricultural fertilizers—increased supplies of which can be used to good advantage in France.

14 and 15. These projects call for the installation of equipment for rolling, cutting, and coiling of aluminum foil at the following plants:

Societe des Treilleries et Laminaires du Havre at Rugles.

Etablissements Charles Coquillard at Froges.

Output of these two companies will help reduce France's import requirements for

aluminum foil—used for food packaging, lining containers for commercial and industrial products, as a component of electrical condensers, and other purposes.

16. This project provides for the construction of a streptomycin-producing plant for Societe des Usines Chimiques Rhone-Poulenc. At full operation, the plant will be capable of supplying a major part of France's minimum needs for streptomycin.

17. A similar streptomycin plant was approved for the Societe Industrielle pour la Fabrication des Antibiotiques at La Plaine Saint-Denis.

Both streptomycin projects will permit sizable reductions in the dollar expenditures for the drug which were running at about \$10,000,000 per year.

18. To permit Air France to expand its operations and improve and lower its service costs primarily on long-run lines, ECA approved the purchase of 6 Lockheed Constellations and replacement parts. Through the expansion of air transport facilities, France expects to earn additional transport dollars and also to attract larger numbers of tourists.

19. This project provides additional funds for the purchase of engines and parts for the French aircraft industry.

20. ECA approved a project to obtain equipment for the French Ministry of Posts, Telegraphs and Telephones which operates the Government-owned telegraph and telephone systems. The electrical apparatus and other equipment are designed to improve the national and international telegraph and telephone service in France and to increase the efficiency of the French postal-checking system which provides banking services to rural areas.

Under consideration in ECA-Washington as of December 31, 1949, was a project for the expansion of tractor and implement production at Saint Dizier Croix and Montataire for CIMA (Compagnie Internationale des Machines Agricoles) having an estimated total cost equivalent to \$13,000,000 including an ECA cost of \$6,400,000.

USE OF COUNTERPART FUNDS

France had deposited as of December 31, 1949, almost 356,000,000 francs (equivalent to \$1,300,000,000) of counterpart under Public Law 472. Five percent of these deposits are reserved for United States use, leaving over 338,000,000 francs for use by France, with ECA approval, to promote monetary and financial stability, to stimulate productive activity, and for other purposes consistent with the Economic Cooperation Act.

As of December 31, all but 4,000,000,000 of the French counterpart funds had been withdrawn for the purposes shown in the attached table. A significant fact about the use of French counterpart funds is that it made possible the French Government program of essential investments while maintaining monetary and financial stabilization in France.

A large part of the counterpart funds used for promotion of production has been channeled into the electric, gas, and power facilities. Among the projects being financed in part from counterpart funds is a series of dams being built on the major rivers in order to provide hydroelectric power and make possible a reduction of coal imports. Dams are being built on the Rhine, Rhone, and Dordogne, as well as along many of the small, rapid rivers of the Pyrenees and the Alps. The Genissiat Dam in the Rhone Valley is the largest in Western Europe, being 300 feet wide. The hydroelectric project at this dam will produce almost 2,000,000,000 kilowatt hours of electricity per year.

French coal output was materially aided by the use of counterpart funds for the reconstruction and development of the coal mines. Despite the Communist-inspired strike in the late months of 1948, the coal

industry of France has staged a remarkable comeback and reached almost record production in 1949. In addition to the use of counterpart funds to finance new equipment in the mine works such as those in the Lorraine, Loire, and Auvergne basins, counterpart funds have been used to provide needed housing for laborers in the coal mines.

France counterpart fund utilization through Dec. 31, 1949

[In billions of francs]

	Public Law 472	Public Law 389	Total
ECA approvals for withdrawal...	334.4	68.8	403.2
Withdrawals...	334.4	68.8	403.2
Purpose of withdrawals:			
Debt retirement.....	45.0	-----	45.0
Promotion of production.....	281.9	68.8	350.7
Land reclamation, etc.....	13.1	-----	13.1
Other agricultural programs.....	5.1	-----	5.1
Coal mining.....	63.8	7.5	70.8
Food products manufacturing.....	6.1	-----	6.1
Basic textiles.....	1.5	-----	1.5
Primary metals.....	10.0	1.1	11.1
Stone, clay, and glass products.....	.4	.2	.6
Fertilizer.....	1.3	.3	1.6
Chemicals and products.....	.7	.1	.8
Petroleum and coal products.....	.6	1.7	2.3
Pulp and paper.....	.1	-----	.1
Rubber and rubber products.....	.2	-----	.2
Electrical machinery.....	.9	1.1	2.0
Miscellaneous manufactures.....	2.6	.2	3.0
Railroads.....	28.4	12.4	40.8
Waterways and harbors.....	2.6	1.0	3.6
Merchant and fishing fleet.....	11.9	5.0	16.9
Roads and highway bridges.....	1.0	.1	1.1
Electric, gas, and power facilities.....	101.6	36.8	138.4
Deficiency materials.....	10.0	-----	10.0
Undistributed.....	20.3	1.3	21.6
Other purposes.....	7.5	-----	7.5
Housing.....	7.1	-----	7.1
Transportation of relief packages.....	.2	-----	.2
Tourism.....	.2	-----	.2

ITALY

From the start of ECA to December 31, 1949, Italy has been allotted \$940,100,000, as shown below:

[In millions of dollars]

	Apr. 3 to June 30, 1949	July 1 to Dec. 31, 1949	Total to Dec. 31, 1949
Total allotment...	668.0	272.1	940.1
Grants.....	601.0	(1)	(1)
Loans.....	67.0	(1)	(1)

¹ Not broken down by type of allotment.

Against this total, Italy has been authorized to buy through December 31, 1949, \$883,400,000 worth of goods and services as indicated below:

Authorizations

[In millions of dollars]

Food, feed, and fertilizer.....	200.2
Raw materials and semifinished products.....	249.0
Machinery and vehicles.....	161.6
Fuel.....	143.6
Miscellaneous (including technical services).....	14.2
Ocean freight.....	114.6
Total.....	883.4

Of these authorizations, \$61,200,000 provide materials for industrial projects. The estimated total cost of these enterprises, in-

cluding the dollar equivalent of local currencies, it \$201,400,000, of which ECA has agreed to provide \$82,100,000. The balance, equivalent to \$119,300,000 will be financed

with local currency and other funds available to Italy.

The list of industrial projects approved by ECA through December 31, 1949, follows:

Industrial projects

[Millions of dollars and dollar equivalents]

Type of project	Location	Estimated total cost ¹	ECA commitment	P. A.'s issued
Total		201.4	82.1	61.2
1. Steel mill equipment	Bagnoli, Piombino, and Cornigliano.	57.0	12.0	11.5
2. Steel mill equipment	Milan	4.2	2.2	1.9
3. Slab and billet mill	Aosta Valley	1.5	1.0	0
4. Wire rod mill; bolt, and nut equipment	Villadossola	5.2	2.5	2.4
5. Slab and billet mill	Pont St. Martin	2.9	1.5	1.5
6. Pipe forming and welding machine	Milan	.5	.2	.2
7. Cold rolling mill for tinplate	Castellammare di Stabia	2.5	2.0	2.0
8. 50,000-kilowatt steam electric station	Genoa	8.9	6.0	5.7
9. 50,000-kilowatt turbo-generator	do	8.5	6.2	0
10. 60,000-kilowatt steam electric station	Palermo	11.1	6.3	5.8
11. 30,000-kilowatt steam electric plant	Naples	5.2	3.4	3.2
12. 50,000-kilowatt turbo-generator	Porto Marghera (Venice)	10.0	6.6	0
13. Petroleum refining (and lubricating products)	Zuolo	8.0	4.3	3.9
14. Petroleum refining (and lubricating products)	Porto Marghera (Venice)	6.4	1.8	1.8
15. Automotive products (Fiat)	Turin	43.7	14.6	14.6
16. Steel plant equipment (Fiat)	do	15.0	4.2	3.9
17. Bearings and other products	Villar Perosa and Turin	2.0	1.4	1.4
18. Aircraft (DC-6's)		5.5	4.5	0
19. Paper mill equipment	Verzuolo and Corsico	3.4	1.7	1.6

¹ Includes ECA dollars, other dollars, and the dollar equivalents of local currency.

The principal objective of the Italian iron and steel program is to insure adequate supplies of iron and steel for the country's mechanical industries and to assure the availability of steel in sufficient quantities at international prices or less.

The mechanical industries of Italy which currently employ about 800,000 workers can be substantially expanded for the creation of employment if a supply of raw materials is assured at competitive prices. For this reason, aid to these industries will contribute to the general recovery program.

1. The project at Bagnoli Piombino, and Cornigliano provides assistance in rebuilding three steel plants (of ILVA-Alti Forni e Acciaierie d'Italia—a subsidiary of Finisider) which were inactivated during the war by Allied bombing and German demolition. ECA dollars were earmarked for the purchase of equipment in the United States required for the reconstruction and modernization of a blast furnace, a semi-continuous billet mill, a rod mill, and a semicontinuous hot-strip mill. In addition to reactivating steel-making capacity, the project is expected to result in lowered production costs.

2. Equipment for modernizing the steel works of Acciaierie e Ferriere Lombarde Falck, at Milan, includes electric furnaces, tube forming and welding mill, forging and forming machines for nuts and bolts, strip welder for cold-strip mill, and auxiliary machinery and spare parts. Falck, the largest independent steel company in Italy, operates three plants with a rated capacity of over 300,000 tons per year.

3. The proposed slab and billet for Cogne S.p.A. in the Aosta Valley is designed to handle special steels. Modernization equipment required comprises a 10-ton oxygen plant, pig-casting machine, and a slab and billet rolling mill. Cogne, a Government-owned plant, operates on high-grade ore obtained from mines near the plant.

4. The project at Villadossola is for SISMA, producers of merchant steel and a subsidiary of the Edison Co. New units to be installed are: A rolling-mill unit for billets complete with accessories and a bolt maker for nuts and bolts.

5. The slab and billet mill at Pont St. Martin, Aosta Valley, is for ILSSA—Viola, a small independent company which produces only special steels with emphasis on stainless types. The project involves the purchase of

a three-stand rolling mill to enable the plant to produce billets and slabs.

6. A new facility, consisting of a pipe forming and welding machine, was approved for FERROTUBI, a subsidiary of Fabbrica Italiana Tubi, at Milan. Annual production is expected to range between 1,800 and 3,000 tons of one-eighth inch to three-inch pipe. About two-thirds of the output is intended for the domestic market and the remaining third for export. This project is expected to lower welded steel pipe production costs and help support Italy's export markets.

7. The cold-rolling mill for strip and tinplate is for Cantieri Metallurgici Italiani, a subsidiary of Falck, at Castellammare di Stabia. Equipment needed for the project consists of a reversing stand for cold-rolling strip, straightening machine, pickling train, welding machine, strip-washing plant, galvanizing machine, and corrugating press.

8 and 9. Shortage of electric power is a major limiting factor in Italy's efforts to expand industrial production with many industries forced to suspend operations several days a week. The continuing shortage, to a large extent, has been due to low water supply at the hydroelectric plants, indicating the need for additional steam-electric installations. The two projects at Genoa for the Societa Edison will help meet this need. Each approval provides for a 50,000-kilowatt thermal electric addition to existing capacity.

10, 11, and 12. Other approved additions to Italy's thermal electric capacity include 60,000 kilowatts at Palermo for Societa Generale Elettrica della Sicilia; 30,000 kilowatts at Naples for Societa Meridionale di Elettrica; 50,000 kilowatts at Venice for Societa Termo Elettrica Veneta.

13. Under the project for Aquila, S. p. A., Tecnico Industriale, at Zaule, near Trieste, modern facilities for the manufacture of lubricating oils will be installed. A reforming unit will also be constructed in order to increase the octane rating of gasoline produced at the refinery. At completion the new lubricating-oil facilities will turn out about 600 barrels per day.

The Aquila Refinery, which produced a full range of petroleum products prior to the war, was severely bombed during the war. Operations were resumed in 1947, and gasoline and other light products were produced. Lubricant facilities, however, were not rebuilt. Crude refining capacity, at the time of project approval, was about 12,000 barrels per day.

14. Capacity of IROM's (Societe Raffinazione Oili Minerali) refinery at Porto Marghera, near Venice, will be more than doubled—from 520,000 tons to 1,100,000 tons per year—under an approved project. Facilities for manufacturing lubricating oils will also be added.

IROM uses Middle East crude oil and serves the industrial area in the Po Valley, Venice, and other Adriatic ports. War damage was considerable but capacity output has since been attained.

15 and 16. The two projects for the Fiat Co. at Turin were designed to rehabilitate and modernize the mechanical, engineering, and steel-making sectors of the company.

Fiat, manufacturer of autos, commercial vehicles, agricultural equipment, Diesel engines, and railroad rolling equipment, employs over 55,000 persons. It has 260 dealers in Italy and 74 dealers and 350 subdealers abroad.

Under the automotive project, aimed largely at improving the automobile division, purchases to be made in the United States include foundry machinery, forging and sheet processing presses, lathes, and welding, milling, tapping, threading, drilling, grinding, boring, sharpening, and gear machines.

The steel-equipment project covers the purchase of electric steel furnaces, cold rolling strip mills, a tube mill, and bolt- and nut-making equipment. The steel works are operated by Fiat in conjunction with its automotive plants.

17. The project for RIV Officine di Villar Perosa, a principal Italian producer of bearings, involves the replacement of old equipment with a subsequent lowering of production costs. RIV manufactures a wide range of products including antifriction, ball and roller bearings, bearings for railway cars, spindles, piston rings, tappets, and molded plastic products. The new equipment, to be bought in the United States, will be used to step up production of some items and to increase productivity through the use of modern machinery.

18. Three DC-6's were approved for Linee Aeree Italiane to be put into service on the Rome-New York run. Additional passenger carrying capacity was thus made available to handle traffic during 1950.

19. Machinery and equipment necessary for the modernization and integration of the Cartiere Burgo paper mills at Verzuolo and Corsico were provided for under a project approval. The company, Italy's largest producer of paper, estimates a substantial increase in newspaper output on completion of the project.

ECA turned down a proposed 18,000-kilowatt hydroelectric plant at Nazzano.

Under consideration in Washington (with mission and OSR recommendations) as of December 31, 1949, was a project for coal mining machinery and equipment for the Sulcis coal field of the Societa Mineraria having an estimated total cost equivalent to \$10,000,000 and an ECA cost of \$3,500,000.

USE OF COUNTERPART FUNDS

As of December 31, 1949, the Italian Government had deposited 241,500,000,000 lire (equivalent to \$420,000,000) in their special counterpart account. Five percent of these deposits, amounting to 12,100,000,000 lire, has been placed under the control of United States disbursing officers for United States use. In addition to the above deposits under Public Law 472, the ECA had responsibility for approving the utilization of 106,800,000,000 lire of local currency deposited under Public Laws 84 and 389.

ECA had agreed to the withdrawal of a total of 177,500,000,000 lire, and by the end of the year 83,700,000,000 lire had been withdrawn by the Italian Government for the purposes shown in the attached table.

A large part of the counterpart funds withdrawn have been utilized to finance the improvement of agricultural production in

Italy. Land reclamation projects have been important not only in providing more acreage for growing needed crops but will in two ways tend to relieve the serious unemployment problem. Immediate employment of workers is required to carry out the irrigation and other reclamation work. Additional workers will find farm employment when the projects are completed. An example of the agricultural program to be financed in part with counterpart funds is the program for the Latium region near Rome. Plans for a 3-year period call for the employment of 4,000 workers to irrigate 4,250 acres, drain 40,750 acres, provide flood control for 15,000 acres. It is estimated that the improved land will be able to employ 6,500 additional farm workers.

Agricultural projects in the Emilia area will provide immediate employment for 450 workers and an equal number of workers off-site. The program includes the construction of 25 miles of drainage canals to service 150,000 acres of land, the construction of an aqueduct which will bring drinking water to 4,000 inhabitants, irrigation of 10,000 acres, and provision of water for 4,500 cattle.

It is estimated that, by 1952, projects in the Emilia region will result in the irrigation of 25,000 acres, drainage of 250,000 acres and flood control of 25,000 acres. The improved land will be able to accommodate 1,000 additional farm workers.

An antimalaria campaign now being conducted in Italy and financed in part with counterpart funds may induce thousands of farm families to abandon their ancient mountain villages and return to the land from which they originally fled to avoid disease. Ridding the land of malaria not only will bring the farmer away from crowded, insanitary villages, but will result in a tremendous boost to Italian food production. Many farmers now walk from 10 to 20 miles a day to "commute" from their homes to the fields, a custom which has deprived them of much time and energy and has caused vast areas of fertile agricultural land to remain undeveloped.

An important need in the Italian economy to be financed from counterpart funds is the restoration and improvement of transportation facilities. In addition to 28,000,000,000 lire withdrawn thus far, another 70,000,000,000 lire has been programmed for use in rehabilitating the railroads through the repair and replacement of rolling stock and other measures designed to effect improvements that will increase efficiency and reduce costs.

Counterpart fund utilization through Dec. 31, 1949

[Billions of lire]

	Public Law 472	Public Laws 84 and 389	Total
ECA approvals for withdrawal.....	117.6	59.9	177.5
Withdrawals.....	33.8	49.9	83.7
Purpose of withdrawals:			
Promotion of production.....	13.8	43.1	56.9
Agriculture.....	13.8	10.6	24.4
Merchant and fishing fleet.....		4.0	4.0
Railroads.....		28.0	28.0
Technical assistance.....		.5	.5
Other purposes.....	20.0	6.8	26.8
Housing.....		3.5	3.5
Tourism.....		1.8	1.8
Health and sanitation.....		1.2	1.2
Miscellaneous social services.....		.3	.3
Undistributed.....	20.0		20.0

Counterpart fund utilization through Dec. 31, 1949—Continued

[Billions of lire]

	Public Law 472	Public Laws 84 and 389	Total
To be withdrawn.....	83.8	10.0	93.8
Promotion of production.....	70.0	9.4	79.4
Agriculture.....		9.4	9.4
Railroads.....	70.0		70.0
Other purposes.....	13.8	.6	14.4
Health and sanitation.....	2.2		2.2
Housing.....		.3	.3
Miscellaneous social services.....		.3	.3
Undistributed.....	11.6		11.6

GERMANY

From the start of ECA to December 31, 1949, Germany has been allotted \$848,700,000 as shown below:

[Millions of dollars]

	Apr. 3, 1948—June 30, 1949	July 1—Dec. 31, 1949	Total to Dec. 31, 1949
Total allotments.....	613.5	235.2	848.7
Grants.....	613.5	235.2	848.7
Loans.....	0	0	0

Against this total, Germany has been authorized to buy \$801,900,000 worth of goods and services as indicated below:

Authorizations

[Millions of dollars]

Total.....	\$802.9
Food, feed, and fertilizer.....	328.3
Raw materials and semifinished products.....	295.1
Machinery and vehicles.....	30.4
Fuel.....	17.1
Miscellaneous (largely tobacco).....	52.4
Ocean freight.....	78.7

To date, there have been no industrial projects approved for Germany.

USE OF COUNTERPART FUNDS

As of December 31, 1949, over 1,793,000,000 Deutschmarks (equivalent to \$562,000,000) had been deposited by Germany (Federal Republic) in their special counterpart account established under Public Law 472. About 90,000,000 Deutschmarks, 5 percent of the total deposits, are reserved for United States use. At the end of the year about 1,255,000,000 Deutschmarks had been approved by ECA for withdrawal and 563,000,000 Deutschmarks had been withdrawn for the purposes shown in the attached table.

Unlike other participating countries, the counterpart fund account for Germany reflects deposits of local currency not only for grant aid furnished but also for conditional aid received. On the other hand, withdrawals are made from the 95 percent portion to pay German exporters for goods shipped to other countries under drawing rights extended by the German Government in accordance with the intra-European payments plan. Under the new bilateral agreement recently entered into with the Federal Republic of Germany, deposits in the special account will no longer be required for conditional aid.

Counterpart funds are of vital importance to the German economy by providing a major source of investment capital, particularly since there is an extreme shortage of private capital for investment purposes. A large

part of the counterpart funds released have been earmarked to develop and rehabilitate the industrial production capacity of the country. Funds will be channeled into such major industries as electrical and other machinery, textiles and clothing, petroleum, iron and steel, paper and printing, wood-working, and diverse other industries. Other large amounts will be made available for power projects to break the bottleneck in electric power that is retarding the growth of industrial production. Forty-four million Deutschmarks have already been withdrawn to develop the BEWAG (Berliner Elektrizitaet Werkstette Aktien Gesellschaft). It is expected that this power station will make the western sectors of Berlin independent of Soviet electric power and also effect a savings of 175,000 tons of coal annually. Other uses of counterpart funds include agricultural projects aimed at reconstruction of war-damaged farms, activities to relieve the serious housing shortage, railroad reconstruction, and projects to help stimulate the economic revival of Berlin.

Counterpart fund utilization through Dec. 31, 1949, Public Law 472

[In millions of Deutschmarks]

ECA approvals for withdrawal.....	1,254.9
Withdrawals.....	562.7

Purpose of withdrawals:

Promotion of production.....	152.0
Coal mining.....	50.0
Railroads.....	40.0
Waterways and harbors.....	2.0
Electric, gas, and power facilities.....	59.0
Technical assistance.....	1.0

Other purposes.....

410.7

Payments to German exporters for drawing rights extended by Germany.....

400.6

Transportation of relief packages.....

10.1

To be withdrawn: Promotion of production, distribution by industry not yet available.....

600.0

Other purposes: Payments to German exporters for drawing rights extended by Germany.....

92.1

AUSTRIA

From the beginning of the program to November 30, 1949, Austria has been allotted \$396,400,000, all in the form of grants as shown below:

[Millions of dollars]

	Apr. 3, 1948—June 30, 1949	July 1 to Nov. 30, 1949	Total to Nov. 30, 1949
Total allotments.....	280.0	116.4	396.4
Grants.....	280.0	116.4	396.4
Loans.....	0	0	0

Against this total they have been authorized through November 30 to buy \$334,200,000 worth of goods and services, as indicated below:

Authorizations

Total..... \$334,200,000

Food, feed, and fertilizer.....	184,800,000
Raw materials and semifinished products.....	54,900,000
Machinery and vehicles.....	27,200,000
Fuel.....	26,600,000
Miscellaneous (largely tobacco).....	6,500,000
Ocean freight.....	34,300,000

Ten million dollars of these authorizations furnish materials for industrial projects having an estimated total cost equivalent to \$42,900,000. ECA will authorize an additional \$9,900,000 against these projects, with the balance of about \$23,000,000 in dollar equivalents to be financed with local currency.

Under the ECA industrial project procedure, an applicant country is required to present economic justification for each proposed project (generally limited to enterprises for which one million or more ECA dollars are requested) as part of its investment and recovery program. Details must be submitted as to the equipment needed, procurement origin, the nature and sources of funds to be employed, and the results anticipated in terms of productivity, costs, marketability, etc. The ECA mission in the participating country reviews the proposal as does the office of the special representatives, and recommendations are forwarded to ECA, Washington, for final approval or denial. No project is considered in Washington for final approval without the mission and OSR recommendation first being obtained.

Upon approval of a project, ECA issues procurement authorizations for the equipment and services required within the limits of approved ECA financing. Costs other than those met with ECA dollars are financed through credits available to the companies concerned, i. e., their own funds, funds borrowed from local banks or government, free dollars, dollars borrowed from the Export-Import Bank, the International Bank, or through drawing rights.

The list of industrial projects approved by ECA through November 30 is as follows:

Industrial projects

[Millions of dollars and dollar equivalents]

Type of project	Location	Estimated total cost ¹	ECA commitment	PA's issued
Total.....	-----	\$42.9	\$19.9	\$10.0
Steel blooming mill.	Donawitz..	6.0	3.9	3.9
Continuous steel billet mill.	-----do-----	7.2	3.2	1.3
Steel blooming mill.	Linz.....	8.8	2.9	1.2
Hot strip steel mill.	-----do-----	15.7	8.0	2.4
Development of iron ore mines.	Erzberg....	5.2	1.9	1.2

¹ Includes ECA dollars and the dollar equivalents of local currency available to the companies concerned from their own resources, local banks, etc.

The new blooming and continuous billet mills at Donawitz, in the Austrian Alps, are for Alpine Montan (Oesterreichisch-Alpine-Montangesellschaft), Austria's largest integrated iron and steel company, and will replace obsolete steam-driven mills installed in 1897 with modern electrically driven equipment. It is the only domestic supplier of rail and heavy structural steel, supplies the home market with lighter types of steel, and is the main supplier of semifinished steel. The new blooming mill, in addition to permitting a substantial increase in bloom and slab production, is expected to result in an over-all reduction of over 10 percent in operating costs.

The continuous billet mill will handle semifinished products now rolled on outdated, inefficient high-cost mills. In conjunction with existing equipment at this site, it will furnish capacity to roll 33,000 tons of semifinished and finished products per month against a present rated capacity of 25,000 tons per month.

The blooming and hot-strip mills at Linz are for the United Austrian Iron and Steel

Works (Verenigte Oesterreichische Eisen- und Stahlwerke Aktengesellschaft-VOEST) whose operations range from the manufacture of pig iron to finished steel. The majority of the old hand mills for rolling sheets were operated until 1938 and were shut down because they were inefficient compared to the modern equipment which it was then planned to install. The blooming mill, which started operation in 1942, was dismantled during the occupation in 1945, while construction of a new strip mill was halted by the war and never passed the planning stage. Except for minor quantities, Austria has had to import its sheets since the war.

The new mills will supply added tonnage of better-quality flat-rolled products which are urgently needed. The manufacture of the rolling mill is being done by the Mesta Machine Co. (with electrical equipment subcontracted to Westinghouse) and other equipment is coming from the Continental Foundry & Machine Co.

The last project listed involves the re-equipping of the iron-ore mines in the Erzberg at Eisenerz, Styria—one of the principal iron deposits in Europe—owned by the Oesterreichisch-Alpine Montangesellschaft, which also owns the steel plant at Donawitz. The pig iron provided from this area, because of its high manganese content, is of first-rate steel-making grade. Most of the machinery and transport equipment at the mines (principally open strips) was removed by the Russians during their temporary occupation of Styria in 1945. In the early part of this year only 10 of the 30 open terraces were being worked.

At the present time, two other projects, approved by the ECA mission in Austria, are being reviewed in OSR, which is studying the entire Austrian investment program. ECA-Washington action on these proposals will follow the receipt of OSR's recommendations. The two proposed projects are:

1. Cold-rolling mill at Linz for the United Austrian Iron & Steel Works.
2. Rail and structural mill at Donawitz for Alpine Montan.

USE OF COUNTERPART FUNDS

Austrian counterpart funds are the shillings deposited by the Austrian Government in a special account in an amount commensurate with the dollar cost of the grant aid received by that country. As of December 31, 1949, the Austrian Government had deposited 3,485,000,000 shillings in their special account.

Five percent of these deposits, amounting to 174,000,000 shillings as of December 31, is reserved for use by the United States and is placed in a separate account under the control of United States disbursing officers. These funds are used for ECA administrative expenses, payable in local currencies, and to purchase or develop the production of scarce materials needed in this country. Funds not required by ECA are transferred to the United States Treasury for use by other United States Government agencies.

The remaining 95 percent of these counterpart funds, 3,311,000,000 shillings, is for use by the Austrian Government in promoting internal monetary and financial stability, in stimulating productive activity, in exploring and developing new sources of wealth, and for other purposes consistent with the Economic Cooperation Act.

Agreement by ECA to the proposed use of the counterpart funds is required before Austria can utilize these funds. As a rule, ECA will agree to the withdrawal of counterpart only when the financial situation in Austria warrants. Approval of withdrawal may be withheld if inflationary forces are strong.

Proposals for the utilization of counterpart are initiated by the Austrian Government. As a first step the Government submits a broad program covering a year's activity to the special ECA mission in Austria. After discussions with the Government, the mission forwards the program with its recommendations to the office of the special representative in Paris and to ECA in Washington. The latter office formulates a final recommendation after consultation with the National Advisory Council. At this stage a determination has been made of the level of withdrawals and in general the sectors of the Austrian economy into which counterpart funds will be channeled. The second step in approval is the consideration of more detailed plans for the use of counterpart in specific sectors of the economy, such as the railroads, coal mines, etc. These plans are usually approved by the Mission only but are sometimes forwarded with comments by the Mission to OSR and Washington. The final step in approval is for the withdrawal of counterpart funds for the individual projects after recommendations have been made by the mission and approved by OSR and Washington. The mission formally advises the Austrian Government of this approval for withdrawal. ECA, through its Controller's Office, checks to see that counterpart funds withdrawn are used for approved purposes only.

As of December 31, a total of 2,648,000,000 shillings had been withdrawn for the purposes shown in the attached table. Of the total, 1,832,000,000 shillings was from counterpart funds deposited under Public Law 472 (80th Cong.) and 816,000,000 shillings from local currencies deposited under interim aid.

The counterpart funds approved for withdrawal are released to the Austrian National Bank to be used for approved projects. Private firms are not given the funds as grants but obtain loans through normal channels, which loans are refinanced by the Austrian National Bank with counterpart funds.

In the manufacturing group, the primary metals industry has received the largest amount of credit. Included were funds for an iron and steel plant at Donawitz to be used for building additions, installing electrical equipment, preparing foundations, etc., for the blooming mill and continuous billet mill presently being constructed in the United States under ECA authorization. Counterpart funds were also provided for the repair of war damage and to prepare for the installation of a slabbing-blooming mill and semicontinuous sheet mill under construction in the United States for an Austrian iron and steel works at Linz. Investments in the non-ferrous-metals industry include development of lead mines and funds to begin construction of a new zinc smelter. This is the first zinc smelter in Austria and will enable domestic ores to be worked. Aluminum and copper fabrication plants in Ranshofen and Vienna will obtain funds for reconstruction and installation of new equipment.

Funds used for electric, gas, and power facilities were primarily channeled into the development of hydroelectric-power projects, including transmission lines and other equipment. One of the largest hydroelectric projects is located at Kaprun. Some of the funds withdrawn for power projects were for the improvement or new construction of steam-generating stations such as the one located at St. Stephan.

Over 655,000,000 shillings have been utilized for the Austrian Federal railroads to be used to reconstruct their war-damaged rolling stock, roadways, bridges, and other equipment, as well as to purchase new equipment and to improve and modernize the railroads.

Counterpart fund utilization through Dec.
31, 1949

[Millions of schillings]

	Public Law 472	Public Laws 848 and 389	Total
Total withdrawals....	1,831.7	816.4	2,648.1
PURPOSE OF WITHDRAWALS			
Debt retirement.....	396.7	453.3	850.0
Promotion of production....	1,292.0	317.6	1,609.6
Agriculture.....	185.9	14.8	200.7
Land reclamation....	18.0	2.3	20.3
Research and extension service.....	23.2		23.2
Forestry.....	23.9	1.4	25.3
Fishing.....	.5		.5
Other agricultural programs.....	120.3	11.1	131.4
Extractive industries.....	87.6		87.6
Coal mining.....	53.3		53.3
Metal mining.....	34.3		34.3
Manufacturing.....	270.8		270.8
Food products.....	7.1		7.1
Basic textiles.....	13.7		13.7
Primary metals.....	114.9		114.9
Lumber and sawmill products.....	8.3		8.3
Stone, clay, and glass products.....	8.4		8.4
Fertilizer.....	20.0		20.0
Chemicals and products.....	1.7		1.7
Pulp, paper, and paper products.....	33.9		33.9
Rubber and rubber products.....	17.3		17.3
Electrical machinery.....	29.8		29.8
Other machinery.....	13.7		13.7
Miscellaneous manufactures.....	2.0		2.0
Transportation, communications, and utilities.....	747.7	302.8	1,050.5
Railroads.....	409.8	245.9	655.7
Waterways and harbors.....	6.2		6.2
Roads.....	57.4	5.0	62.4
Communication facilities.....	83.6	51.4	135.0
Electric, gas, and power facilities.....	187.6		187.6
Water systems.....	3.1	.5	3.6
Other purposes.....	143.0	45.5	188.5
Housing.....	47.0		47.0
Public buildings.....	59.0	43.8	102.8
Transportation of relief packages.....	10.0		10.0
Tourism.....	15.0		15.0
Undistributed.....	12.0	1.7	13.7

Mr. MILLER of Nebraska. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and fourteen Members are present, a quorum.

(Mr. HAYS of Ohio asked and was given permission to revise and extend his remarks.)

Mr. RIBICOFF. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. COOLEY].

(Mr. COOLEY asked and was given permission to revise and extend his remarks.)

Mr. COOLEY. Mr. Chairman, I have had an opportunity to see some of the areas of the world which were devastated by war and I know that time will never efface the damage which has been done to this world in which we live. I would like very much to discuss the ECA program and some of its great achievements.

Time will not permit me to do so. The gentleman who has just preceded me indicated that most of the countries of Europe had been able to repair the damage which was caused by the last great conflict.

It is true that the Germans have made a remarkable effort to revitalize and to rebuild their utilities. I cannot agree with the statement to the effect that the world is well shod, well fed, and well housed. But time, as I say, will not permit me to discuss the broad philosophy and the broad principles and the great achievements of the ECA program.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. I did not say well housed. I said well fed, well clothed, and well shod. And I did not say anything about having completely recovered. I said the railway, the highways and electric power systems and many industrial plants are back in production. Just to keep the record straight, the gentleman should state what I actually said.

Mr. COOLEY. I accept the gentleman's statement with regard to what he said. But what he stated was for the purpose of persuading this House to reduce the amount which this committee has recommended. What I will have to say is with regard to a certain section in this bill which should be stricken out, and at the appropriate time I intend to offer an amendment to increase the appropriation to the extent of \$1,000,000,000 and to restore the billion dollars which was stricken out by the Vorys amendment. Then I intend to tie in with that another provision which will strike out the Vorys amendment and it is with regard to that particular amendment I desire to address the Committee at this time.

The Vorys amendment was sponsored by my beloved and distinguished friend from Ohio with whom I have served for many years and with whom I served on the 19-man committee that made a study of the situation in foreign countries prior to the time the Marshall plan was initiated. While I have a very high regard for him and his statesmanship, I must say that the Vorys amendment as I interpret it is nothing more nor less than a hoax and a humbug.

Let us see what it does. It says "I am a money saver. If you will embrace me I will reduce the expenditures which are now being made by the taxpayers of this Nation; therefore I will enable this Nation of mine to save money and perhaps to balance the budget."

While couched under what appears to be very fair and very reasonable pretenses, it is actually contrived to deceive the average citizen and it is calculated to cause him to believe that we are about to save a billion dollars. That is far from the truth.

What the provision actually does is to say that we will not give ECA this additional \$1,000,000,000 but that with our right hand we will reach over in the assets of the Commodity Credit Corporation, take out a billion dollars worth of valuable assets, and with our

left hand turn that over to ECA and put on the "good ship" foreign aid.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Mississippi.

Mr. WHITTEN. I am glad to hear the gentleman's statement and to know of his efforts in this regard. If he will permit me, I would like to point out that in the past few years the occupied areas and the ECA have charged to agriculture hundreds of millions of dollars through requiring the Commodity Credit Corporation to sell commodities that they had on hand below the amount of money they had invested in those commodities—of course, it cost the Government in either instance—so that the price would be charged up to agriculture rather than to the foreign-aid program as it properly should be.

The big part of the section 32 funds, which the gentleman has helped to save, from time to time have been used to show up on the books of the Marshall plan, or the ECA, a better record, when actually they are charging that to agriculture which should be charged to ECA.

Mr. COOLEY. The gentleman is correct. The Vorys amendment is only calculated to bring the farm program into greater disrepute, and that is exactly what it will do.

It is an imposter in that it pretends to the public to be a great exporter of surplus commodities when, as a matter of fact, the ECA program now contemplates exporting American agricultural commodities to the extent of about \$1,600,000,000, and in the last year I am told they exported in excess of \$1,000,000,000.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. BURLESON. I think the distinguished chairman of the Committee on Agriculture perhaps could render the House a favor and give information that would be worth listening to if he would explain this system or surpluses. There are a great many erroneous ideas as to just what surplus commodities are and the system under which it operates.

Mr. COOLEY. The gentleman, of course, realizes that I am under great and terrific pressure of time, but I will, in that connection, insert in the RECORD letters and communications which will discuss the matter which the gentleman has mentioned.

If this Vorys amendment is so good, I wonder why it is that those who are charged with the responsibility of carrying out the wishes of Congress in this foreign-aid program are so bitterly opposed to it. I shall insert the opposition views of the ECA. And, I wonder why it is that the Secretary of Agriculture, who is certainly devoted to the cause of American agriculture, should likewise oppose the Vorys amendment. I wonder why the great Farm Bureau is so bitterly opposed to it, and the National Grange, and the National Council of Farmer Cooperatives, and the National Farmers Union, as well as the Farm Bureau of my own State, the Cotton Council of America, the Southern

Cotton Shippers Association, the president of the New Orleans Spot Cotton Merchants Association, the Atlantic Cotton Association, the president of the New York Cotton Exchange, the president of the Tobacco Associates, Inc., the president of the Flue Cured Tobacco Stabilization Cooperative Organization, the general counsel for the Leaf Association and the secretary of the American Soybean Association. All of these great organizations interested in the welfare of agriculture are opposed to this impostor.

To give the Members of the House an opportunity to register their views on this set-aside or tie-down idea another Member, a member of the committee, will introduce an amendment, the effect of which will be to put back the billion dollars to ECA appropriations, to provide that of the appropriation for ECA \$1,000,000,000 shall be available only for the purchase of agricultural commodities which the Secretary declares to be not in inadequate supply either in the continental United States or in our Territories or possessions. That will give you a chance to vote to tie down \$1,000,000,000 in American commodities so that you will not disrupt normal trade channels. But, this Vorys amendment will constitute the Commodity Credit Corporation into the greatest merchant that human history has ever known, and it will disrupt trade channels throughout the country.

Mr. SUTTON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Tennessee.

Mr. SUTTON. The Vorys amendment would also do away with free enterprise.

Mr. COOLEY. Certainly; it will impair free enterprise, which I know my friend from Ohio is a great advocate of.

I wish time would permit me to read these communications, but I will put them in the Record and I hope that those of you who want to do the right thing and the fair thing and the forthright thing will read and understand the views of men who have given this matter consideration, and not be misled by this hoax and humbug.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I do not mean that the gentleman from Ohio is a hoax and a humbug. He is far from it. I have reference to his proposition. I yield.

Mr. GROSS. When the gentleman offers the amendment to restore the billion dollars, will he likewise insert in that amendment that the billion dollars must be used to buy agricultural products of this country?

I mean by that, if they are bought, American products should be bought.

Mr. COOLEY. In the few minutes remaining I hope I can make my position perfectly clear. I shall, at the proper time, offer an amendment the purpose and effect of which will be to increase the appropriation by \$1,000,000,000 and strike out the provisions inserted in the bill at the request of the gentleman from Ohio [Mr. VORYS]. In offering this amendment I am supported by the organizations and persons whom I have

mentioned and by others. If my amendment prevails and the amount of the appropriation is increased by \$1,000,000,000 and the Vorys amendment is stricken out then the gentleman from Texas [Mr. BURLESON] will offer another amendment. This amendment which will be offered by the gentleman from Texas [Mr. BURLESON] is an amendment which the gentlemen from Texas [Mr. POAGE and Mr. BURLESON] and I have been working on for the past several days. The effect of the Burleson amendment will be to give to the Members of this House an opportunity, in forthright fashion, to set aside this billion dollars for the purchase of agriculture commodities which the Secretary of Agriculture has not determined to be in short or inadequate supply. This billion dollars may be spent by ECA in acquiring agriculture commodities in the United States, its Territories and possessions, and from the Commodity Credit Corporation or from other sources in the continental United States or in our offshore Territories or possessions. Under the Burleson amendment the ECA will be using money which has been appropriated for ECA and will not be taking the assets of the Commodity Credit Corporation as provided by the Vorys amendment. The Burleson amendment meets the proposition head-on, forthright, and straightforward. If you want to direct ECA to use American agriculture commodities then give ECA the money with which to acquire such commodities.

Mr. GROSS. But they will buy them in this country, not some foreign country?

Mr. COOLEY. Under the Burleson amendment ECA would be permitted to spend up to \$1,000,000,000 for agriculture commodities in this country, its Territories or possessions but could spend no part of the billion dollars in foreign countries. This amendment is far better than the Vorys amendment but in discussing the two together I do not want to leave the impression that the farm leaders and others which I have mentioned have gone on record as favoring the Burleson amendment. If this House wants to tie up some of ECA's funds then I urge you to do it in the American way and not by some sort of subterfuge.

I hope that you will read the several communications to which I have referred and which I am submitting for the Record.

The amendment which I shall propose is as follows:

Amendment offered by Mr. COOLEY to section 102 of H. R. 7797: Page 5, line 15, insert a period after the letter "(b)" and delete the remainder of page 5, all of pages 6 and 7, and extending through line 3 on page 8, and insert in lieu thereof the following:

"(3) Renumbering subsections (e), (f), (g), (h), (i), (j), and (k), as (c), (d), (e), (f), (g), (h), and (i), respectively.

"(4) Adding a new subsection (j) to read as follows: 'Notwithstanding any other provision of law wherever wheat or wheat flour is procured under this title for transfer to countries which are parties to the International Wheat Agreement of 1949 and credited to their guaranteed purchase thereunder, the President, acting through the Commodity Credit Corporation, is author-

ized to make available, or cause to be made available, such wheat or wheat flour at the applicable price provided in that agreement.'

"(5) Renumbering subsection (1) as (k) and striking out the following therefrom: '(other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price support programs required by law).'

Page 8, line 12: strike out "\$1,950,000,000" and insert in lieu thereof "\$2,950,000,000."

Page 8, line 4, redesignate subsection "(e)" as "(d)."

Page 10, line 4, redesignate subsection "(f)" as "(e)."

The amendment which I understand the gentleman from Texas [Mr. BURLESON] will offer is as follows:

Amendment offered by Mr. BURLESON to section 102 of H. R. 7797: page 7, line 25, add a new subsection (1) to read as follows:

"(1) Of the funds herein authorized for the fiscal year ending June 30, 1951, not less than \$1,000,000,000 shall be available solely for the procurement of agricultural commodities and products in the United States, its territories and possessions: *Provided*, That no part of such funds shall be available for the procurement of any agricultural commodity or product in the United States, its territories and possessions, with respect to which the Secretary of Agriculture determines that the supply thereof is inadequate to meet the needs of American consumers: *And provided further*, That this subsection shall not prohibit the authorization of any such funds for the procurement of agricultural products and commodities now owned by the United States whether such commodities are located within or without the United States."

I call attention to the following communications which speak for themselves:

WASHINGTON, D. C., March 23, 1950.

DEAR MR. CONGRESSMAN: The four undersigned farm organizations are supporting the full ECA appropriation. We are opposed to the Vorys amendment for four major reasons:

First, the Nation has committed itself to a practical European recovery program based on the advancing of funds for purposes best calculated to promote the economic recovery of the participating nations. If the use of American surplus foodstuffs will best meet the needs in carrying out this program, this surplus will be used in the regularly established procedure of the ECA. Under the amendment, in case the European nations did not need the particular foodstuffs the Commodity Credit Corporation had in surplus supply, the amount available for carrying out the ECA program would be automatically reduced, and commodities needed might not be obtainable. We should live up fully to the other spirit of our undertaking in the European recovery program, just as we expect the participating countries to do.

Second, the plan calls for using the regular commercial channels of trade so far as practicable. The proposal would scrap that provision and substitute the Commodity Credit Corporation for these private channels. Stocks which would ordinarily be purchased through private channels would pile up and require more purchases by Commodity Credit Corporation, thus injecting more Government operations quite fruitlessly.

Third, the resolution would give rise to two great misunderstandings. Expenditures by the Commodity Credit Corporation occasioned by the ECA program would be charged to the farm program in the eyes of the public, instead of to the recovery program, for which the cost would actually be incurred. This would lend substance to the Russian claim that America is using ECA for the purpose of dumping its surpluses. Such apparent

proof of her accusations would materially injure the successful outcome of the ECA operations.

Fourth, it will accomplish no good, since ECA will use all the foodstuffs the participating nations need, anyway, and this action would merely channel more produce through the Commodity Credit Corporation, serve to increase costs, and result in misinformation as to what the ECA is doing.

We, therefore, believe the amendment should be defeated.

Sincerely,

JOHN DAVIS,
National Council of Farmer Cooperatives.
ALLAN KLINE,
American Farm Bureau Federation.
JAMES PATTON,
National Farmers' Union.
ALBERT GOSS,
National Grange.

GREENSBORO, N. C., March 23, 1950.
HON. HAROLD D. COOLEY,
House Office Building,
Washington, D. C.:

We urge your careful consideration of Vorys amendment. We doubt the wisdom of using CCC funds to supplement ECA without reimbursement. In our judgment, if ECA program serves its purpose, the purchases should be made through the normal channels of trade rather than through Government trading. This principle would tend to discriminate further against such commodities as tobacco that are stored under a loan and are not the property of Commodity Credit. It is our understanding that all the farm organizations have agreed that legislation of this type would discriminate against agriculture and would have a tendency to lower the price of the commodity to the support level.

A. C. EDWARDS,
President,
P. N. TAYLOR,
Vice President,
R. FLAKE SHAW,
Executive Vice President,
North Carolina Farm Bureau.

NATIONAL COTTON COUNCIL OF AMERICA,
Memphis, Tenn., March 23, 1950.

HON. HAROLD D. COOLEY,
Member of Congress,
Washington, D. C.

DEAR MR. COOLEY: We understand the House of Representatives is scheduled to consider the ECA authorization bill within the next few days.

The bill reported by the committee authorizes an appropriation of \$1,950,000,000 which is \$1,000,000,000 less than the funds requested in the budget. However, the bill authorizes the transfer without reimbursement of \$1,000,000,000 worth of surplus agricultural commodities owned or hereafter acquired by the Commodity Credit Corporation. This special provision is known as the Vorys amendment.

The amendment would not save taxpayers' money, as is claimed, since transfers from CCC would represent a loss which would have to be met the following year by a deficiency appropriation. All that would be gained is a deferment of the appropriation. Some might like to use this trick in an election year to make it appear the budget is being reduced.

In all probability, the deficit incurred this year would be charged next year against the ECA program or Agriculture. There can hardly be a net gain for ECA or for Agriculture.

If foreign markets in ECA countries are closed to two and five tenths or three million bales from the 1950 crop because of transfers from CCC, domestic market prices are likely to say to the level of the loan with the result that CCC will undoubtedly accu-

mulate at least the amount necessary to replace the cotton transferred through ECA under the Vorys amendment.

The amendment would certainly destroy private trade to ECA countries. It would cause the reestablishment of government buying and distributing agencies in those countries which would be difficult, if not impossible, to liquidate after ECA ends.

Obviously this type of legislation is dangerous. For the protection of all agriculture and the preservation of the free enterprise system, we urge you to use your influence to defeat the Vorys amendment.

Your cooperation will be appreciated.

Sincerely yours,

HAROLD A. YOUNG,
President.
MEMPHIS, TENN., March 23, 1950.
HON. HAROLD D. COOLEY,
House Office Building,
Washington, D. C.:

It is inconceivable that any right thinking and informed American citizen could seriously entertain the proposed Vorys amendment to the ECA Authorization Act when it is recognized that this amendment strikes at the very heart of our private enterprise system upon which all individual freedoms vitally depend. It violates the traditional trade practices of the United States, and proposes State-to-State trading now identified with those antiquated, inferior, and un-American systems which every Member of Congress should feel honor bound to oppose. It would be extravagant use of taxpayers' money because the CCC assets thus depleted would have to be restored by further deficit financing. It would make more certain the impounding of our 1950-51 agricultural crops under Government loan programs, because farm prices would sink to loan levels and below when deprived of the traditional vigorous support of our private trade competitive system. Under this competitive system cotton farmers are now enjoying prices much above loan levels, and are reducing rather than increasing their Government-financed surplus stocks. It would bring the United States, the last great defender of the private enterprise system, into the ranks of State-to-State traders, thus giving such impetus to that alien practice as to make it virtually impossible to ever again restore private trade. Comprising as we do an important segment of the United States farmers traditional marketing system, we feel that we are qualified by long practical experience in world trading to counsel you against this amendment which would jeopardize the foundations of private trade upon which our superior United States economy rests, and would be contrary to the objectives of our ECA program and other international undertakings by which at much expense and sacrifice, we are defending those American principles which the Vorys amendment would undermine.

Respectfully urge your active opposition to this amendment.

JOHN S. DILLARD,
President, Memphis Cotton Exchange.

MEMPHIS, TENN., March 22, 1950.
HON. HAROLD D. COOLEY,
House Office Building,
Washington, D. C.:

Southern Cotton Shippers Association, whose membership consists of majority of cotton factors, merchants, and shippers in States, Tennessee, Mississippi, and Louisiana, unanimously opposed to Mr. Vorys' amendment to ECA bill, which provides that Commodity Credit Corporation shall furnish up to \$1,000,000,000 worth of commodities it now owns or hereafter acquires to ECA countries before it authorizes any procurement of surplus agricultural commodities. Our opposition to said amendment based on following objections which we respectfully

submit for your earnest consideration: (1) it would not effect any savings for the American taxpayer; (2) it would complicate National budget, as it would deplete Commodity Credit Corporation's assets and necessitate further deficit spending; (3) it would jeopardize Commodity Credit Corporation's funds for next year; (4) it would impound 1950-51 crops because prices will decline to support levels; (5) it would destroy private trading and encourage State-to-State transactions, a trend already indicated in many governmental circles, and it would be almost impossible to bring back private trading if said amendment included in ECA bill. Urge your careful consideration foregoing objections of our members.

Respectfully submitted.

SAM G. LORING,
Secretary and General Manager, Southern Cotton Shippers Association.

NEW ORLEANS, LA., March 23, 1950.
HON. HAROLD COOLEY,
House Office Building,
Washington, D. C.:

* Reported favorable committee action on Vorys amendment to ECA bill is viewed by us as a serious threat to the structure and stability of the American commodity marketing system. We respectfully solicit your interest and vigorous opposition to this legislation. Merchants, exporters, and others engaged in the marketing, handling, and world-wide sales, under costly and highly competitive conditions, of raw cotton and other commodities produced by the American farmer foresee disaster in the Vorys proposal. Contrary to expressed opinion the legislation will not save the American taxpayer money because the Congress would have to reimburse the Commodity Credit Corporation for its outlay, such legislation would tend to depress commodity prices for the 1950 crops demoralizing the open market and forcing the gravitation to the Government loans of a large proportion of the crops. We cannot see the justification of the American taxpayers continued support of the ECA program to restore the economy of the world, if at the same time it wrecks our own. The Vorys legislation is a flagrant and intolerable violation of the requirement of public notice and hearing prior to the use of other than usual and customary channels, facilities, and arrangements of trade and commerce. We have confidence in your judgment and acceptance of our competence through long experience to counsel against this proposed legislation as hazardous to the foundations of private trade upon which our economy rests. Your assurance of assistance in blocking this move will be appreciated.

J. E. GOULD,
President, New Orleans Spot Cotton Merchants Association.

AUGUSTA, GA., March 24, 1950.
Congressman HAROLD D. COOLEY,
Washington, D. C.:

The Atlantic Cotton Association with members from five Southeastern States in annual convention assembled hereby go on record in opposition to the Vorys amendment to the ECA appropriation bill, H. R. 7797. Among other things it will destroy private trading and encourage State-to-State trading, a trend already indicated, and it would be almost impossible to bring back private trade.

ATLANTIC COTTON ASSOCIATION.
ATLANTA, GA.

NEW YORK, N. Y., March 23, 1950.
HON. HAROLD D. COOLEY,
Chairman, House Committee on Agriculture, House Office Building, Washington, D. C.:

Your attention is urgently directed to the amendment offered by Representative VORYS

to the ECA authorization act. This amendment aims a body blow at the free-enterprise system as it foreshadows the elimination of private trade and might well serve as a precedent for the future which is completely incompatible with all the background, progress, and history which has made this country great. It is this type of system which we have deplored abroad and your vigorous opposition is earnestly suggested.

CHARLES B. VOSE,
President, New York Cotton Exchange.

TOBACCO ASSOCIATES, INC.,
Washington D. C., March 24, 1950.
The Honorable HAROLD COOLEY,
Chairman, House Committee on Agriculture,
House Office Building,
Washington, D. C.

DEAR MR. COOLEY: This is in connection with the Vorys amendment to the ECA bill. While I believe that this amendment represents a sincere attempt to aid in the movement of Government-owned commodities, I do not believe that it would accomplish this objective.

First, under this proposal, there would be no net savings in the combined cost of the ECA and CCC programs. The savings in ECA funds would be fully offset by increased losses by CCC.

Second, I do not believe that this amendment would result in any net increase in the export of agricultural commodities. Some stocks now held by the Government would be moved, but purchases by private exporters would be reduced and the Government would be required to increase its takings of current marketings. The net effect of the change would be to channel larger quantities of commodities through the Commodity Credit Corporation. This would increase the cost of marketing.

Third, any forced movement of surplus farm commodities, under an arrangement of this kind, would tend to build up resentment that would affect exports in later years. Thus, the use of ECA funds would have the exact opposite effect from that contemplated in making these funds available.

Finally, this amendment would tend to encourage state trading, in that Government-held stock would be offered in large volume, and foreign countries would be encouraged to set up Government-sponsored buying commissions to purchase these holdings. Since the end of the war, considerable progress has been made in the reestablishment of private-trade connections, and the reestablishment of buying commissions would nullify the gains that have been made.

Sincerely yours,

J. B. HUTSON.

WASHINGTON, D. C., March 23, 1950.
Hon. HAROLD COOLEY,
Chairman, House Agricultural Committee,
House Office Building:

Vorys amendment to ECA bill proposes use of Government-held stock in filling foreign requirements. While this might result in some movement in present stock, it would also stop purchases by private exporters and this would be disadvantageous to tobacco growers. Under its stabilization stock a year from now probably would be larger than without it. For these reasons I urge that this amendment be eliminated.

CARL T. HICKS,
President, Blue-Cured Tobacco Cooperative Stabilization Corp.

WASHINGTON, D. C., March 23, 1950.
Hon. HAROLD COOLEY,
Chairman, House Agricultural Committee,
House Office Building, Washington, D. C.:

Vorys amendment to ECA bill would lead to State trading in leaf tobacco. Destroy private initiative in selling tobacco and cripple industry which has contributed greatly to the development of foreign market for leaf tobacco. We urge that the amendment be defeated.

J. C. LANIER,
General Counsel, Leaf Tobacco Export Association.

HUDSON, IOWA, March 23, 1950.
Hon. HAROLD COOLEY,
Chairman, Agriculture Committee,
House of Representatives:

The American Soybean Association strongly opposes the Vorys amendment to ECA bill. It will defeat the very purpose of the ECA program, defeat or imperil our farm program, and institute a system of state trading which is the worst kind of socialism. Please do everything in your power to defeat the amendment.

GEO. M. STRAYER,
Secretary, American Soybean Association.

ECA COMMENTS ON MR. VORYS' PROPOSED AMENDMENT FOR THE USE OF CCC STOCKS IN THE EUROPEAN RECOVERY PROGRAM

MARCH 20, 1950.

The effect of this amendment would be to reduce the appropriation for ECA by \$1,000,000,000 and, in substitution, to give ECA authority to draw upon stocks of the Commodity Credit Corporation of a corresponding value to meet the requirements of the participating countries. But this billion-dollar credit could be used only for shipments from those CCC stocks acquired for price-support purposes, and only for that portion of those stocks that the Secretary of Agriculture finds to be available for foreign assistance. Any procurement of commodities outside this limited category would have to be financed out of ECA's reduced appropriation.

For the reasons outlined below, ECA is opposed to the amendment. In the first place, it should be recognized that it will not reduce the cost to the taxpayer of the combined ECA and CCC programs. It is true that the amendment would result in a larger aggregate, and perhaps a more rapid, movement of CCC stocks which might have the effect of reducing such stocks temporarily. But simultaneously there would be a corresponding slowing up of ECA-financed exports of the same surplus agricultural commodities through commercial channels and a consequent increase in commercial stocks. These stocks would have to be acquired by CCC later in carrying out its price-support operations. This movement into and out of Government stocks would require additional administrative work and expense without making any net contribution to solving the problem of agricultural surpluses. As long as stocks in commercial channels are more than enough to meet all domestic and export requirements, obviously it makes no practical difference whether the supplies for participating countries come from stocks already in the hands of the Government or from those which would be turned over eventually to the Government under price-support programs. Hence, though ECA would spend up to \$1,000,-

000,000 less of its appropriated funds, CCC would need a similar sum in order to acquire, under its price-support program, those stocks which would otherwise have been taken off the market by direct purchases from the producers by the Europeans with ECA financing. The over-all cost to the Government under the amendment might actually be greater because to whatever extent price-support programs can be maintained without the Government actually taking possession of the commodities, there is a saving of administrative, transportation, and handling costs.

The proposed amendment would eliminate entirely export business through private trade channels for up to \$1,000,000,000 worth of agricultural commodities. Its effect, therefore, would be completely inconsistent with the directive in section 112 (h) that "the Administrator shall, to the maximum extent consistent with the accomplishment of the purposes of this title, utilize private channels of trade." It would also be incompatible with the "small business" amendment to the act (sec. 112 (i)).

In accordance with these provisions of the act, it has been the policy of the Administrator and of the Secretary of Agriculture to encourage an ever-increasing proportion of procurement for participating countries through private trade channels and less through public procurement agencies. The proposed amendment would completely reverse this trend.

The proposed amendment presents other difficulties. As an illustration, CCC does not have stocks on hand at any given time of all commodities which might be required by participating countries of the kind and quality desired and at the time needed.

The principal method used by CCC in supporting prices is through nonrecourse loans to farmers. Under this arrangement, CCC, for example, might have on hand in November soft winter wheat carried over from the previous year but would not have stocks of hard winter wheat available for filling requirements of participating countries at that time of the year. Later in the year, CCC might have large stocks of hard winter wheat which came into its possession when the nonrecourse loans became due and farmers turned their wheat over to CCC in settlement thereof. Likewise, CCC might have large stocks of cotton, but of grades and staples not needed nor normally used by mills in the participating countries. This would make it impossible for such countries to obtain their requirements from CCC stocks and force them either to do without or to request authorization to buy with the greatly reduced appropriated funds. This, in turn, would force the participating countries to do without other products and commodities, not only agricultural but also industrial, essential to their economic recovery.

Because of the composition of CCC stocks at any given time (as distinguished from the composition of the loans it has made), it is entirely possible that the proposed amendment would reduce rather than increase the exports of surplus agricultural products. For example, CCC's tobacco price-support program operates almost entirely on the loan basis—the stocks of tobacco actually held by CCC are relatively small and quite inadequate to meet European requirements. Therefore, the proposed amendment would provide no means for financing purchases of this commodity. In order to maintain, out of the reduced appropriation, an adequate supply of industrial and other goods, participating countries might be forced to reduce

severely their purchases of American tobacco. Moreover, weather or other conditions affecting production may reduce the acquisition by CCC of any commodity for price-support purposes, and that commodity would then be unavailable in CCC stocks in sufficient quantity to meet the needs of the ECA countries. Hence, a part of the proposed \$1,000,000,000 credit might, in effect, be unusable—at least for commodities really required by the participating countries. At the same time other surplus agricultural commodities for which a real requirement existed could not be obtained because the price-support program has not yet resulted in any accumulation of CCC stocks.

It is also apparent that there would be less freedom of selection on the part of participating countries according to class, type, or grade, and correspondingly less incentive on the part of CCC to deliver goods which met the requirements of participating countries. This is important, not only from the standpoint of making the most effective use of the American taxpayers' dollars, whether they be dollars appropriated to ECA or furnished by CCC in connection with its price-support operations.

One of the major objectives of the Economic Cooperation Act is to bring about the recovery of European countries so that normal trade may be reestablished; and in pursuing that objective, it is of the utmost importance that commodities of the kind and quality be furnished which will bring repeat orders and maintain the well-established reputation of American agricultural products in foreign countries. The amendment reduces the incentives to develop and maintain satisfied buyers.

Certain other more general and intangible considerations should be taken into account in judging the probable effect of the proposed amendment.

It is recognized that the amendment is not intended as a "surplus dumping" proposal, since it provides clearly that surplus commodities shall be made available only when needed and in accordance with genuine requirements of the participating countries. Even so, it is dangerous, from the standpoint of the use which would be made of it by Communist propaganda, to set up such a direct connection between surplus stocks held by the United States Government and the provision of commodities under the foreign-aid program. We may be sure that most effective propaganda use will be made of the fact that no supplies of the commodities involved will be made available except from our surplus stocks. It will be much easier for the Communists to persuade people abroad that they have been correct in their often repeated claims that the sole purpose of the ERP is to get rid of United States surpluses.

It is also a matter of concern to ECA that adoption of this amendment would lead to claims by producers of nonagricultural commodities that they were being discriminated against unless some means were found for accomplishing similar results for their products. It could, of course, be pointed out that the United States Government does not purchase and hold stocks of their products. Nevertheless, proof might be submitted in the case of certain products that demand did not absorb available supply, and that therefore steps should be taken to earmark ECA funds for moving the excess, so that production and employment might thereby be maintained. It would certainly be more difficult to resist such action, which would have the most serious effects on the success of the recovery program, if the proposed amendment were adopted.

MARCH 23, 1950.

Hon. SAM RAYBURN,
Speaker, House of Representatives.

DEAR MR. SPEAKER: My attention has been called to the fact that H. R. 7797, a bill to

provide foreign economic assistance, was introduced in the House of Representatives on March 22, after approval by the Committee on Foreign Affairs. This bill contains provisions known as the Vorys amendment, which, among other things, would transfer \$1,000,000,000 of Commodity Credit funds to the Economic Cooperation Administration.

The effects of these provisions are very far-reaching and not only would be adverse to the long-time interest of agriculture but the short-time interest as well. Under the amendment, stocks in Commodity Credit Corporation price-support inventories up to an amount not to exceed \$1,000,000,000 would be required to be made available without reimbursement to the Corporation from any appropriation. This has three effects: (1) It impairs the capital of Commodity Credit Corporation by \$1,000,000,000 and permanently reduces the borrowing power of the Corporation by \$1,000,000,000 in that it denies to the Corporation any method of restoring its impaired capital; (2) it charges as cost of the farm program the cost of those commodities supplied pursuant to the act, regardless of whether those commodities could be carried and subsequently disposed of without loss or at only slight loss; and (3) it allows the Administrator to acquire in private trade channels only those commodities which Commodity Credit Corporation may not have in its stocks or which the Administrator needs in excess of the billion-dollar limitation.

Obviously market demand in foreign countries for the products of American farmers will not be improved by forcing those markets to absorb commodities that just happen to be in the inventory of the Commodity Credit Corporation or which are not what the foreign countries would most like to have.

By making it mandatory for the Administrator of ECA to take commodities only from the Corporation will merely substitute the Commodity Credit Corporation for normal channels of trade in carrying out marketing in foreign countries. To the extent any commodity desired by a foreign country is available in the United States open market and cannot be obtained by such foreign country, Commodity Credit Corporation will supply the item and then have to buy it for price support in the domestic market. This is just the reverse of the oft-stated policy and endeavors of the United States Government to restore foreign trade to normal channels of commerce to the maximum extent possible. Such a program as this envisions is clearly a dumping program and will be immediately labeled as such by communistic elements abroad. Agricultural markets that are obtained through such objectionable means can only result in ultimate injury to the best interests of the American farmer.

It is urged that the entire philosophy of this amendment be rejected, that the Commodity Credit Corporation be left in the position of supporting the prices of agricultural commodities, and that the Economic Cooperation Administration be permitted to continue its highly successful efforts of aiding in the recovery of Europe through the normal channels of trade and commerce.

Attached hereto is an analysis of the Vorys' amendment affecting section 112 of the Foreign Assistance Act of 1948.

Sincerely yours,

Secretary.

Mr. M. E. WALTER,
Editor, *the Houston Chronicle*,
Houston, Tex.

DEAR MR. WALTER: The directors and members of the Houston Cotton Exchange have requested me to write you about the editorial in yesterday's *Chronicle*, under the heading "Make it part food," in which you expressed approval of Representative Vorys' amendment to the ECA bill, which directs the Commodity Credit Corporation to give a billion

dollars' worth of surplus United States farm products to the Marshall plan countries in lieu of cash. They believe that your approval results from a misunderstanding of the significance of the amendment.

Senator McCLELLAN, of Arkansas, introduced an amendment to the ECA bill last year to require that a stated portion of the ECA funds then appropriated be spent on surplus United States farm products. This amendment was not adopted.

The amendment which Representative VORYS has introduced provides instead that the Commodity Credit Corporation give the beneficiary countries surplus farm products of a value of a billion dollars—something like two-thirds of the farm products that these countries will receive from us under the Marshall plan for the fiscal year.

These amendments look alike but are very different in their effects.

Take the case of cotton. At the end of this crop year (July 31), the CCC will own about 5,000,000 bales. The marketing-quota provisions of the farm laws compel the cotton growers to reduce their cotton acreage by about 21 percent this year. With average growing conditions, this reduced acreage might produce 12,500,000 bales; and it could be much less if the insect scourge proves such as is likely after this mild winter, which has been favorable to insect multiplication, and after the unusually dry winter in west Texas, United States consumption and exports are running at the rate of 13,500,000 bales annually.

If neither of these amendments were adopted or if the McClellan amendment were reintroduced and adopted, the mean expectancy would be that United States consumption and exports in the 1950-51 crop year would take at least a million bales more than the 1950-51 production. In that event, the CCC would acquire no 1950 crop cotton in its cotton-loan operations—and would liquidate a million bales of its old pooled stocks—or, if it acquired new cotton, it would liquidate correspondingly more of the pooled stocks; so that the CCC cotton stocks would be a million bales less at end of July 1951 than this summer, and very little cotton of the 1950 crop would have been handled through the 1950 CCC loan. The growers would sell their crops, except for redundant quantities, between the loan rates and the prices at which the CCC would sell its stocks, which are required by law to be at least 5 percent higher than the loan rates. The domestic and export distribution would be merchandized by private citizens and taxpayers.

If the Vorys amendment is adopted, the CCC itself will furnish by grant at least 2,500,000 bales of the export requirement. If total distribution is 13,500,000 bales and the crop 12,500,000, this would mean that 1,000,000 bales of the 1950 crop would not be needed for distribution. In that event, the prices to the growers would be around and below the CCC loan rates; a great deal of 1950 crop cotton would go into the loan; and the CCC stocks would be reduced by a million bales—as they would be without either amendment or with the McClellan amendment. At least half the export business, say 2,500,000 bales, would be handled by a Government agency and taken away from private citizens and taxpayers.

So the Vorys amendment would mean that all cotton growers would get less for their 1950 crop; that the Government would handle a great deal more of the 1950 crop; and that the Government would take away from private citizens and taxpayers more than half of the cotton export business.

No one would gain. We simply would be pumping cotton artificially through a Government agency, with all the expense and inefficiency which that involves, instead of letting it flow through the accustomed efficient and economical private and taxpaying channels. And we would be contributing to

socialization by turning over our export cotton business to nontaxpaying governmental bureaucracy.

All cotton growers would be injured; because they would get a lower price. All cotton dealers (taxpayers) would be injured by losing about 20 percent of their volume to the Government.

The injury would be greater in Texas, Louisiana, south Mississippi, California, and Arizona than elsewhere. Our freights are high to the center of United States cotton spinning in the Southeast and are low to ports. So the United States mills draw most of their cotton from the farms of the Southeast and the upper Mississippi Valley; and most of the export business is supplied from Texas, Louisiana, south Mississippi, Arizona, and California.

For these reasons, the cotton growers of this immediate area would suffer more than most other cotton growers if the Vorys amendment were adopted. No group would be so seriously injured as the taxpaying cotton trade of Houston, whose principal business is the export business. No one would gain; for the taxpayers would simply be putting up a billion dollars for CCC instead of ECA—just an alphabetical variation.

Yours sincerely,

L. R. C. TOWLES,

Acting President, Houston Cotton Exchange.

MARCH 23, 1950.

Mr. VORYS. Mr. Chairman, I yield myself 10 minutes.

Gentlemen of the farm bloc, your so-called humbug friend salutes you. My knees are trembling, because I realize that in my ignorance I have stumbled into the opposition of the most powerful lobby in the United States. I am not only up against the great farm organizations and my eloquent and persuasive friend from North Carolina but I am up against 59,556 regular employees, 12,274 part-time employees, and 137,037 State and county committeemen, a total of 208,867 in the Department of Agriculture.

All I can plead is this: I just wanted to do something that was very, very simple. I sensed that the House and the American people were alarmed over our dollar shortage and wanted to cut down on the amount of dollars we should spend on foreign aid. I sensed that our people were alarmed over our piled-up farm surpluses, and I thought if we would simply turn over a billion dollars worth of farm surpluses that the taxpayers have paid for and already own, and put them into a market that would not hurt our market here at home, put them over in Europe 3,000 miles across the ocean, and let them be sold to hungry people over there, it would not hurt our farmers and it might help the American taxpayer in the amount he is spending on foreign aid.

I thought the removal of a billion of surpluses from hanging over the American market might be of some benefit to American agriculture because of the indirect depressing effect of such surpluses on farm prices.

I did not know the farm bloc. I did not realize until I got into this just what I was up against.

We not only have the farm bloc, but we have some distinguished newspapers saying this is a humbug, and that it will not save a dime. It clearly saves a billion on foreign aid. Why will it not save a dime? Because they assume we

are to go on and on buying surpluses from American farmers and doing nothing with them; that we do not dare to sell them or give them away in this country or any place else in the world; that we are going on, paying \$200,000,000 a year—\$25,000 an hour—for storage on them; that we have to learn to like it and that we are going to keep on doing it this year, next year, and forever.

I think they are wrong in that assumption. I think that the American people see the great glut of farm surpluses and are not going on this way forever. Here are some pictures of what Life magazine has called The Great Glut:

After spending four billions on farm policy, the United States finds it has made abundance a curse.

A lot of our people are seeing that in this country and a lot of them are seeing the article in Reader's Digest for April, entitled "Farm Politics Versus the People." They are reading their the condensation of The Great Glut.

Here are some quotes from this article:

"When will the politicians pay some attention to the rest of us, too?"

The time has come for a sensible, honest, radically new agricultural act. The Government's farm price-support program, after 17 years, is coming full circle to its logical, preposterous conclusion.

"A Department of Government with thousands of employees is going daily about the business of causing all of the people of the country to pay higher prices for food."—Mark Sullivan in New York Herald Tribune.

It has erected a falsehood of bogus values under the whole farm economy, which would collapse into ruin if the support were suddenly removed. It is forcing farmers to produce wildly in excess of any reasonable American capacity to consume. It is responsible for most of the \$1,800,000,000 deficit in the last fiscal year and at least one-fourth of the larger current deficit. It is one of the most potent of inflationary influences.

The Government's Commodity Credit Corporation has a current investment of close to \$3,000,000,000 in loans, in products acquired when loans were called, in purchases and in agreements to purchase. Last year it actually took over 21 percent of the wheat and 26 percent of the cotton crops. It has managed to dispose of only relatively small amounts, mostly to occupied countries, ECA, charitable outfits, and organizations furnishing free lunches for school children. Thus, besides its loans, it is left with a fantastic \$2,000,000,000 inventory:

Nearly 5,000,000 bales of cotton, worth about \$750,000,000—about a 7-month supply for the Nation's cotton mills.

Nearly 400,000,000 bushels of wheat costing around \$900,000,000—enough wheat to give everyone in the United States more than 1 loaf of bread a week throughout a full year.

Nearly 600,000,000 bushels of corn worth around \$9,000,000,000—one-fourth as much corn as was fed to United States livestock and poultry last year.

More than 70,000,000 pounds of dried eggs costing close to \$100,000,000—enough to last United States bakers 5 years.

More than 100,000,000 pounds of butter costing more than \$60,000,000—probably more than Russia's annual output.

About a quarter of a billion pounds of dried milk worth over \$30,000,000—three-fourths of a year's supply for the United States.

There is little hope that CCC's colossal inventory will melt away. On the contrary, present farm policies are bound to increase it. The 1949 corn crop turned out so well that nearly 600,000,000 bushels will probably be put under loan. * * * Prices of hogs are at 3-year lows, and CCC may soon have to buy pork on a grand scale. The western plains are enjoying another year in the wet cycle, and another billion-bushel wheat crop is in sight. CCC may well exhaust its disbursing limit of \$5,500,000,000 by next summer, and will need even more money in the fiscal year 1950-51.

Commodities are being stored in oil tanks, hangars, gymnasiums, schoolrooms, and laid-up ships. This fiscal year at least \$80,000,000 is being invested in additional space.

The Department has asked farmers to cut acreage of wheat, cotton, potatoes, peanuts, and tobacco, but whether this will cut production is another thing. Better seed and more fertilizer may well maintain output despite somewhat smaller acreage. And acreage taken out of restricted crops will be shifted to other crops, causing new gluts, new purchase and price pegs.

The time has come, to repeat, for a radically new farm act that will gradually ease the price-control false-work from under the farm economy, expose it to the genuine incentives of the open market, and get rid of the growing multitude of bureaucrats and hangers on in the Government.

The time has plainly come for the politicians to pay attention not only to the bureaucrats and to the farm organizations but to the rest of the people as well.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. VORYS. No, I cannot yield. I have enough troubles with these 208,000 people in the Department of Agriculture, because I have the temerity, not to oppose them because I would not dare oppose them, but the temerity to make a humble request from them. I do not dare to yield.

Now, Mr. Chairman, here is where they are wrong in saying that there is no conceivable saving by this amendment. In the first place, there is a saving of a billion dollars on foreign aid. But they say you are not going to be able to save that. Why? Because the Commodity Credit Corporation has to get immediately another billion dollars to spend to buy more surplus stuff on the open market, in addition to the two billions they got last week. They make no suggestion, nor does CCC or Brannan, to remove the surpluses that we now have—those surpluses are going to stay there and rot. On March 1 the Secretary of Agriculture, Mr. Brannan, presented in committee hearings his request for \$2,000,000,000 more for CCC to spend on agricultural surpluses, and he got it. He said there will be \$3,900,000,000 of surpluses left in CCC hands at the end of this year. They are not going to do anything with that. They want, in addition, this money which Congress is to appropriate in the name of foreign aid to use for farm aid. They are so sure they are going to get it, that they say this is a humbug, even to try to save this money. They are mistaken. Secretary Brannan, himself, testified on March 1

on the \$2,000,000,000 CCC price-support bill, as follows:

Bear in mind we are discussing needs in connection with 1950 crops which have not yet been planted. Variations in any one of several factors will result in changes in fund needs.

The reason they say we are automatically going to spend a billion dollars more for farm surpluses is that they think there is going to be no variation ahead at all and that the farmers, as all the papers state, are going to pay no attention to the controls and quotas, and they are going to plant plenty of peanuts and cotton and walk right in and get Government money for it.

Well, there is a possibility, I suggest, that it may not work out that way. In any case, I am not opposing their plans. I am not opposing the Commodity Credit Corporation. I did not oppose the little \$2,000,000,000 that they picked up last week which they thought might run them along for quite a while. I am not opposing the projects of these gentlemen who added additional acreage, as Congress did last week, for the very crops which are going to be in surplus.

All I say is, do not take it out of foreign-aid funds. Let us in this bill provide the resources which Europe needs by furnishing them crops which the taxpayers have already paid for and do not insist that we leave those crops here to rot, while we go out and buy more as a farm-support scheme.

I think this farm surplus business is a serious matter. I do not know the solution. All I plead for is to keep it out of this bill. Keep it out of foreign aid. Do not have Paul Hoffman carrying on his back, in addition to the load of foreign aid, a billion dollars in future farm aid.

The farm bloc say that this Vorys plan is a vote against private trading and free enterprise. They want our Government to finance private transactions on the open market. I call that state trading, not private trading. They want government support without government controls. I do not think that is going to last indefinitely, but they have just about got it now. I do not think that an enterprise supported by government money can be called free enterprise. I want to see the farmers and the farm organizations of this country come out for real free enterprise and private trading. I do not know how they will do it. They have their problems. I do not pretend that I know how to solve them. I only ask those farm organizations and the 208,000 employees, and my genial friends in the Agricultural Department and the leaders of the farm bloc here in the House to please lay off of foreign aid. Please do your farm aid on your own time, in your own committees, and with your own money. If you need a billion dollars, get it some place besides putting it into the foreign-aid bill. At least let us use our surpluses to carry out the Marshall plan.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. VORYS. Mr. Chairman, I yield myself three additional minutes.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. COOLEY. The Committee on Agriculture will agree in substance with what the gentleman has just said. We want ECA to lay off of agriculture and not reach in and take away from us \$1,000,000,000 worth of agricultural assets and throw it onto the relief program and charge it up to the farmers of the United States.

Mr. VORYS. Oh, no.

Mr. COOLEY. Now, is it not a fact that ECA contemplates purchasing \$1,600,000,000 worth of agricultural commodities in this country anyway this year?

Commodity Credit Corporation stocks and loans, Jan. 31, 1950, compared with estimates of commodities to be financed by Economic Cooperation Administration, fiscal year 1951

	Imports financed by Economic Cooperation Administration (FAS)	Commodity Credit Corporation stocks, Jan. 31, 1950	Commodity Credit Corporation loans, Jan. 31, 1950	Loan due date
Cotton.....	\$474,700,000	\$614,500,000	¹ \$382,500,000	June 30.
Wheat (and rye).....	457,200,000	¹ 382,900,000	585,000,000	Apr. 30.
Coarse grains.....	135,200,000	74,300,000	648,000,000	Apr. 30 to Aug. 31.
Soybeans.....	12,000,000	209,700,000	15,900,000	May 31.
Linseed and linseed oil.....	3,000,000	¹ 6,900,000	29,600,000	Apr. 30.
Cheese.....	5,000,000	5,100,000	17,600,000	June 1.
Peanuts.....	7,500,000	201,600,000	12,300,000	Mar. 31.
Eggs.....	2,500,000	8,500,000	1,300,000	Do.
Wool.....	7,000,000	9,200,000	3,600,000	
Rosin.....	8,000,000	98,100,000		
Turpentine.....	1,500,000	40,100,000		
Dried fruit.....	9,300,000	17,100,000		
		¹ 1,000,000		
		500,000		
		¹ 5,700,000		
		3,600,000		
Total.....	1,122,900,000	1,595,300,000	1,692,200,000	
		83,500,000	3,600,000	

¹ Jan. 31, 1950, stocks less than estimated requirements by Economic Cooperation Administration for fiscal year 1951.

² Jan. 31, 1950, stocks plus loans (if any) less than estimated requirements financed by Economic Cooperation Administration.

ECA will procure altogether in agricultural products \$1,396,500,000 from the dollar area, including the United States. Over half of the supplies needed by Europe to continue their recovery this year are food and agricultural supplies from the United States. Part of it will be furnished by ECA, part privately. That is doing pretty well by American agriculture.

Mr. COOLEY. The gentleman asked us to keep agriculture off the back of foreign aid. What I am asking you to do is to keep foreign aid off the back of agriculture. That is the issue.

Mr. VORYS. Now, let us just see who is on whose back. The amendment you are going to have to vote on, when it is presented, is going to add \$1,000,000,000 of authorizations for appropriations for foreign aid. That is what it will do. It is going to be \$1,000,000,000, without trimmings, or a billion dollars, but they have to spend it all for agriculture. You can figure out who is carrying the load for whom when that amendment comes up.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. RICH. The gentleman from North Carolina [Mr. Cooley] talked about foreign aid keeping off the back of agriculture. Last week you gave the Com-

Mr. VORYS. No.

Mr. COOLEY. How much?

Mr. VORYS. There is \$1,626,000,000 of agricultural products going to Europe, from the United States, according to ECA, but of that total ECA will procure only \$1,122,900,000 in the United States.

Here is the list of what Europe's requirements are that ECA will furnish from our country. There is no "dumping" about this. The Vorys plan prohibits dumping surpluses that cannot be used. ECA approves of at least that part of the plan. This list shows that a billion of it can easily be furnished from CCC-surpluses now on hand:

modity Credit Corporation \$2,000,000,000 to buy farm produce.

Mr. VORYS. I did not; the House did.

Mr. RICH. Well, I did not either, but the question now is, you have got foreign aid on the back of agriculture and you have got agriculture on the back of foreign aid, but you have got the whole business on the backs of the American taxpayers. It is about time to take them off.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. KEATING. I wonder if the gentleman could clear up this point for us: If the gentleman's amendment were adopted would that not result in a credit to the CCC of \$1,000,000,000 which would be chargeable to the foreign-aid program? In other words, thereby reducing the necessity for increased operating capital on the part of the Commodity Credit Corporation by \$1,000,000,000?

Mr. VORYS. If what gentleman's amendment were adopted?

Mr. KEATING. Your amendment.

Mr. VORYS. The gentleman is entirely in error; I have no amendment at all pending to the committee bill; there is no Vorys amendment pending to the committee bill. The Vorys plan is written into the committee bill in several places. The farm bloc and their friends

will offer amendments to take it out, but the committee bill, under the Vorys plan, does not give the Commodity Credit Corporation any money to play with at all; it simply uses a billion dollars worth of commodities that the Commodity Credit Corporation has already purchased and cannot sell, and does not dare to give away here at home. It uses it for the benefit of this foreign-aid program. The significant thing is that we had stirring letters from our President and from Senator VANDENBERG urging that we go forward with this program, yet neither of those letters made any objection to the Vorys plan which is in the committee bill.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. KEE. Mr. Chairman, I yield 7 minutes to the gentleman from Indiana [Mr. NOLAND].

Mr. NOLAND. Mr. Chairman—
Mr. COOLEY. Mr. Chairman, will the gentleman yield for a question?

Mr. NOLAND. I yield.

Mr. COOLEY. We gave the Commodity Credit Corporation increased borrowing power last week to the extent of \$2,000,000,000. Does not the gentleman realize that to have the Vorys provision inserted in the bill is to take away from them one of the two billions?

Mr. NOLAND. The gentleman is obviously correct. I hesitate to enter the debate with members of these two great committees, the Committee on Agriculture, and the Committee on Foreign Affairs, but I must confess that I think the Vorys plan is a sleight-of-hand proposition, as far as the Federal Treasury is concerned. That is evident from the merest consideration of the elements of economics, for all it consists of is saying that we are going to take a billion dollars that has already been spent by the Commodity Credit Corporation and use it for relief funds. That means that a billion dollars that would have gone into the open market to buy farm products will not go into it; it means that the market is going to be easy, and that the Commodity Credit Corporation is going to have to come in and support the prices of agricultural surpluses. It means that in the open market the CCC will make a balancing transaction and that it will be charged to the CCC pocket instead of to the foreign relief pocket. I think it is merely a sleight-of-hand proposition, one of the things we here in Congress indulge in time after time trying to kid ourselves and to kid our constituents. The facts are that it is a balancing transaction; and I am of the opinion that when the gentleman representing the Committee on Agriculture offers the amendment it should be adopted.

Mr. Chairman, I rise in support of the recommended ECA appropriation provided in this legislation.

The Marshall plan has definitely been a success, and it has established the United States as the greatest power in the world and the one country most interested in preserving peace in the world. Its success, above all else, has been in the prevention of the scourge of communism from overrunning Europe.

Let us review for a moment the reasons why the United States entered upon this great experiment. In the first place, prior to World War II, 50 percent of the manufacturing productive power of the world was concentrated in western Europe. At the close of the war, the governments of all these nations were weak and helpless, and were in great danger of being overrun by the Communists. If the Soviet Union had been successful in dragging into the Cominform the democratic nations of western Europe, we would be facing today an arms race that would make the \$13,000,000,000 appropriation for this year only an infinitesimal part of the expenditure that would be necessary at this time.

In addition, we would be in conflict with Russia for the international markets of the world. We would see the use of Hitlerian tactics in freezing American products out of these markets. We might see a decline in output and production in American factories, resulting from this elimination from world markets. The unemployment resulting could well be more costly than the money that is expended on the Marshall plan; and the arms race in which we would be engaged would result in a greatly increased national debt.

To meet this challenge, the Marshall plan was devised to give aid in the reconstruction of Europe. It has been a success. It has accomplished three things:

First. It has been primarily responsible for stopping the onslaught of communism.

Second. It has been important in maintaining peace in the world.

Third. It has been responsible for helping rebuild western Europe, a Europe which will be a market for the industrial and agricultural output which we are able to produce in excess of demand in this great United States.

After the adjournment of Congress last fall, I spent 5 weeks in Europe visiting six Marshall-plan countries—England, France, Italy, Austria, Germany, and the Netherlands. I was interested in the workings of the Marshall plan and talked to many of our ERP representatives there. At this point, I should like to speak a word of praise for Paul Hoffman and the administrators he has gathered around him to administer the Marshall plan. Most of them are not Government-career employees, but are men who were recruited from private industry by Paul Hoffman. I believe that the chiefs of our ECA missions in Europe on the whole are hard-headed businessmen who are interested in completing their job by 1952 and returning to their regular civilian occupations.

It was the general opinion in the six countries that I visited that the communistic influence and power is steadily declining. I said when I returned last fall that I did not think that we should write off the threat of communism immediately as being inconsequential because about one-third of both the French and Italian Parliaments are still communistic. In all of the larger cities of Europe, local Communist organizations are spreading their propaganda daily in

the Communist press. The recent riots and disorders in Italy bear out the fact that the Communists are still extremely active. This is not surprising since many mayors in larger cities of northern Italy are Communists; the largest labor union in Italy is completely Communist-dominated, and it outnumbers by over 3,000,000 to 2,250,000, the non-Communist labor federation. At the time I was in Italy, the noncommunistic labor groups were divided between two organizations. Since that time, the United States representatives, working with local leaders, have been able to solidify anti-Communist labor elements into one strong labor organization which can more nearly successfully combat the influence of the communistic labor federation.

I cite the case of Italy to indicate that our job in Europe is not yet finished. It is true that certain of the economic results of the Marshall plan have been great. Generally speaking, the industrial production stands at 20 percent above the prewar level. On the whole, agricultural production is nearly equal to prewar level. Statistically, these gains sound great. However, the population of Europe has increased 10 percent over what it was before the war.

To quote from Paul Hoffman's recent testimony in support of the Marshall plan, he states as follows:

And lest anyone gets the false idea that Europe's improved diet means anything more than a bare diet as a whole, let me mention another fact. Out of the 1938 gross income, \$114,000,000,000 were spent for consumer needs. Last year, with 20,000,000 more people to feed and clothe, only \$115,000,000,000 at comparable prices were spent for consumer needs. That means, of course, that practically all of the added income is going into capital assets. Western Europeans are not living in the lap of luxury at Uncle Sam's expense; far from it.

It is up to the United States to go ahead and finish the job. In addition to the supreme objective of maintaining peace in the world, it is to the self-interest of the United States to help build a peaceful, prosperous Europe which will constitute a market for the agricultural and industrial surpluses of the United States. A great percentage of the expenditures of our country on Marshall plan aid have come back to the United States in the form of purchases of machinery and factory equipment and the purchase of farm products.

Contained in this bill today is the so-called Vorys amendment, which would do more to destroy the effectiveness of the Marshall plan than an outright cut in ECA appropriations.

When I was in France, one of the arguments which was presented against the Marshall plan by the Communists' organs, and which was joined in by members of the far left, was that the entire Marshall plan is nothing but an imperialistic scheme of the United States to gain complete domination of the markets of western Europe so that we in America can dump our surplus products upon these countries. The Vorys amendment would result in a complete justification for the claims of the communistic forces.

In addition, from an economic standpoint, the Vorys amendment is unsound because it would channel ECA purchases to the Commodity Credit Corporation in the purchase of surplus agricultural commodities. This would have the practical effect of taking that amount of purchasing power out of the market. It would mean that the Commodity Credit Corporation would have to enter the open market and engage in support buying, probably equal to the amount of ECA appropriations that were diverted to the purchase of surplus commodities. In other words, what appeared to be a saving on the face of it would have to be spent by the Commodity Credit Corporation in a separate transaction supporting the price of agricultural commodities on the open market. It would have the detrimental effect of ignoring regular trade channels and it would hamstring the Marshall plan in its proper administration.

Our Marshall plan representatives have not been content to spend their time in fighting communism alone. In addition, they have instituted a program to accomplish the second phase of the European recovery program, that is, the creation of a strong Europe that can stand on its own feet. The future objective of the European recovery program is to secure a better economic unification of Europe. The idea is to have the trade barriers eliminated between the countries of western Europe. This will broaden markets to approach the size of the markets that our manufacturers have to sell to in the United States. It would encourage mass production and competition. Therefore, we would have an economically stronger and economically more stable Europe.

This is the real objective in the coming 2 years of the Marshall plan. The United States does have a foreign policy. Many of our actions are short run to meet the immediate problem, but we are guided in the long run by the policy to contain the power of Russia and to maintain the peace of the world in which democracy can flourish. In the near future we will see the end of the Marshall plan. Under the Marshall plan we are subsidizing purchases of large amounts of goods and materials in the United States. After the Marshall plan there must be further developments to take its place if we are to continue our large exports. This means that international trade must be broadened, that our purchases abroad must be increased, and that United States investment must be broadened. The International Trade Organization Charter which will be before Congress is a step in that direction.

We must continue to maintain a large defense establishment because the leaders of Russia and the Cominform know only one thing and that is power.

The implementation of the Atlantic Pact with arms aid is a great step toward organizing the defense of western Europe. By our taking the lead in this Atlantic Pact program we can give the other nations the will and the ability to help organize their own defenses. Individually, most of the nations could not afford a large air force and a large army,

but they can help in producing some of their arms equipment, and as a coordinated whole are much stronger than as individual nations which would be gobbled up by an aggressor one at a time.

We must continue to sell democracy to the world. As well known as the Marshall plan has become, I am not certain that we have convinced the people of these nations of the great moral good and the desire which we have to accomplish a peaceful world through the ERP. Perhaps it is too much to ask that the people of these countries with strongly nationalistic feelings should accept at once the idea that we are conducting this program with such little self-interest.

I wish to say that I think that the United States cannot escape its position of world leadership. We cannot get out of the game. There is no place else to go. If there is another war, it is inevitable that we will be in it. Therefore, we must remain on the offensive and do our best to see that there is no such war.

As Paul Hoffman has said:

The Marshall plan will turn out to be the greatest bargain the American people ever had.

The success of democracy and the maintenance of peace depend upon our Nation. It is our problem to solve. We cannot retreat from it.

I am reminded of the words of President Roosevelt:

There is a mysterious cycle in human events. To some generations much is given. Of others much is expected. This generation of Americans has a rendezvous with destiny.

I believe that the destiny of the world—its peace and security—will depend upon the leadership supplied by the United States during this generation.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. NOLAND. I yield to the gentleman from Kentucky.

Mr. CHELF. May I say to the gentleman that I know of his great concern about economy. I think he will agree that every one of us here is very much interested in the same thing. I have always felt that the ECA or the Marshall plan was an insurance policy that this country had taken out not only against the spread of communism, but also for the protection of our Nation's best interests in containing the cold war. It was done at a time when the cold war on the diplomatic front was being waged at the peak of its intensity. It was good judgment when the plan was adopted—it is good sense to maintain it so long as it is necessary to our national defense and to the peace of the world. Now, in our eagerness—our exuberance for economy that we all sincerely want to effect—let us not in the curtailment of our expenses for our national household budget—cut out the premiums on our best insurance policy for peace. We all know that trouble lurks ahead so let us not cancel nor drop this insurance at this time. We may find ourselves needing it badly. Let us not be caught short. Let us not gamble with our Nation's security, because we cannot afford it so long as

storm warnings exist and black clouds of Russian aggression are in evidence throughout the world. Be economical; yes—but let us not be unwise nor foolish in this grave matter.

Mr. NOLAND. As Mr. Hoffman said, "The Marshall plan is the greatest bargain the American people ever had."

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. NICHOLSON. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and eight Members are present, a quorum.

Mr. JUDD. Mr. Chairman, I yield myself 3 minutes to answer the question raised by the gentleman from Iowa during the last speech regarding the administrative costs of this program. The figures will be found on page 31 of the committee report. Expenditures for administration amount to four-tenths of 1 percent which, I think, establishes an all-time record for efficiency and economy in a program of such magnitude. Administrative expenditures cover not only salaries, but rentals, traveling expenses, and such other factors.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Iowa.

Mr. GROSS. We have a roving ambassador, Mr. Harriman, is that not right?

Mr. JUDD. Yes.

Mr. GROSS. How many deputy roving ambassadors do we have?

Mr. JUDD. There is a head for each country. He is called the chief of the mission. We have one in each of the 17 countries to which we are giving this assistance.

Mr. GROSS. What are they paid?

Mr. JUDD. I think it is \$15,000.

Mr. GROSS. In other words, it runs up to about \$30,000 a year, is that not right, including salaries and expenses?

Mr. JUDD. Well, I would not be surprised if it amounted to that much. I do not think that is at all unreasonable.

Mr. GROSS. Well, I mean with expenses it runs to about \$70,000 a year for the roving ambassador, is that not right?

Mr. JUDD. I do not know what it amounts to, but if the total salary and expenses amount to \$100,000 a year for a man who can handle well a program of more than \$3,000,000,000, it seems to me that is extraordinarily low as administrative costs go.

Mr. GROSS. Of course, I suggest to the gentleman from Minnesota that we have a Secretary of the Treasury who handles a good deal more money than that, and he does not get \$70,000 a year.

Mr. JUDD. He gets \$25,000 salary, as I recall, under the bill we passed last year, and then he has many other expenses, and if you were to count in all his assistants down there it would go beyond that. There are 950 administrative employees under ECA. Their average salary is \$5,426, and the total for their salaries in administering this more than \$3,000,000,000 program is

\$5,183,547. I am sure there has not been a business operation in the world of such magnitude conducted at a smaller administrative cost than the ECA.

Mr. GROSS. Is there any entertainment fund set up in this bill? We had an entertainment fund in last year's bill. Is there an entertainment fund in this bill?

Mr. JUDD. If there was one in last year's bill, this bill appropriates for the same purposes as last year's bill. We made very few changes in the substantive provisions under which this program is being carried on.

Mr. GROSS. In other words, we have to spend money for entertainment in order to give money away.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Montana.

Mr. MANSFIELD. I should like to call the attention of the gentleman from Iowa to the fact that practically every mission head was making a great deal more than he is being paid by this Government before he came into this job, and if necessary I could call off the names showing what their incomes were prior to taking this patriotic and responsible position.

Mr. JUDD. I thank the gentleman. I happen to know one or two of the gentlemen administering this program who are getting no more than \$20,000 salary, from ECA but who previously have paid as much as \$75,000 income tax a year into the Federal Treasury out of the salary and other income they were receiving in private business.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

[Mr. MILLER of Nebraska addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. KEE. Mr. Chairman, I yield 12 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. GROSS. Mr. Chairman, a point of order. I make the point of order that a quorum is not present.

Mr. MILLER of Nebraska. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MILLER of Nebraska. How many does it require to make a quorum?

The CHAIRMAN. One hundred when in Committee.

The Chair will count. [After counting.] One hundred and four Members are present, a quorum.

Mr. WHITE of Idaho. Mr. Chairman, I want to commend my good colleague, the gentleman from West Virginia [Mr. KEE], chairman of this committee, for his graciousness in yielding time to all Members, and yielding additional time.

I wish to say, Mr. Chairman, that in consideration of this legislation, which is extremely important, I yield to no man in the defense of our country or in following a program that will advance and protect the welfare of our country. What I want to bring to the attention of the committee is the misdirected policy or program that is being followed by the so-called ECA. At the proper time, I

propose to introduce an amendment to strike from the original bill a certain provision. I will read that provision.

It is paragraph 8 of section 9 in the original bill. It reads:

(h) Not less than 5 percent of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

Mr. Chairman, that is an amendment to earmark 5 percent of the moneys appropriated for the procurement of strategic materials. When we speak of strategic materials you and I think about rubber, quinine, palm oil, and things of that nature, but this money has not gone for that purpose at all; it has gone in supplement of the appropriations that have previously been made of a billion dollars to the munitions board. This money was spent to bring foreign nonferrous metals into this country. Now comes a deluge of foreign metals procured under the provisions of this act, a flood that is ruining our United States mining industry.

Mr. Chairman, let me say to the members of this committee that this is wrong. Let me call your attention to the following statement taken from a publication of ECA itself as to how this money is being used. I read from the December 16th release of the Economic Cooperation Administration:

The Economic Cooperation Administration announced December 9 the signing of a contract designed to aid in the development of deposits of lead and zinc to meet French requirements for these scarce materials and to increase the United States Government's stock pile. Under the contract which was signed with the Newmont Mining Corp., with headquarters in New York City, ECA will advance \$3,600,000 in Marshall plan funds to this corporation for the modernization and expansion of mines owned by the Societe de Mines de Zeldidja and located at Boubekeur, French Morocco. The American company is affiliated with and acting in this contract as an agent for the Zeldidja firm. The ECA funds will be repaid over a period of 7 years in the form of supplies of lead and zinc for the United States stock pile.

Three million six hundred thousand dollars set aside in order not only to procure foreign metal but to build and develop foreign competition. If you want money or anyone wants money to develop a mine over in French Morocco or any Marshall plan country or its dependency all they have to do is to go down here and make application to ECA and then take the money that comes out of the Treasury at the other end of Pennsylvania Avenue.

In a release of February 17, 1950, we read that the Marshall Plan has stepped into French West Africa to bring potential wealth out of the ground there and pour it into the world market to the disadvantage of the American mining industry. We read where millions of dollars have been allocated for the improvement of roads, ports, and air fields to stimulate the mining of gold. I quote

from the ECA's weekly summary of developments of February 17, 1950:

ECA AIDS FRENCH WEST AFRICA DEVELOPMENT PROGRAM

The Marshall plan has stepped into French West Africa to bring potential wealth out of the desert and into the world's trade markets. The Economic Cooperation Administration said today that most of the \$31,000,000 worth of American goods and machinery allocated to the territory has been shipped to the Ivory Coast for the improvement of roads, ports, and airfields; the mining of gold and ore deposits.

You will remember that we shut down our own gold mines during the war, yet here we are taxing people in this country to build up our Government's support of gold mines in French Morocco. That is coming out of the money paid by the taxpayers of this country.

Let me read a little further. You will realize, of course, that I had to do quite a lot of skirmishing around to get the facts privately from the officials of the ECA and had to ask a great many questions in our Committee on Mines and Mining when we could get the officials of the Munitions Board before our committee. Remember that this Committee on Mines and Mining of the House is the mouthpiece of 150,000,000 American people. If we do not speak out about the difficulties and problems of the mining industry their problems and difficulties do not get to the attention of the American people and the Congress. We are the mouthpiece of 150,000,000 people here in the Committee on Mines and Mining of this House of Representatives. Let me read you how this Marshall plan operation is wrecking the American mining industry.

On March 24, 1949, the ECA entered into arrangements to purchase 25,000 tons of Moroccan lead from the Newmont Mining Corp. and St. Joseph Lead Co. at a total value of \$7,500,000, which averaged 15-cents per pound, duty free, for stock piling.

On May 2, 1949, ECA made a purchase from American Smelting & Refining Co. of 3,459 tons of Moroccan lead, \$1,140,383, at 15-cents per pound, duty free, for stock piling.

The main French company in charge of Moroccan lead products is the Zeldidja Co.

A fund of \$3,600,000 of development money has been set up to finance the development of the Zeldidja Co.'s operation, to be repayable in zinc and lead as they come into production.

Of the 5 percent ECA appropriation earmarked for strategic materials, which amounted to \$192,000,000 out of the first ECA appropriation, which has now been increased by another \$192,000,000 out of the second ECA appropriation, it is now estimated that when the appropriation authorized in this bill is made another \$100,000,000 will be earmarked for the strategic-materials program, at least 75 percent of this earmarked money will have been used to develop and procure nonferrous strategic materials from Marshall plan countries and their dependencies. All of this will go to buy foreign nonferrous metals, which in turn will wreck our American industry.

Mr. Chairman, I want to read from a letter that came to my desk written by one of the biggest mining concerns in the State of Idaho, a concern that has paid out some \$65,000,000 in dividends, a mining concern that supports the city of Kellogg and all of the related industries there. I refer to the Bunker Hill and Sullivan Mining and Concentrating Co. This letter is dated March 14, and reads as follows:

With the devaluation of foreign currencies up to 40 percent, an extremely serious situation has developed in the lead market which threatens the very existence of our lead-mining industry. With lead selling at 12 cents a pound and with an import duty of 1.06 cents per pound now in effect, the foreign producer will receive 12 cents minus 1.06 cents or 10.94 cents per pound for lead imported into the United States. However, with the foreign currency being devalued 40 percent, the foreign producer receives the equivalent of 10.94 cents plus forty-one-hundredths times 10.94 cents, or 15.316 cents per pound. The operating costs of the foreign producers have not been increased through the devaluation, so you can readily see why the foreign producer can afford to sell the lead at decreased prices here. As a matter of fact, they can sell their lead at 10 cents per pound here, pay the duty of 1.06 cents, and still receive the equivalent of 12.5 cents per pound for lead. With all operating costs, and particularly the labor costs being much higher in this country than in foreign countries, we are no longer in a competitive position.

This devaluation has resulted in the dumping of foreign lead on our market. During the month of January of this year 30,000 tons of lead were imported, which is almost equal to our own entire mine production of approximately 33,000 tons during the month. The price of lead had now dropped from 12 cents to 11 cents, and then to 10½ cents, and with the continued importation the prospects are for further drops in the price of lead. When and if this eventuates, the majority of lead mines have no choice but to shut down. In this connection, it should also be remembered that the closing down of our lead mines will also disastrously curtail the production of zinc because the two metals generally occur together.

The reciprocal trade agreements take no account of the devaluation of foreign currencies, so we cannot look for any protection from that source against this foreign dumping of lead. Our only protection against this unfair competition as matters now stand appears to me to be:

A compensatory tax on importation of lead and possibly also on other commodities similarly suffering from the devaluations, such compensatory tax to be based on the degree of devaluation or rate of exchange in effect with the particular foreign country at the time of importation.

I urge upon you a serious consideration of this matter, and I hope that an early relief may be had which will permit our mining industry to continue employment and save the Nation as it has in the past.

Yours very sincerely,

J. B. HAFNER,
General Manager.

Mr. Chairman, that is the situation as it exists today. With 5 percent of all of this money earmarked to purchase these metals, on top of what has been done by the Munitions Board, which has gone out and bought 60 percent of the billion dollars of material and metals in foreign countries, the foreign mining-development and non-ferrous-metal procurement program is wrecking our mining industry. I do not think any political

party, no matter what its banner and badge is, can withstand that situation in our own mining States.

Mr. Chairman, a while ago a gentleman mentioned Sweden. Let us see what is happening in Sweden. I hold in my hand the magazine Mining World, March 1950 issue, in which appears the following article in reference to Sweden:

Sweden: Swedish Zinc Mines, Ltd., at Falun, is to receive a Marshall plan loan of \$350,000 in order to buy an American mining plant for its 12,000,000-kroner expansion program at its four zinc, lead, and copper mines. Other equipment, including hoists and pumps, is being ordered from European countries. The ECA loan will be repaid in lead and zinc deliveries.

Mr. Chairman, that refers to Sweden, a country that would not join the Atlantic Pact.

I could tell you about Tito and the \$25,000,000 that have been advanced to him by the RFC to be repaid in zinc and lead. How do we know that Tito may not be deposed and anything we send over to Yugoslavia will not be turned into the Russian pocket and used against this country and our boys in the armed service? We are in a serious situation, and I want to bring this to your attention and tell you something of what is going on in the rest of the world and this program which is breaking down our economy and our mining industry.

Mr. WHITE of California. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Idaho. I yield to the gentleman from California.

Mr. WHITE of California. I wonder if the gentleman has ever looked into the real ownership of the foreign mining companies who are shipping this material back into this country. I wonder if he would not find that possibly the real ownership is vested in people in New York, in some cases, and in many cases, in fact.

Mr. WHITE of Idaho. The gentleman is entirely correct, and they are using cheap labor and cheap facilities and breaking down our domestic-mining industry, and I tell the membership of this House that there is no business that can withstand that kind of an assault. Our domestic mining industry is a large source of the taxes that supports our Government.

The distress of our domestic mining industry can be the start of a financial depression and an era of hard times.

(Mr. WHITE of Idaho asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Chairman, I yield such time as he may desire to the gentleman from Alabama [Mr. BATTLE].

Mr. BATTLE. Mr. Chairman, I rise in support of this program. The Marshall plan has given life and hope to Europe. In this part of the world it has helped to stop Russia, a former ally that never quit preparing for war, never demobilized, and never matched our efforts for peace. To the contrary she has broken over 50 agreements which threatens the security of the entire world.

The House Foreign Affairs Committee acted wisely in scaling down our overseas

commitments, since our freedom-loving neighbors are better able to stand on their own feet now and we are less able to continue such tremendous investments.

We have been fortunate in having highly efficient and capable representatives serving us in the European recovery program. Mr. Paul Hoffman and all of his assistants are to be highly commended for the fine job they are doing.

Mr. Chairman, I have spoken on this subject many times, so I will close by saying that this program is part of the American peace offensive. It is working. The House Foreign Affairs Committee has scaled down the cost as much as it could. Therefore, the program deserves our continued support.

Mr. JUDD. Mr. Chairman, I yield 12 minutes to the gentleman from Kansas [Mr. REES].

(Mr. REES asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 119]

Allen, Calif.	Hand	Pace
Andersen,	Harden	Patman
H. Carl	Hébert	Peterson
Barden	Hedrick	Plumley
Baring	Hoffman, Ill.	Powell
Bennett, Mich.	Hoffman, Mich.	Ramsay
Blatnik	Horan	Reed, Ill.
Buckley, Ill.	James	Reed, N. Y.
Bulwinkle	Jenison	Riehlman
Burdick	Jenkins	Rivers
Byrne, N. Y.	Kelley, Pa.	Rogers, Mass.
Carroll	Kennedy	Sabath
Case, S. Dak.	Keogh	Sadowski
Chatham	Kerr	Saylor
Chudoff	Kilday	Scott, Hardie
Crawford	Kruse	Shafer
Cunningham	Kunkel	Shelley
Dague	Lesinski	Sheppard
Davenport	Lichtenwalter	Smathers
Davies, N. Y.	Lucas	Smith, Ohio
Dingell	McGrath	Staggers
Douglas	Madden	Stanley
Engle, Calif.	Miles	Tackett
Gilmer	Monroney	Whitaker
Gore	Morrison	Willis
Granger	Morton	Wilson, Ind.
Grant	Nixon	Withrow
Gwinn	Norton	Wolcott
Hall,	O'Konski	Woodhouse
Edwin Arthur	O'Toole	Worley

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H. R. 7797, and finding itself without a quorum, he had directed the roll to be called, when 341 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

(Mr. ANGELL asked and was given permission to extend his remarks in the RECORD at the conclusion of those of Mr. REES.)

The CHAIRMAN. The gentleman from Kansas [Mr. REES] is recognized.

Mr. REES. Mr. Chairman, I have asked for this time to make a few observations with respect to the legisla-

tion that is before us today, which involves the expenditure of \$3,658,928,000, all of which is to be spent in certain foreign countries under what is described as the Marshall plan, also designated as the Economic Cooperation Administration.

This means a total of approximately \$10,000,000,000 being expended under the ECA program up to this time, which is an average of \$200 for each family in these United States.

I call your further attention to something that most people do not seem to realize. We have spent overseas since hostilities ceased more than \$30,000,000,000 for rehabilitation and assistance in Europe and Asia, mostly Asia. If you are interested, and I think the taxpayers of this country are interested, to know that the \$30,000,000,000 amounts to an average expenditure of \$600 per family in this country.

I hope you will not misunderstand me. The Marshall plan has accomplished a great deal of good in the relief of suffering of millions of people, just as millions of dollars that were voluntarily contributed by the people of this country to prevent the further suffering of innocent people caused by the ravages of war.

I would like to know if this great Committee on Foreign Affairs of the House will tell us what is the real purpose of this expenditure, or the main purpose of it. The people of this country are pretty much confused. They want to know why this great expenditure is necessary. It has been suggested, among other things, that this additional expenditure of more than \$3,000,000,000 is to prevent another war. Incidentally, this Congress has already allocated more than \$1,000,000,000 to rearm certain other countries in Europe. In any event, if the leadership of this House or the administration insists that it is for the purpose of preventing another war, let them tell us more about it.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield for a correction?

Mr. REES. I yield to the distinguished gentleman from Wisconsin who is quite familiar with this whole problem and has given it a great deal of time and study.

Mr. SMITH of Wisconsin. I am now referring to the figures submitted by the research department of the Congressional Library showing that as of January 1, 1950, total postwar aid amounted to \$33,070,200,648. That does not include the amount now before us in this bill.

Mr. REES. I appreciate this information. In other words, the amount of money expended to January 1, 1950, leaving out this proposed legislation, is more than \$33,000,000,000, or \$800 for every family in this country.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Pennsylvania who also has given this problem serious thought and consideration.

Mr. GAVIN. The gentleman was in Europe last fall, and I wonder if he would not take the time to tell us about conditions as he found them there?

Mr. REES. I shall be glad to discuss that matter, if I have the time as soon as I make some brief remarks with respect to this particular bill.

Of course, if the expenditures in this bill or more, will prevent another world catastrophe, no one will hesitate in support of it. There is no argument about that.

Another group says that we need to spend \$3,000,000,000 abroad to stop the spread of communism. The fact remains that the United States of America did not allocate funds in the country where communism has spread the greatest. Let me suggest, Mr. Chairman, that if we are spending billions of dollars to stop communism in foreign countries, we might give heed to the prevention of the spread of communism and its fellow travelers at home.

Again, it has been said that this money is being expended to support our foreign policy. I shall not have time to dwell on this subject except to ask the chairman of this great committee what is our foreign policy? What is the foreign policy of our State Department? What is the foreign policy of the administration now if it really has one? What was its policy at the close of hostilities? Would it not be well for this Congress and this country to have some idea just what is the policy of this country toward foreign nations?

Mr. Chairman, Members on this floor have insisted that it is the responsibility of the people of this country to help rehabilitate certain countries of Europe. How far, I ask you, does that responsibility extend?

This measure provides under title III that a considerable portion of the funds under this bill is to be used to help so-called backward countries by giving those countries advice of various kinds. Who are the backward countries and which countries are willing to accept our advice? Somebody will say it means all of the countries of Europe and all of Asia. It will be interesting to know to what extent these countries will want our advice and our assistance, and how these particular funds are allocated.

Mr. Chairman, I think it should be observed that not many of our people know how these funds are expended, that practically all of the funds, except administration funds, are expended by the heads and agencies of foreign nations for food and various kinds of equipment, and that those who buy the goods pay a regular or market price. The funds go into the hands of these countries, supposedly to be used for the rehabilitation of such countries. The exceptions, of course, are the funds that go for relief purposes.

This measure does not set forth the items for which the money is to be spent. A great deal of it, of course, will go for heavy machinery and equipment and a lot of it for power lines and reservoirs and various kinds of construction purposes.

Mr. Chairman, it is my opinion that we stop and look this thing over pretty carefully. Among other things, we should look at it in the light of the ability of the people of our own country to pay the bill. Do not forget the funds

expended under this proposed legislation belong to the taxpayers of this country, and whatever money you spend under this bill means just that much more increased taxes.

Mr. Chairman, I understand the committee has reduced the original proposal by several million dollars. It is my opinion that this legislation can be cut at least one-half billion dollars more, including the striking out of item 3, amounting to \$45,000,000, to provide certain kinds of assistance in so-called backward countries. This last item, as you know, does not provide food nor shelter, but, according to the report, is an attempt to put other countries on a basis with ours—we, of course, to be the judge as to whether and when they have reached our level.

Why does not someone on this committee or in a place of leadership suggest that we lend a part of this money to foreign countries and let them feel some obligation of repaying the funds rather than follow the policy of giving it, as is being done this afternoon.

Mr. Chairman, a great deal is being said about food supplies. Along with that, it should be observed that the countries receiving most of these funds have practically regained their production of food crops. In other words, they are producing almost as much food as before the beginning of the war. I do not mean to say that they are not in need of help, but I do mean that their conditions are very much improved. There are people in other countries that are not being helped under this bill who are, I am informed, on the verge of starvation.

Mr. Chairman, while we are allocating funds to foreign countries, it would be well to find out whether, as I said a moment ago, we can afford to do it, especially in consideration of the financial condition of our Treasury, and further considering the fact that we have 5,000,000 people out of work in our own country. They, too, are entitled to consideration. Are we to neglect them while we are sending these funds abroad? Again, I say we had better stop, look, and listen.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the distinguished gentleman from Iowa.

Mr. GROSS. May I compliment the distinguished gentleman from Kansas on the statement he is making and on the question he asked as to the foreign policy of the United States? I think it is significant that the members of the Committee on Foreign Affairs on either side of the aisle have made no pretense of answering the gentleman's question.

Mr. REES. I thank the gentleman from Iowa.

(Mr. REES asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The time of the gentleman from Kansas has expired.

THE DEVELOPMENT AND FULL UTILIZATION OF COLUMBIA BASIN NATURAL RESOURCES KEY TO OREGON ECONOMY

Mr. ANGELL. Mr. Chairman, I represent in the House the Third Congress-

sional District in Oregon, which borders on the Columbia River. My parents, as ox-team pioneers, traversed that great northwestern country in 1852. Having been born and raised almost within the sound of the Columbia River and having spent my life in the Pacific Northwest, I have developed a deep and abiding interest in the abundant natural resources of that area. During my service here I have deemed it a privilege and an honor to devote much of my time to the conservation, development, and full utilization of these great natural resources in the Columbia River Basin which are the key to the economic welfare of that great region.

During my service I have seen the Bonneville and Grand Coulee projects through the development stage. Bonneville, as you know, is completed and the Grand Coulee Dam is near completion. We have, in addition, now under construction, the McNary Dam on the Columbia and, in the early stages, the Chief Joseph Dam on the same river. The Columbia River and its tributaries has the greatest potential storehouse of electric power of any waterway in the Nation, some 20,000,000 kilowatts, of which less than 10 percent having been developed. The remainder of this great source of energy and power is flowing to the sea without let or hindrance with a resulting loss of untold millions in revenues which could come into the coffers of the United States.

The Bonneville plant, in my congressional district, during the war turned out 570,000 continuous kilowatts, which is equivalent to 8,800,000 barrels of oil. Only 15 units of the Grand Coulee plant is equivalent to 28,000,000 barrels annually. When McNary Dam is completed the oil saving will be about 15,500,000 barrels annually. The existing usable steam generation in the Pacific Northwest is about 275,000 kilowatts, and when this capacity is running to meet low-water conditions, 5,000,000 barrels will be consumed. If this displacement energy were developed, the oil saving would be, in round numbers, 290,000,000 barrels annually, or about 95 percent of the total European consumption, or a quarter of our own prewar consumption. I cite these facts to show the importance of undeveloped hydro power in our future economy.

Unfortunately we have no large deposits of coal or of oil in the Pacific Northwest, but the enormous pool of hydroelectric power stored in the Columbia and other rivers compensates for this loss. The McNary Dam project alone will provide the necessary energy for industries which will have a total investment of \$100,000,000 and which will supply employment to 100,000 residents of the Northwest. It is estimated that benefits to navigation from this great dam will reach a million dollars a year, and it will reduce pumping costs for lands adjacent to the pool approximately \$300,000 a year. The power alone generated at this huge project will return to the Government \$17,500,000 a year to produce which 3,000,000 tons of coal or 11,000,000 barrels of oil would be required. It is significant to recall that

hydroelectric power is not expendable like oil, gas, or coal, and that as long as the sun shines and water falls this great source of energy will work round the clock in the interests of the great industries of the Pacific Northwest.

I am proud to say that I have been a vigorous advocate of the development of these great resources of the Northwest not alone because they spell prosperity for the area, but because they are sound investments for the Nation as a whole. The power developments are returning every dollar invested together with interest and maintenance and other costs properly allocated to the projects. This Nation in the exercise of wisdom, instead of curtailing the development of these great revenue-producing projects, should make available the necessary funds for full development as rapidly as the demand for electric energy requires.

Mr. Chairman, on a number of occasions in the past I have addressed the House on the matter of the power-supply situation in the Pacific Northwest. These reports were given in support of appropriations to be made for hydroelectric-generating plants and for transmission facilities critically needed if that region were to make reasonable approach to a solution of this very serious problem. My purpose now is to give a further report as regards this situation at the present time.

Before proceeding further, I must acknowledge the work of the many Members of the House and commend them for what they have done toward the solution of the power-shortage problem in the Pacific Northwest. I wish to thank those Members very sincerely for what they have done in this regard.

For the past 2 years this region has been increasingly short of power. A few months ago I would have said that the last winter had been the most crucial period to date. I must now say that so far, this winter has been the most crucial to date. The situations are very similar in that there has been inadequate capacity to carry the maximum loads and, although over-all water supplies turned out to be better than minimum, there has still been insufficient power available to carry the loads that have developed. This has been very detrimental to the region not only by reason of the necessity for voluntary load curtailment but also by reason of the fact that certain industries which desired to commence operations could not do so because the required power is not available. By mutual agreement among the power operators, no new loads above 500 kilowatts are being accepted in the Pacific Northwest, because there is not power available to serve them. Many existing businesses and industrial plants have had to rearrange their operations to reduce power consumption during peak hours and, in some cases, it was actually necessary to cut back production to conserve power.

This last requirement has been very definitely true this winter with regard to the aluminum industry. For a period of about 6 weeks, between October and December, so-called interruptible power supplies to the aluminum plants were

cut off because of the threat that occurred at that time that a low-water period was in the offing. Fortunately, early in December the water situation improved, and these supplies of power were restored. It should be pointed out, however, that curtailment of aluminum operations by virtue of this interrupted power supply was responsible for increased unemployment, but for that matter the whole power situation tends in that direction, because curtailment in any degree must necessarily be reflected in employment figures.

This restoration of interruptible power to the aluminum industry, made early in December, was not the complete picture, however. This winter has been most severe throughout the Pacific Northwest area, and this has resulted in peak loads beyond those estimated. During January it became necessary to cut off interruptible power deliveries during the evening peak loads for a good part of the month, and sometimes it was necessary during the morning peak loads. On January 31 it was necessary to cut off interruptible power for most of the day. The highest peak load on the Bonneville Power Administration's system occurred on January 4 and was 2,106,000 kilowatts. The peak load for the previous year occurred on January 4 and amounted to 1,698,000 kilowatts. It is significant that in January 1950 at the highest peak period, the Bonneville Power Administration was delivering 408,000 kilowatts more than in the corresponding period for the previous year, whereas only 324,000 kilowatts of generating capacity were added during the year. This has been possible by the simple expedient of overloading the machinery as far as it was reasonably possible to do so, but operating conditions were certainly not of the best. In 1949, during the high peak period, frequency sagged to 59 cycles. In 1950 frequency sag was to 59.4 cycles at this peak period. I should further point out that a decrease in frequency occurred a number of times over the peak periods in January 1950. What this means is simply that the load was greater than the ability of the generators to supply it, causing them to slow down, and this further results in unsatisfactory operating conditions throughout the area. May I again emphasize that this was the result of the load on the system at that time. It does not take into account the load that could have been served had there been facilities for generating and transmitting the power. I should further point out that during these heavy load periods, every available resource in my region, either steam or hydro, was operating at its utmost capacity, leaving absolutely no reserve. This is not only an intolerable operating situation but is an exceedingly dangerous one. It leaves nothing to take care of load fluctuations that constantly occur and, if trouble developed with any of the generating equipment in the area, it is difficult to predict what the result would be, except that whatever it was it would not be good.

As I indicated previously, three new generators were installed at the Grand

Coulee plant during 1949, and it is planned to install three additional units in 1950. It is further planned to install the last three units in this plant during 1951, but even with these additional installations the power shortage situation will still prevail. A dependable power supply will become available only if construction of hydroelectric projects is maintained in accordance with the so-called schedule S that has been worked out between the Bonneville Power Administration, the Corps of Engineers and the Bureau of Reclamation. Even assuming the most rapid construction of new plants physically possible under normal procedures, the region's total requirements for power can not be met in full on a dependable basis until the winter period of 1957-58. Until that time, cumulative load growth will exceed additions to firm generating capacity. In the interim period, if poor water conditions should occur, it will make it impossible to serve the potential loads in the area. I might further point out that in calculating potential capacity to serve expected loads, there is included imports from Canada, as well as all of the available steam capacity in the region. If construction proceeds on schedule, it is expected that by the 1957-58 period there will be available capacity to serve all potential loads, with a small margin of reserve. This is the forecast at this time of people who are experts in these matters, and represents their conservative judgment as of now. However, it is entirely possible that the shortage period may extend beyond that on the basis of later forecasts, because the present expectations do now extend this shortage period beyond that forecast several years ago.

There are a number of projects now under construction that will come into operation within the next few years. The Hungry Horse project is scheduled to go into operation in December of 1952. McNary Dam and Detroit Dam will come into operation in 1953 and, as I mentioned previously, additional generation will be installed to complete the Grand Coulee powerhouse. These facilities will add 1,200,000 kilowatts of new capacity to the area by 1953, which to many must seem to be a tremendous amount of power to take care of all foreseeable needs. This is not the case, however. This new generation will be absorbed as rapidly as it comes into operation, and will still leave a situation much the same as we are facing now, due to the rapid increase in loads that has taken place and will take place between now and that time. Appropriations have been requested by the Corps of Engineers this year to start construction of Chief Joseph Dam that is scheduled to come into operation in 1956, with final installations being made in 1961, and this project will add another million kilowatts to available supplies by 1961. It is imperative that construction of this project be maintained on schedule, along with others included in schedule S.

The growth in power requirements is the result of an extremely rapid growth in population, coupled with expansion and electrification of farms, businesses,

and industries in the area. In population growth, the Pacific Northwest has far outstripped the United States as a whole. In the period between 1940 and 1949, which is the major development period of the Bonneville Power Administration, the population of my State of Oregon has increased 59.3 percent. The population of our neighbor State of Washington has increased 48.7 percent. The Pacific Northwest average increase in population is 44 percent, compared with the United States average of 13 percent. We confidently expect a continued upward swing in population, and it is predicted that the increase for the next 10 years will equal that of the last 10 in number of people. Population increase, however, is only a part of the reason for growth in the region's nonindustrial power requirements. More electricity than ever before is being used by all classes of customers. Farm and businesses are rapidly finding new uses for power, and home consumption is steadily increasing.

Increases in industrial uses of power have likewise been rapid. The number of Northwest production workers has increased over 50 percent between 1939 and 1947, and value added by manufacture in the region increased from \$454,000,000 in 1939 to \$1,655,000,000 in 1947. It is expected that this trend will continue and that industrial use will more than double within the next 10 years, assuming that generating capacity is added as scheduled.

Along with the need for more generating capacity, an equivalent increase in transmission capacity will also be needed. The Bonneville Power Administration has included in their 1951 budget requests for authorization of nine additional circuits that will be needed to transmit the additional 1,200,000 kilowatts of power that will come into operation between now and 1953. As new capacity is added, additional transmission lines will be needed. The major part, in fact, approximately 80 percent of Bonneville's 1951 request, are for major grid lines that are needed to carry the power to load centers to integrate projects and to relieve presently overloaded facilities.

The situation as regards generating capacity is closely paralleled by that of transmission capacity. There is no reserve at all. This is demonstrated by the fact that during the past year five major power interruptions were experienced in the area during which all major components of the Northwest power pool separated. The immediate cause of these were such things as lightning striking a transmission line, but their seriousness is a direct result of a badly overloaded transmission system that is constantly on the brink of instability. In one such instance, two lines that were originally designed to carry approximately 110,000 kilowatts, each were carrying 300,000 kilowatts when lightning struck one of the lines. The net result was a complete pool break-up because, when such overloaded line was interrupted by reason of the lightning stroke, this load was thrown on other lines already overloaded, and they in turn were interrupted by automatic devices necessary for line protec-

tion. It is extremely important that these necessary transmission lines be provided in order to spare my region these costly service interruptions.

As regards the financial side of the picture, Bonneville has continued to show an excellent record of financial payout of all power facilities in accordance with law. Not only have they met payout requirements, but they have exceeded these requirements. For instance, at the moment, Bonneville Dam financial requirements are 10 years ahead of schedule, reducing the payout period if further payments are made on schedule, from 50 years to 40 years. Payout requirements of Grand Coulee Dam and of the Bonneville transmission system have likewise been exceeded by substantial percentages. During fiscal year 1949, the total operating revenue of the Bonneville Power Administration was \$27,821,029, representing an increase over 1948 of 13.5 percent. Surplus net revenues for the same year, after deduction of all expenses of operation and maintenance, provision for depreciation, interest and other deductions, was \$10,665,769. Total gross operating revenues from the beginning of operations to June 30, 1949 were \$157,687,195 and, after all required expenses have been met, this has left a surplus net revenue of \$42,735,094. This is a clear demonstration that all moneys expended in the Pacific Northwest for power facilities represent only a loan that will be paid back with interest. It also represents an increase in wealth of the whole Nation and, as such, the Federal Government will be repaid many times over its investments in my area.

I would like to say a word about some of the things that have been done by Bonneville in order to insure efficient operation and a financial picture such as I have described at power rates that are the lowest in the country. Many things have been done to achieve this goal, and one of these is advances in engineering developments that have resulted in decreases in construction costs, as well as operation and maintenance costs. For instance, by keeping constantly abreast of engineering developments and by moving into fields previously unexplored, it has been determined that insulation requirements of certain electrical equipment could be reduced, resulting in net over-all savings. In 1940, the average costs of large transformers were \$7.25 per kilowatt of installed capacity. In 1949 these same costs were \$3.81 per kilovolt-ampere of installed capacity. This, despite the fact that over-all costs of equipment nearly doubled over that period. The costs of steel towers have been reduced by the use of a tower design made by Bonneville engineers and which upon test proved to be entirely satisfactory for high-voltage transmission lines. These are only examples of many such things that have been done in order to insure that the Federal Government gets the utmost in value for every dollar invested.

Mr. Chairman, yes; the people entrusted with this project in my area have done an excellent job of using the facili-

ties that were given them. We need additional facilities, and it is my hope that the power resources will be provided us as now scheduled, to prevent deterioration of our economic prospects by virtue of a lack of the most essential ingredient—power.

Mr. KEE. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CHRISTOPHER].

(Mr. CHRISTOPHER asked and was given permission to revise and extend his remarks.)

Mr. CHRISTOPHER. Mr. Chairman, I am going to support this legislation. I feel I must support the legislation. I do not think there is anything else we can do. We tried the road to isolationism after World War I and as has been pointed out to you today, it only led to World War II. I submit this is the first time in the history of civilized man that any major nation in the world has ever considered the spending of vast sums of money in the hope that it would clear up conditions in the world and lead to a state where the world could live at peace. If you ask me whether or not I think the Marshall plan will succeed in doing that I must answer you that I do not know. It is my opinion, further, that no one else knows definitely. But it is one of the greatest and most humanitarian gestures that has ever been made by any nation in the world—even if it is only a gesture. We are doing the only thing we know how to do—trying with all the might we have to put the freedom-loving nations of Europe on their feet. The reason I believe the United States of America is honest in this effort is that they are reaching down into their pockets to try to do this. They are not just offering advice and lip service. They are offering money and food and machine tools, all things that cost money. Anyone will give you good advice in this world and some folks will insist that you take it. But when you see a man who is willing to reach down in his pocket and when you see a nation that is willing to reach down in its pocket to try to do good in the world, then you have to believe in their honesty. I do believe that the Government and the people of the United States are honest in this effort.

One gentleman on the floor spoke of Sweden, Denmark, and Norway making a full come-back—a come-back from what? They were not hurt very much during the war. Who was it that stood up over there for 2 years and had their capital city bombed and their fleet chased by German submarines all over the seven seas while we were getting ready to get in the fight? Who was it gave us a breathing spell to train an army and to build a merchant marine and build airplanes and get ready to get into that war? I tell you, with all her faults, England was the country which filled the breach during those 2 years.

Where were the guided missiles sent from Germany? Where were the bomb loads dropped except on London? Whose navy was it that held the Mediterranean route open to Gibraltar and to north Africa and helped us chase submarines all over the Atlantic Ocean? We are doing the only thing we can do

when we stand by England today, because if she goes off the seas we will have nobody to hold the fort next time. Maybe nobody can do it, but we cannot afford to lose England from the civilization of the world. Of course, if we do not rebuild France and Italy and give them a chance to become nations that will stand up and be counted, the Russian iron curtain will drop again on the eastern shore of the Atlantic and we will stand alone waiting for the Russian planes to bring atomic bombs over the Arctic and across Canada down to Detroit. This is a matter of self-preservation.

Thirty billion dollars to Europe and Asia. And then somebody got up and said it was too low; it was \$33,000,000,000. Well, whatever it is, we have little or no choice in the matter.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. CHRISTOPHER] has expired.

Mr. KEE. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. CHRISTOPHER. Two hundred dollars per family for this bill. What would I have cared about \$200 for my family when the draft reached in and took out four soldiers? I will be glad to pay my \$200, on the chance that it will keep us from having world war III, and I will consider the money well spent.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CHRISTOPHER. No. I have only 5 minutes.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CHRISTOPHER. I yield for a question only.

Mr. HAYS of Ohio. The gentleman would not consider \$200 an excessive price to pay to keep an atomic bomb from falling on his family, would he?

Mr. CHRISTOPHER. I certainly would not, and I do not know that the \$200 will do that, but it is a trial in the right direction. It is a road that no nation in the history of the world has ever tried to follow. Nobody can say that it will work but, on the other hand, nobody can say that it will not work, because we are traveling an untried path. If there is any other path, let the foes of this bill suggest it.

Help backward countries, and a gentleman wants to know what countries.

All of Asia and most all of Europe. It is no use to send them food, it is no use to send them weapons, unless we send them the mechanical know-how and machine tools. It is no use to send those if we build up a tariff wall around the United States when we have done it and refuse to trade with them. We are going to have to be a neighbor if we intend to have any neighbors on the face of this earth.

Now, I have a little poem that I want to give you folks, that was written by a poet who used to live in Kansas.

The poet said:

THE POOR

"I cannot give the poor a cent,"
Remarks the portly, stall-fed gent,
Who's just consumed a pie;
"It turns my auburn ringlets gray
To make ends meet from day to day;
All prices are so high.

Just glance along the bill of fare,
And note the prices ruling there
On canvassback and teal;
Mark how things cost to beat the band,
And then perhaps you'll understand
Why I can't spare a wheel.

Planked steaks with French imported peas,
And all such staple things as these,
That every man must eat,
Are costing now so many wheels
The woebegone consumer feels
A coldness in his feet.

Without such things as mushroom sauce
My victuals are a total loss
And they've gone up in price;
I shudder, too, as well I may,
Recalling what I have to pay
For bottles on the ice.

A man must feed before he thinks
Of handing out to needy ginks
A portion of his kale,
And he has little left, I swear,
When he has paid for Belgian hare
For oyster stews and quail.

I'd help the poor, as well as you,
If lofty sentiments would do
Instead of silver dimes.
Now I must eat a slab of beef,
While I deplore the woe and grief
Of these outlandish times!"

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Chairman, I have many times made clear both before this body and in talking to my own constituents that my opposition to the European recovery program, or the Marshall plan as it is better known, is based on the corruption and misdirection of a great idea and a great vision.

When UNRRA was founded and under the inspiring leadership of the late Fiorello LaGuardia this international body set out to help all the needy and all the homeless and to aid the war-devastated countries in their first steps back to recovery, people everywhere were deeply moved by this first evidence of the new one world which was blossoming after the defeat of fascism in World War II. It was the spirit of helping all in need, without question or reservation, which was the great spirit of UNRRA.

What we have seen develop since 1947 and what we have here embodied in this bill, H. R. 7797, now before the House for consideration, is a far cry from the great ideal that motivated UNRRA—the ideal of helping the needy and the sorely pressed without political considerations.

Because the Marshall plan has become an economic instrument for discrimination and for implementing the foreign-policy objectives of the cold war—because the Marshall plan has contributed to splitting the world—because the Marshall plan has become a hand-out to buy off hungry people, political parties and sovereign countries—because the Marshall plan has become the tool of special interest groups in our country—I have opposed it.

And, as is well known, I have on repeated occasions proposed an alternative program of aid through the United Nations. Were such a program adopted by this Congress, the bitterness and the failure which have characterized the Marshall plan would finally come to an end.

For the Marshall plan is a failure.

It is a failure not only in the terms of the idea originally proposed by Secretary Marshall himself, but it is even a failure in accomplishing the objectives laid down for the so-called Marshall plan countries of western Europe.

It is to this failure of achievement to which I wish to address myself. It is about the real conditions in the recipient countries that I wish to talk, with special attention to Italy, the country about which I have the most information.

THE PLAN IN OPERATION

The Marshall plan has been acclaimed as a great success. To it has been attributed the industrial and agricultural recovery in western Europe. Healthy independent economies have been greeted as the direct result of the Marshall plan. And all of this is supposed to have been accomplished without impairing the United States economy.

But what are the facts?

By the end of 1947, before the Marshall plan had begun operations, industrial production in Europe as a whole had already reached prewar levels. And strangely enough, according to the figures of the United Nations, by the end of 1948 the ECA nations had not been doing as well as the nonparticipating nations.

More than this, when we examine the figures for the period covered by the operation of the Marshall plan, we learn, again according to the UN, that the participating nations expanded their production 18 percent between 1948 when the plan started operating and the middle of 1949. When this 18 percent is broken down, we see that whereas the United Kingdom increase was only 9 percent and Belgium 7 percent, the western zone of Germany increased its production by no less than 78 percent.

I might say at this point that throughout the history of the operation of the Marshall plan, we can see a concentration and an emphasis upon Germany that is unmistakable and frightening; frightening to the American people and to the millions of people of Europe who have suffered terribly twice in the past 30 years from the unleashed might of an aggressive German state.

Today the Marshall plan has become the main architect for the reconstruction of an antidemocratic Germany, cast in the old mold, utilizing the same old actors and actively preparing to play a leading role in the cold war and the fighting war that some madmen are already planning.

For agricultural production to expand to meet the needs of the people in western Europe, the Marshall plan should have been the means for shipping tractors, fertilizer, and farm equipment to these countries. In this way production could have been further increased. Instead, as the ECA figures themselves show, up to the middle of last year the ECA authorizations for agricultural machinery—\$50,900,000—and for agricultural tractors—\$43,100,000—compared with \$38,000,000 for eggs and fruits and \$141,600,000 for tobacco.

But the effect of the Marshall plan goes further. Not only is the composition of the goods shipped under the program

unlikely to meet the real needs of the agricultural economies requiring help, but in a country such as Italy the long delay in instituting the land reform program is, mainly, the result of ECA intervention.

The American newspapers have carried many stories recently from Italy describing peasants forcibly seizing idle lands after the years of inaction by the present government. Who can say what land reforms the people would have put into practice if they were permitted to work out their own problems in their own way? But today in Italy the most powerful economic figure is the ECA Administrator; we can be sure that if the land program never got out of the talking stage it is because our spokesman in that country has not given the signal.

Billions have been poured into the ERP. No one can complain about the size of the appropriations voted by Congress; the rub is the manner in which these funds have been expended and the objectives of policy for which these billions have been spent.

The living standards of the countries of western Europe have been controlled and held down. That is correct—held in rein.

The object of the program has been to keep the general standard of living at or below the prewar level until the end of ECA aid.

And this has been done in order that the national resources of these Marshall plan countries, which would otherwise go into more bread grains and fats for the people, go into such expenditures as the fantastic military budgets these countries are carrying. In country after country of western Europe as much as one-third of the budget has been allocated to the military. This is a policy of guns before butter that can be seen etched in the faces of hungry, shabbily dressed people in all these countries.

Does this make for a healthy, independent economy?

In Italy today there are 2,000,000 people completely out of work. Probably millions more are underemployed and employed part time. And for those who work life is barren and cheerless. It is nothing but a fight from day to day to keep the family alive and clothed.

What has the Marshall plan meant to these people of Italy or to the peasants of Calabria or Melissa?

The first report of the ECA mission to Italy issued a year ago pointed out that 50 to 55 percent of capacity in the Italian engineering industry was unemployed. Since then a number of well-known works such as Isotta-Fraschini and Alfa-Romeo have finally closed down. In shipbuilding and heavy industry the position is worse. Even in textiles, production is well below capacity and is scarcely improving.

And in western Germany, the bright light of the Marshall plan countries, is the situation any better? Certainly production is up, but over 2,000,000 men and women are walking the streets without work. And the heaviest unemployment is in the Ruhr, the area of the coal mines and heavy industry. Are these the virtues of the free enterprise we are help-

ing build in Germany? Any factory worker can tell you what this means—high production and high unemployment—it spells speed-up, stretch-out, and big profits.

For the German people it spells privation and poverty. The old guard of property owners and financiers have been reinstalled by the Marshall plan in Germany. And the kind of economy they are running is marked by six or seven million people in western Germany—the unemployed, part-time workers and social-insurance pensioners with their families—who cannot afford to buy any meat or enough milk or fats for their diets.

Probably one-third of the population of western Germany is undernourished today. Is this the mark of the healthy economy which the Marshall plan has built in this country?

In Italy the economy is running down. In fact, this decline in activity was really hidden for awhile by the great quantities of consumer goods delivered to Italy during the first 2 years of the Marshall plan. Incidentally, these goods were sold, so that the well to do were able to obtain them while the were denied to the poor of Italy.

The ECA program can mark its successes. It did keep the present Government in power and it did prevent any social changes. But even our own mission to Italy reports that the capital-goods industry is considerably lower than prewar; industry after industry is operating anywhere from 50 to 70 percent of capacity. And Italian businessmen are refusing to invest in basic industry for the long pull; they want quick and easy profits only.

And why is this? Because the same small group of men who control the greater part of Italian industry today, and who have controlled it for the past 20 years and Wall Street interests that have taken over, have never understood that their responsibility is more than just to enrich themselves. Only if Italian industry expands and grows, can it meet the needs of the Italian people and the heavy burden of unemployment. Yet these men and their policies are the instruments of the Marshall plan in Italy.

The reigning industrialists, Italia and Wall Street, and their friends, the landlords of the South, are dedicated to making the largest profits in the shortest time. And from this point of view Italy is making a splendid recovery. But these profits are being made at the cost of continued national impoverishment and exploitation and with less and less chance of any genuine industrial recovery.

Much of Italian heavy industry today is idle or nearly so. This is why Italian workers have concentrated on strikes to keep men employed, they are striking to keep Italian industry operating. There are examples of workers giving up part of their pay to help buy raw materials, of others refusing severance pay in order to stay on the job.

To abandon these industries, as the workers know, means to limit Italy to light industry, agriculture, and a little mining. Is this the Marshall plan program for Italy?

This is the picture—heavy unemployment, basic industry rotting, monopolistic control growing, Wall Street infiltration, small business being driven to the wall, and no prospect of any genuine improvement. Is this the mark of the success of the Marshall plan in Italy?

In the South the absentee landlords with their vast, idle-land holdings, show the same indifference to the needs of the people. Poverty, ignorance, and sickness flourish among the 7,000,000 poor and landless peasants who live there. They can count on about 4 months of work each year, rents are exorbitant, life is miserable.

It is indeed impossible to believe the Marshall plan claims about Italy after reading the letters that cross my desk from Italy and reading the newspapers I receive from there.

How odd are the workings of the program in establishing a healthy and independent economy. On June 15, 1949, the New York Times reported that oil fields had been found in northern Italy. Surely a significant thing in a country never with enough fuel for industrial purposes. A leading government spokesman described the find as large enough to radically transform the Italian economy.

The very next day, June 16, the same newspaper had a story from Rome on the oil discovery. The headline announced a state monopoly was moving for full control of these oil fields, and as a result, relations with the United States were endangered. American spokesmen pointed out that the Italian Government could not give control of these fields exclusively to an Italian company, because it would be a violation of the ECA treaty between that country and the United States.

Is this the face of the Marshall plan in Italy?

Would it be proper to inquire of this committee about how Standard Oil of New Jersey must have a share of the Po Valley oil fields as part of the Marshall plan?

The point need not be belabored. If Italy today is a successful Marshall-plan country, then the plan is a failure and should be ended forthwith. The people have simple needs—land for the peasants and higher real wages for the workers—they are getting neither. The Marshall plan prevents them from getting either land or real wages.

If this latest request of the administration is approved, our country will have spent over \$11,000,000,000 on the Marshall plan.

I concede that today this program is but the economic arm of the cold war and probably the considerations I have raised in regard to the manner in which it has worked out in Italy receive little weight by those who want to lead the American people down this road.

What I have said here today is not original with me. These facts and these conclusions are the property of more and more people every day in Europe and in this country. The simple fact is that Europe is not being put on its feet by the Marshall plan.

The program of turning the clock of Europe back, or returning these countries

to the status quo that existed before World War II, is bound to end in failure. This is not because the program is stupid or the administrators inept. It is simply because the people of Italy, for example, can never find a solution to their problems except through a program of their own which meets their own special needs. We are not going to do it for them.

We are trying to do the impossible in western Europe. And this can only lead to repeated defeats.

And in our country mounting unemployment and a decline in industrial activity are the signs that we have our own problems, steadily growing and involving more and more American families. The Marshall plan will not help us face up to these problems or solve them. Instead, it stands as the easy solution for those misguided individuals who will soon be proposing that we "export" our depression through the Marshall plan, dumping our surpluses all over the world.

The ERP has indeed come a long way from UNRRA. Day by day, as this program works itself out in the countries of western Europe, it becomes increasingly clear that it can only spell failure and disaster for all.

Mr. Chairman, I hold in my hand a piece taken from this morning's New York Times which tells a story that I believe has a telling effect on the debate here. It should have anyway. One article talks about troubadours with guitars publicizing ERP in Italy. Alongside of this publicity gimmick is something which tells the tale of the Italian tragedy. "Italian police nip seizures of land in Italy." Take prompt action to check new attempts of peasants in south Italy and in Sicily."

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KEE. Mr. Chairman, I yield the gentleman 5 minutes.

Mr. MARCANTONIO. Mr. Chairman, alongside of the story of the publicity gimmick there is the story of the failure, a failure for which this plan is responsible, a failure for which the administrators of this plan are responsible, the failure of land reform to take place in Italy, because this plan is intended to maintain the status quo. We are told that this tragic failure is necessary to stop communism. What this plan was really intended for was to stop fundamental changes which will not be stopped. Those fundamental changes will take place in Europe because we are seeking to impose upon the people of Europe through this scheme an economy of big-trust exploitation which failed in Europe right after World War I. Fascism sought to revive it. That failed. We are failing too.

At this time let me give you a picture of the agricultural situation in Italy, reform of which we have been preventing. Italy is a mountainous country. Thirty-nine percent of the land is mountainous, 40 percent of the land is on hills; only 31 percent of its acreage is located on plains. Of the 30,000,000 hectares which compose the territory, 2,300,000 are considered nonproductive, a little more than 10,000,000 hectares are to be found in the mountains, 12,000,000 on the hills,

and only 6,000,000 hectares comprise the plains. Over 45,000,000 Italians live on this land. Approximately 400,000 children are born every year. This represents a tremendous number when it is considered that 79 percent of this soil is located either on the hills or on the mountains. This land on the hills and on the mountains is mostly arid.

The Italian people in order to feed themselves are forced to import 30 percent of their granary needs, while hundreds of thousands of hectares are poorly cultivated, millions more are undeveloped, not irrigated, and subjected to continuous land erosion.

This is the situation with respect to agriculture in Italy today when millions of unemployed workers are pleading to work on these uncultivated lands. They are pleading for a chance to work on these lands, mind you, not on useless public works but on productive public works, public works that will give life-blood to the Italian people. They are pleading to work in order to control floods so that they will be able to preserve their water and utilize it for power and prevent it from being used as a means of destruction.

Let me give you the picture as to the ownership of land in Italy. This is the status quo that we have prevented from being changed. Twenty thousand families own half of all the land in Italy. Are you going to lull these people into dancing for us to the tune of the guitars and the troubadours that ERP is sending around while the police are arresting peasants who are engaged in that terrible, terrible revolutionary action of seizing land so that they can produce bread for their children.

In Calabria, for example—that is the province where some of this land seizure is taking place sporadically on the part of the peasants—there are approximately 326,000 small farmers. Let me tell you, especially you gentlemen from the Midwest, what those small farms amount to.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. VORYS. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. MARCANTONIO. Three hundred and twenty-six thousand small farmers each own an average of one-third of 1 acre of land. Get that. Out of the 8,000,000 Italians engaged in agricultural labor, that is, people working in agriculture, only 32 percent work on land that they themselves own.

Now, gentlemen, you may call this movement in Italy communism, but it seems to me that no matter how you try to stop it, whether it is by the use of some more of our money, by the use of this plan, or by an Atlantic Pact alliance, you are not going to stop the Italian peasants. They want land? It is there. They are going to take it and in taking it they are doing so in order to guarantee for themselves and their children the food they so sorely need.

The failure of this puppet government—the De Gasperi government—that we put and keep in office to make any efforts at all toward mechanizing agriculture is the result of our Marshall-

plan economy forced on Italy. For instance, in 1937 there were 37,000 tractors in Italy. That represents one tractor for every thousand acres of land. Now, just what have we done under our administration there? In the 1948-49 budget the De Gaspari government provided only 3,000,000 lire for the mechanization of agriculture. This represents the price of a single tractor. Agricultural production, consequently, as a result of this failure to mechanize, has failed to keep up with the requirements of an increasing population. By 1948 the population of Italy increased 20 percent over its 1909 figure, but farm production has increased only 4 percent since 1909.

Now, let the apologists for this ECA program explain away the wages in Italy.

For instance, on wages, the monthly budget of an average family, it has been estimated, is what? The figures differ a little in the various cities. In Milan it is 32,221 lire. That represents about \$52 a month. In Rome it is 30,961 lire, which represents about \$50 a month. In Naples it is a little bit less, 26,401 lire, which represents \$43 a month. In Palermo it is 30,247 lire, which represents \$49 a month.

When you consider clothing and other miscellaneous items, plus rent, the need is about \$97 per month for the average family.

What is the general income of Italian workers? It is about 30,000 lire, which is about \$48 a month. This means that when the worker is employed he will be able to cover only his food expenses. And that is what is going on in Italy today. The food consumption, by the way, corresponds to less than 3,000 calories.

In general, this income, if the worker works the entire month, will take care of only half the living costs of the entire family. This is as far as the industrial laborers are concerned. Let me show you what the farm laborers receive.

In Veneto they receive 750 lire per day. In Liguria they receive 680 lire per day. In Emilia they receive from 804 to 1,000 lire per day. In Catanzaro in Sicily they receive 420 lire per day. In Messina, Sicily, 480 lire per day, and in Frosinone near Rome 363 lire per day.

It is to be remembered that farm laborers in Italy work only about 150 days per year.

This situation that has affected the peasants, farm laborers, and industrial workers in Italy naturally has had its effect on the middle class in Italy. By the way, the middle class is fast disappearing in Italy. There will soon be only two classes in Italy, the very rich and the very poor. What has happened?

Taking 100 as the basis for the 1947 bankruptcies, for November 1949, bankruptcies reached the total of 363, an all-time record high.

The domestic market is not only impoverished by permanent and partial unemployment but the buying power is diminished by low wages.

Now, as to housing conditions you cannot explain away any of these conditions by shouting communism. The shortage

of living quarters in Italy has reached a dangerous stage. At the end of 1947, there was a shortage of more than 14,000,000 rooms. Considering rooms and other space which go with each apartment, the total need will actually be 20,000,000 rooms.

The consequences of these appalling shortages are evident. The overcrowded apartments, the unhygienic conditions which result therefrom has increased disease and mortality. The index of general mortality while it is 11.8 per thousand for the well-to-do who have at their disposal one to five more rooms per person; reaches 23.9 per thousand for the poorer classes who have at their disposal less than one room per person.

The spread of TB is in the proportion of 1 percent in well-to-do homes, 5 percent in average homes, and 20 percent in the slum areas. No, you cannot explain this away by talking about communism. The Red bogey may frighten politicians here, but it does not frighten the Italian people who are compelled to live under the conditions I have just described.

Do you know that there are 80,000 teachers without students and 2,000,000 students without teachers in Italy?

The need for school buildings in Italy is tremendous. It is estimated that the classroom deficit in Italy is 50,000 for the elementary schools and 50,000 more rooms for kindergarten. A functionary of the public education ministry stated recently, "that 68,000 rooms will not suffice for the elementary schools." These statistics do not take into consideration the thousands of schoolrooms, if we wish to call them as such, which are in such a deplorable condition to make them unfit for public use.

In southern Italy and in the islands, according to a recent survey by the public works office, the need for rooms is estimated at 21,119. Sicily needs 6,000 of these rooms which would cost approximately seven billion lire—\$11,290,322.

In the 126 towns in the region of Lucania, there are only 36 school buildings.

In Naples the large Luzzatti section does not have a school building. Classes are conducted in five small rooms without any furniture. The students have to carry their own chairs from home. In the entire city of Naples, there are 1,700 schoolrooms and the minimum need there is 2,700.

In the city of Benevento, 5,000 of the 7,000 students who are required to attend school do not do so. Sixty percent of the schoolrooms are ratholes.

In the town of Aversa, there are 16 classrooms for 3,000 students. In the province of Taranto in many schools, the students take the lessons standing.

There are 2,000,000 Italian children who do not attend school today and there is one million out of two and a half million younger children who are attending kindergartens and day nurseries. Meanwhile, 80,000 teachers of proved professional capabilities are unemployed in Italy today. So, you can explain this situation away by telling us how much

you want to fight communism. It may impress politicians here but not the parents of these children.

Industrial production which seemed to have a slow upswing beginning with autumn has once again gone down. The index of the last 4 months of 1949 was below 2 percent of the corresponding period of 1948.

The situation was worse in the field of export, which registered a reduction of 8 percent last November and reaching 25 percent during the end of the year.

UNEMPLOYMENT

According to the Ministry of Labor, the number of unemployed was 1,741,000 on October 31, 1949. If you add the unemployed intellectuals who do not register and transient workers who are stricken off from the unemployment lists of their home town, the sum total will be 2,000,000 unemployed. To this must be added 1,000,000 workers who are partially employed, who work part time and a million and a half farm laborers who work only a few days a month.

It is important to note that 25 percent of industrial workers are totally unemployed. The situation among the peasants is more tragic than that which appears on official data. From a document released from the minister of agriculture, it is revealed that there are 2,700,000 farm laborers in excess.

As against these conditions which by means of ECA we are perpetuating in Italy, I submit to you the economic plan of the Italian General Confederation of Labor, CGIL.

For the first time, the working people of Italy have presented in a very clear fashion their needs and their demands. An economic plan was submitted last February at a 3-day national conference in Rome, Italy, by the Italian General Confederation of Labor. This plan as I will briefly show is of tremendous significance for the economic and social rehabilitation of Italy.

As it was stated by the leaders of the CGIL, this plan is not the property of any political party. It is the property of the Italian people themselves, of the workers, of the peasants, of the technicians, and of the intellectuals of Italy. People from all walks of life, from all political parties participated in this national conference. Among the outstanding personalities who participated or expressed their best wishes were the Honorable Fanfani, F. S. Nitti, V. E. Orlando, Chiostergi, vice president of the Italian Chamber of Deputies; Belloni, deputy of the Italian Republican Party; Canevari, Under Secretary of Agriculture, and many other outstanding personalities from all walks of life.

Thirty provinces from all over Italy made minute analyses of their problems and submitted their findings to the CGIL National Economic Conference.

The CGIL had indicated three main branches of work where it is possible for a time to employ a great number of unemployed in productive work which will help solve the most urgent national problems. This plan will give immediate work to 700,000 unemployed workers; namely, in—

First. Electrical power fields.

Second. Irrigation and improvement of land.

Third. Public works.

This will undoubtedly create work in all the other industries, even in those which today suffer more economic depression and which have more unemployed.

The National Economic Conference has explained that 700,000 workers will be immediately employed in the following projects: 400,000 workers for public works; 100,000 workers for the building of power stations; 200,000 workers for land reclamation, irrigation, drainage, and so forth.

This last figure will be increased by thousands of peasants who will be needed on the new drained and irrigated lands.

On housing the CGIL proposed a yearly construction for a 20-year period of 1,000,000 rooms as living quarters plus 50,000 rooms for schools and other public buildings. This will accommodate 250,000 families per year.

On electric power, the CGIL plan calls for its nationalization as the best way to reach a production of 34,000,000,000 kilowatts annually by 1953. In 1948 the annual production was 22,700,000,000 kilowatts. Theoretically 24,000,000,000 could have been gotten.

In 1949 production diminished in respect to 1948. This was due to the unfavorable hydraulic conditions. Drastic limitations of consumption are well known in Italy. During certain months, due to electric-power deficiency consumption had to be cut 20 to 30 percent. Many small and medium industries had to install their own thermic plants at a very high cost. Italy requires today 6,000,000,000 kilowatts for its needs. Since private industry has proved to be incapable of solving this most important problem the CGIL plan calls for its nationalization, that the government step in as we did in TVA. The nationalization of electrical power will also help to solve another serious problem which worries the consumers: the tariff.

The difference between regions and often between provinces is tremendous. A national tariff will not be possible under private enterprise or under a monopolistic regime.

Where will be the money come from to finance this plan? Professor Breglia speaking before the conference stated that with some initial help the plan will finance itself once it is in operation. This will be so because the investments are productive investments. The Honorable Giuseppe Di Vittorio, secretary general of the CGIL had stated to the Italian Government:

Gentlemen, we do not want just any kind of public works, but we want productive work and if you want to compel workers into useless jobs as you have done in the past by merely digging land aimlessly, we say definitely not. We want projects which will bear fruits.

The conference in discussing as to where the initial funds will come from did not exclude the possibility of foreign loans.

There are people in the world—

The conference observed—

who have offered us war loans for war purposes.

Why can't we tell these gentlemen from rich lands, specifically the Government of the United States of America and the American trusts: Gentlemen, you are ready to give us many things and particularly arms; we thank you for these contributions which will not benefit us, but on the contrary, will give us a dark future; give us a loan for productive work, for work of peace, for work to live. We will pay back these loans, because they will not be unutilized but will be well used for the realization of the plan that we are proposing and that it has productive objectives.

The CGIL Conference has also proposed the utilization of Italy's reserve funds which are impressive. According to the UN bulletin, Italy possesses in foreign lands unutilized resources to the amount of 576,800,000,000 lire—\$929,354,838.

The CGIL, in answer to those who say that this money is needed by Italy for its monetary stability, explains that this stability can be made more secure if Italy had tens of thousands more electrical power stations, if Italy had hundreds of thousands of hectares of improved land, which eventually would produce 2, 5, or 10 times as much of what is produced today. This would put the Italian economy on a healthy base. And we know that a healthy economy is the solid base for monetary stability. Therefore, the CGIL proposes that 500,000,000,000 lire—\$812,903,225—of the 576,800,000,000 be used to give life, work, and bread for the Italian people. The CGIL proposes also that the 300,000,000,000 lire as proposed in the Government's fiscal budget—part of this is accumulated and unused funds from the previous budget—be added to the 500,000,000,000 lire. So the plan could be very well and immediately started with 800,000,000,000 lire—approximately \$1,224,032,258. The CGIL plan of work guarantees a higher economic level to Italy, new possibilities of work and of life for the Italian people. It limits the monopolistic practices, but favors private enterprise for the small producers and small-business men.

Mr. Chairman, it is well to remember that Italy's military budget for last year was 240,000,000,000 lire—\$387,096,774. This enormous military budget is forced on the people of Italy by our Atlantic Pact and ECA control of Italy.

The Marshall plan has meant exploitation and despair for Italy. The CGIL plan means life, peace, and hope for the people of Italy no matter how much you may try to smear it.

Mr. McSWEENEY. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield to the gentleman from Ohio.

Mr. McSWEENEY. Does the gentleman from New York realize that under the program set up by Mussolini they were growing wheat under the wrong theory of farming? We in Ohio realize that wheat is a crop where you have to have a plentiful supply of land and a scarcity of labor, but he had a scarcity of land and a plentiful supply of labor. That upset the whole farm economy, by trying to make Italy self-supporting in wheat.

Mr. MARCANTONIO. That may be; but Italy needs land reform.

Mr. McSWEENEY. That was the difficulty in the first place.

Mr. MARCANTONIO. That is not the difficulty. The difficulty in Italy is the present land ownership, and we will not permit that land reform which is so necessary in Italy.

Mr. McSWEENEY. Has not the ECA helped with the Pontine Marshes reclamation and all those other things?

Mr. MARCANTONIO. It started some kind of public works, but what happened? We are not permitting and the Italian Government is not using its counterpart funds, so the little work that it has been doing has not been the kind of work that is useful and productive, that would help rehabilitate the economy of the country. De Gaspari prefers to hang on to the counterpart funds to bolster the lira rather than use these funds for productive public works. You will never solve the situation in Italy unless you solve the land problem. This ECA program of ours, whose objective has been to maintain the economic status quo, is a program which prevents land reform. Without land reform in Europe, and particularly in Italy, ECA, a program that has for its objective the maintenance of the economic status quo is doomed to fail. We, here in Congress, are now asked to keep on participating in this failure.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. STEFAN. I would like to know what the gentleman is reading from when he referred to a bunch of troubadours in Italy advertising the ECA. Where does that information appear?

Mr. MARCANTONIO. It appeared right here in the New York Times. It is an article by the United Press from Rome on March 26:

Guitar-playing troubadours—free calendar contest with prizes, movies, and cartoons are being used by the Economic Cooperative Administration to publicize the European recovery program in Italy.

Right alongside of that, as I stated before—alongside of this ECA troubadour publicity gimmick is the story "Italian Police Nip Seizures of Land."

Mr. STEFAN. What I would like to know is whether or not the ECA is carrying on that program or whether that is part of the information service known as USES, the Voice of America. Are there two services?

Mr. MARCANTONIO. All I can do is read the article. It says here that the ECA commission decided that the press and radio were not enough to tell the story in Italy.

I would like to go on. All I can tell you is what the article says. I have no other knowledge. As I stated before, the article is by the United Press. What I am trying to point out is the fact that we have to have publicity gimmicks in Italy for ECA when, at the same time, we are informed by the same newspaper that Italian peasants are trying to take land and are being stopped by the police. This story describes a very serious problem in Italy which will not be solved by troubadours.

Mr. STEFAN. If the gentleman will permit, I merely want to know if we are duplicating the information service. Are there two services?

Mr. MARCANTONIO. That I am not in a position to answer for the gentleman. But I will say, with all due respect, that that has nothing to do with what I am discussing at this time.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. McCORMACK. I am sure my friend would not like to see the Italian Government taken over by the Communists, would he?

Mr. MARCANTONIO. I will say this to the gentleman: That my feelings or his on this subject do not matter. What is at issue is this right of the Italian people to choose their own form of government. I am here pleading for that right. Deprive any people of that right, through the Marshall plan or through any other device, and you destroy the independence and sovereignty of their nation.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KEE. Mr. Chairman, I yield one additional minute to the gentleman.

Mr. MARCANTONIO. Let me say to the gentleman from Massachusetts the day is not far off in this country when, by just labeling something Communist you are not going to destroy it. The day is coming when, and time and events in America are teaching the Americans and people all over the world that they must decide any proposition on whether it is in the interest of the people or against the interest of the people. What the CGIL is attempting in Italy today is not the imposition of a Communist form of government. I have briefly explained the plan known as the CGIL plan, which deals with public power, reclamation, and irrigation, and land reform. Now, the gentleman can call that communism or he can call it whatever he pleases. But I tell you that the people themselves in Italy are trying to institute this program, and the only people who are fighting this program are the big trusts, and big landowners, and the De Gasperi government which we put in power by the kind of election which took place there. You remember we went into Italy and really ran the whole election.

Mr. McCORMACK. What the gentleman is talking about is entirely different than the question I asked. The gentleman has not yet answered my question.

Mr. MARCANTONIO. I have answered the question.

Mr. McCORMACK. But not to my satisfaction.

Mr. MARCANTONIO. Of course not. I never expected to answer to the gentleman's satisfaction.

I have tried to point out that the program of the CGIL has the popular support of all people in Italy. That program is a program of the Italian people and one which the Italian people want. If you want to try to stop them from putting over their program by the Marshall

plan and by saying what you are saying, and what is always said here—"Don't you want to stop communism?"—I say to the gentleman I do not want to stop the people of Italy nor their program.

Mr. McCORMACK. The gentleman has not answered my question.

Mr. MARCANTONIO. I know—not to the gentleman's satisfaction.

Mr. McCORMACK. Not even to my limited satisfaction.

Mr. MARCANTONIO. Of course, not even to the gentleman's limited satisfaction.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KEE. Mr. Chairman, I yield 12 minutes to the gentleman from Ohio [Mr. HAYS].

Mr. HAYS of Ohio. Mr. Chairman, I did not intend to take the floor again on this bill, but the gentleman from New York [Mr. MARCANTONIO] has made some statements which I cannot let go unchallenged.

I do not pretend to be an expert on the subject of Italy, but I have been there twice within the last 2 years and I think I know a little bit about it. I know that the land reform is an important thing in Italy. I do not agree with his contention that the De Gasperi government is trying to prevent it. As a matter of fact, the De Gasperi government is trying to move in an orderly fashion to bring about land reform. But the issue in Italy is not whether the De Gasperi government can accomplish that overnight. The issue is democracy and freedom versus communism.

Oh, I have seen those countries where they have had land reform effected from the top. I saw how they are doing so-called land reform in Poland, behind the iron curtain, where the poor peasant loses his land, his home, and becomes a slave to the dictatorship. I saw a little land reform in Yugoslavia, where the Government takes over the land and puts the people on it and makes slaves of the entire population. That is the kind of land reform you get behind the iron curtain, and apparently that is the kind the gentleman from New York [Mr. MARCANTONIO] advocates for Italy.

The gentleman from New York [Mr. MARCANTONIO] talked about the United States going into Italy and running the elections. The United States got in there in the nick of time, and I believe that for every dollar the United States spent in the Italian elections, the Russians spent \$10. I could not see a wall in all of Italy in 1948 during the election that did not have the hammer and sickle on it or some other posters for communism. Yes. The issue is whether or not we have a government in Italy which recognizes God or whether we have a government which does not recognize God and prohibits the population from recognizing God. It is a question of whether we have a government as they have in Yugoslavia, where a few people at the top have everything and the masses are nothing more nor less than slaves. In Yugoslavia it is illegal for the average person to own an automobile or a motor scooter, but those at the top ride

around in Chryslers and Cadillacs. That is the kind of government Italy would have had if it had not been for the Marshall plan. Yes, my friends, it is a question of human decency and human morality versus indecency and immorality.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. LODGE. The gentleman is making an excellent statement. I would like to say this. He speaks of the Confederazione General del Lavoro. I would like to say that as far as the Confederazione General del Lavoro is concerned, that is completely Communist dominated, and the American A. F. of L. and the CIO unions have been attempting to help those workers who are caught under that Communist domination to escape by the formation of non-Communist labor unions. The plan that the gentleman from New York [Mr. MARCANTONIO] referred to is not supported by our own labor unions, who are trying to help the workers get out from under Communist domination.

Mr. HAYS of Ohio. The gentleman is exactly right, and the gentleman knows whereof he speaks.

I would say further that I saw evidence of our people in Italy trying to help that land reform and trying to help in planning irrigation projects, in planning dams and flood-control projects and land-erosion projects so that the people of Italy can have land and enough to eat, so that we can show them democracy works.

Mr. McSWEENEY. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. McSWEENEY. Is it not true that counterpart funds under ECA are being used for land reforms?

Mr. HAYS of Ohio. That is true.

Mr. McSWEENEY. And is it not true—I was there for 3 years in the Army—and whenever we wanted to make an announcement to the people, as welfare officer I had to do it through the old idea of the drummer going around and calling the people. The gentleman from New York [Mr. MARCANTONIO] must know there are not enough radios or enough means of communication to reach those people to let them know what the ECA is doing, except by the old time-honored method of going into the communities and announcing it to the people.

Mr. HAYS of Ohio. The gentleman from Ohio [Mr. McSWEENEY] was a military governor in Italy, and he knows a great deal about the situation, and his statement is exactly right.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. MANSFIELD. I agree with my colleague [Mr. McSWEENEY]. What he says is true. Further, insofar as the gentleman from New York is concerned, for the first time there has come into existence in Italy a middle class. Furthermore, when he speaks about public power projects, irrigation and reclamation, those are the very things that ECA

has been attempting to do and is doing at the present time.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I cannot yield to the gentleman from New York; he had 22 minutes of his own time, and I did not interrupt him.

Mr. MARCANTONIO. But I yielded to others.

Mr. HAYS of Ohio. I do not yield to the gentleman from New York, but I will yield to the gentleman from Pennsylvania [Mr. CAVALCANTE] a little later.

I was tremendously impressed after coming from behind the iron curtain, and I am going to tell the House a little story, begging their indulgence, because I think perhaps the hope of Italy and the hope of the world may rest upon something like it. To give you a little background I may say that I come from a Protestant family and am a Protestant, probably for that reason, a member of the Presbyterian Church. When we came from these devastated iron-curtain countries and from the Holy Land and the Near East, it was to Italy that we came, and our committee had an audience with the Pope, who, I might say, is an advocate of the De Gasperi government because he thinks that it has a chance to go forth in a God-like manner and a decent manner and render democratic service to the people of Italy. We members of the Committee on Expenditures were discussing among ourselves whether or not there was any possibility for decency to exist in this world. We had seen so much misery and suffering, so much disease and desperation, that we were more than a little bit discouraged when we realized that the United States could not carry the world on its back. We went out on this Saturday morning and had the audience with the Pope. We talked for half an hour as to how we could help solve some of these difficult problems. As we were leaving he said to me, and I was standing closest to him, some of the members of my faith who are in your party—and we had the entire party with us including the crew members; there were 17 of us—he said: "Some members of your party have asked that we have a moment of prayer. I know some of you are not members of the Roman Catholic Church. If any of you want to leave, please realize that I understand perfectly, but if you do not I should like to have everyone kneel down."

We all knelt down, and we had that moment of prayer; it made a tremendous impression on me. I have never been a zealously religious person; I have taken it in stride, like most of us do. I was never tremendously impressed by religion and what it has meant to mankind until I started thinking about that experience. Then I realized that there must be some hope in the world for an orderly solution of our problems; we had just come from the Holy Land and Damascus where the Prince of Peace, that advocate of tolerance and charity, walked, talked, taught, and died. I thought: Yes, we have made some progress in the world in the last few hundred years. This thing, you

must understand, could not have happened 150 years or so ago, because Catholics and Protestants were spilling each other's blood in religious wars. This little understanding is not a very long stride in point of time, but we have been making it; we are learning, and I think that is the only solution. You cannot force it on from the top by a gang, like the ungodly Communists who only want to put themselves in power at the expense of the freedom and liberty, the food, the shelter, and the clothing of the masses. That is what we saw all over Communist Europe, in Poland, in Czechoslovakia, and in Yugoslavia, behind the iron curtain.

I now yield to the gentleman from Pennsylvania.

Mr. CAVALCANTE. On that point, if we were to concede that land reform is necessary in Italy, Italy has a constitution and a lawfully constituted government. Should not that reform come through the structure of the constitution and the laws and not by force and violence, as advocated by the gentleman from New York?

Mr. HAYS of Ohio. I will answer the gentleman; of course, that is the way that it is coming about, and that is the only way that it can be brought about successfully. It cannot be done as advocated by the gentleman from New York by force and bloodshed. The De Gasperi government is making strides in the direction of land reform, of course. But it would be just the same as trying to have any reform in this country—and we have had them, we have had social reforms down through the years in an orderly, legislative fashion, but they did not take place overnight, of course not.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. JUDD. Is not the gentleman from New York just following the same line that those who support the Communist program throughout the world have always advocated? The standard tactic is to use an attractive slogan, just the same as Lenin fooled the people of Russia with the slogan, "Land, peace, bread." Now who does not want land? Who does not want peace? Who does not want bread? So millions listened to his promises. Do they have land? No, they work on collective farms, almost serfs. Do they have peace? Yes, the peace of enslavement. Do they have bread? Yes, the black bread of poverty, if they wait long enough in the line.

They use these same slogans in every country hoping people who have not had sufficient education to become sophisticated will be taken in by them.

The great Communist slogan in China too, was land reform. What was the result? Not land reform but sheer agricultural vandalism. They promised land until they had seized control, then the farmers could not do anything about it. Are the people of China better off today? No. They are worse off today than they were a year ago and even a hundred years ago. The key to the problem is this: If people are free they can carry out these reforms. If they are not free,

there is no hope for them. It would be the same in Italy as it already is in Yugoslavia and Poland.

Mr. HAYS of Ohio. The gentleman from Minnesota [Mr. JUDD] who has been an eminent missionary is exactly right. Mr. Chairman, let me repeat again that the issue in Italy is not land reform. That is important. No one realizes more than I that it is. The issue in Italy is whether or not the land reform will be accomplished in a democratic manner or will be accomplished by force and state ownership which ultimately means slavery of the people.

Let me give you an example. You hear about these voluntary labor battalions in these Communist countries. They go out and work for the good of the state voluntarily. They work at their regular jobs for 10 or 12 hours a day then they volunteer for extra work. Sure, they go out voluntarily. I saw that all behind the iron curtain. So did the members of the Expenditures Committee. They all work voluntarily. They did not have to do it, it is purely voluntary. The only thing that happens to them if they do not do it, is that their ration card is taken away from them and they cannot buy any food; their shelter card is taken away from them and they do not have any place in which to live; their clothing card is taken away from them and they do not have anything to wear.

They do not have to do the work, it is purely voluntary, but there are quite a few things happen if they do not volunteer. That, of course, is merely progress according to the definition of the gentleman from New York [Mr. MARCANTONIO].

Mr. JUDD. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. ELLSWORTH].

(Mr. ELLSWORTH asked and was given permission to revise and extend his remarks.)

Mr. ELLSWORTH. Mr. Chairman, I would like to offer my compliments to the gentleman from Ohio who has just spoken. I think his discussion of communism and what it does is well worthwhile and I am glad we have heard it here today.

My discussion has to do entirely with the pending bill. First of all, I want to point out that we cannot act on H. R. 7797, which is the pending ECA bill, on the assumption that this bill is a routine continuance of a program which was begun and which must be completed. As a matter of fact, the bill before us is a bill of many parts, not involving just the European recovery program and continuation of the Marshall plan. It is partly that. The bill provides also certain funds for other countries, Korea, Palestine, and I believe the so-called point 4 part of the program goes clear around the world. It is a shotgun bill but it is being sold to us and to the people as a bill for continuance of the European recovery program.

When we started into this European program in 1948 many things were different then than they are today. For example, on March 31, 1948, the day the bill was passed by the Eightieth Congress, a

Republican-controlled Congress, the surplus in the Treasury on that day was \$5,352,930,018.76. There was very little United States unemployment in those days. Our country was getting along in pretty good shape. There was great need in Europe. The great drought of 1947 had caused a serious shortage of food in Europe. Europe was endeavoring to pull itself out from under the ravages of the war years and something had to be done. It was in June 1947 that Secretary Marshall enunciated his proposal that we help European countries if they would tell us how and also would endeavor to help themselves.

Prior to the passage of the first ECA bill in 1948 the 16 cooperating countries of Europe spelled out a statement of their needs. They also made specific statements as to the steps they would take to help themselves build western Europe into a successful economic unit. On the basis of these statements our ECA program was started. But we wrote a proviso in the first ECA bill. We said, and the wording will be found on page 2 of the printed act:

Provided, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States.

It is further declared to be the policy of the United States that continuity of assistance provided by the United States shall at all times be dependent upon continuity of cooperation among the countries participating in the program.

Now, there are two questions we must ask ourselves before we make our decisions on H. R. 7797. One is, as pointed out in the first part of the proviso, Will the passage of this bill adversely affect the economy of the United States? And, secondly, if we agree that we can stand the drain on our Treasury, and if we pass the bill, is it going to really be of lasting benefit to the continent of Europe? Is the job we are doing actually succeeding? Will we accomplish something? Can we end this program by 1952?

On the first point, can we afford to do it, that is the question that I would not attempt to categorically answer except to say this, when this plan was originally passed we had a surplus in our Government Treasury of \$5,000,000,000. As we are considering this bill we are running into a fiscal year deficit of \$5,500,000,000. In other words, there is a difference in our situation of around \$10,000,000,000 as compared with when we first contemplated this kind of a plan.

I would like to point out also that this deficit is a continuing debt and if it will run \$5,500,000,000 this year, it will cost us, until the debt is paid off, \$400,000 a day, mind you, just to pay the interest on the deficit which is being piled up today.

I do not believe we can continue our present rate of deficit spending. We are now going into the red—paying out more than our Treasury is taking in—at the rate of \$16,000,000 per day. We cannot continue to do this without impairing the economic stability of the United States. Conceding that the ECA program cannot be stopped abruptly, I suggest that the amount should be reduced this year to

not more than a billion dollars instead of the more than three billions now contemplated. The only way this Government can remain strong is to halt its headlong flight toward financial disaster. The only way we can stop that is to cease spending more money than we can afford. I think in the long run it is far more important to the free governments of Europe that the United States remain financially strong than that we send them one billion instead of three billions of dollars this year.

Mr. Chairman, I think that this is an exceedingly important point bearing on our consideration of this bill.

With reference to whether or not the plan itself is a continuance of what we started or whether it is something else, I should like to point out that when we went into the plan the countries of Europe specifically pledged themselves to do seven specific things as their part, as their contribution to the success of our efforts, and they were good, sound, sane things. During 1948 when the bill was first passed, of course, they could not make much progress in carrying out those 7 pledges which had to do with the economic integration of the continent of Europe. During 1949 when they could have done some constructive things, they did some in a very limited way. So, we come into the third stage of this program: The first being the dire need and the immediate rehabilitation, the second being the getting of the normal production and economic machinery of Europe running in a manner about as it ran before the last war. The third job which this bill is supposed to undertake has to do with the economic system of Europe itself after it is put back in its prewar condition, so far as production is concerned.

I do not think the United States can do that job alone with dollars; I know it cannot do that job with dollars. The people of the Continent of Europe must proceed to carry out their pledges or the dollars that we send over there are so much waste. That is another objection to the passage of the bill in this form at this time.

My feeling about the bill is—and I must vote against it in this form—that it is ill-considered from the standpoint, first of all, of the amount of money we can spare. Secondly, it can do but little good to send any substantial amount to the peoples of Europe until they have begun to integrate their own economy. They must take away some of their trade barriers and allow the free passage of people among their countries and do all the other things they solemnly pledged to do before we passed the original ECA bill. So, I shall vote for a motion to recommit this bill to the committee hoping it would then have a chance to reconsider the problem in the light of the facts substantially as I have pointed them out here today. Their own facts are better than mine because I am not a member of the committee. Let them bring in one bill to give aid to the economic system of Europe and leave out all these extraneous matters; leave out any reference about disposing of our farm surplus and that sort of thing, but bring it right down to where it belongs,

and then write into the bill the requirements that the countries of Europe must undertake a program and actions which will prove that they are actually going to do their part as pledged in their original statement.

This is not hindsight on my part. I call your attention to the fact that on December 5, 1947, before we undertook the consideration of the Marshall plan bill, I introduced House Concurrent Resolution 121, which among other things stated:

That appraisals of need and statements of intent shall not be considered sufficient basis under such policy for action by the United States, but that such statements must be supported by formal actions of participating governments before the United States can undertake a program of economic aid. These formal actions should be such as to positively and effectively further the achievement of the following objectives in each of the participating countries:

I then named the seven things they promised and pledged themselves to do, as follows:

- (1) To develop its production to reach the stated goals, especially for food and coal;
- (2) To make the fullest and most effective use of its existing productive capacity and all available manpower;
- (3) To modernize its equipment and transport so that labor becomes more productive, conditions of work improved, and standards of living are raised;
- (4) To apply all necessary measures leading to the rapid achievement of internal financial monetary and economic stability while maintaining in each country a high level of employment;
- (5) To cooperate with one another and with like-minded countries in all possible steps to reduce the tariffs and other barriers to expansion of trade both between themselves and with the rest of the world, in accordance with the principles of the draft charter for an international trade organization;
- (6) To remove progressively the obstacles to the free movement of persons within Europe;
- (7) To organize together the means by which common resources can be developed in partnership.

If we would insist that those countries in Europe that are currently not working together as an economic unit will, before we go further, carry out those pledges or at least take the affirmative steps I stated in that resolution, then I think we might make some progress in the third stage of this effort we are making toward getting the countries of western Europe on their economic feet. But unless those things are done, Mr. Chairman, it is going to be impossible to accomplish much of anything. We have not accomplished anything for the future and we are not going to.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. ELLSWORTH. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. May I ask the gentleman if he thinks communism is going to stop in 1952, when this plan stops?

Mr. ELLSWORTH. No, I don't think communism is going to stop at any time in the predictable future. I see what the gentleman means. His question goes to the point of the discontinuance of this program in 1952, according to the original plan. I think that is just irresponsible

guessing, even as the bill itself indicates unrealistic thinking. I sincerely hope the bill can be sent back to the committee for further consideration.

Mr. KEE. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. Flood].

Mr. FLOOD. Mr. Chairman, it has been my practice since I left the Committee on Foreign Affairs for the Committee on Appropriations seldom to say anything on a legislative bill which might later come to the committee upon which I am now serving and call for action by appropriation, yet this, I think, is the kind of exception which will prove the rule itself rather than stretch it.

I have listened to the debate on this bill almost every minute since it began. I am not for this bill as it is now written. I hope there will be an amendment to strike out this clause having to do with agricultural dumping.

I am from the great State of Pennsylvania and the hard-coal fields, but I voted for the agricultural bills that have come before the House of Representatives during and since the Seventy-ninth Congress; yet some of the supporters of these agricultural bills have made me very unhappy by the votes they have cast on other occasions on bills in which I was interested.

But that does not prove that I should be wrong also. There is but one point that I can make in a short 5 minutes, and I shall not burden the committee longer. The United States of America has a solemn obligation to the freedom-believing and the freedom-loving peoples of the world with reference to this ECA bill. The United States of America is the leading Nation in the world today. Washington, D. C., is no longer just the capital of the United States. Washington, D. C., is the capital of the world from now on in, whether you like it or not. That is the way it is and that is the way it is going to be.

Now, there is only one thing a leader can do. A leader must lead or quit.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield to the distinguished gentleman from Ohio, a member of the Committee on Foreign Affairs.

Mr. VORYS. I want to understand the gentleman, and I want the gentleman to understand the committee bill. The committee bill provides for no agricultural dumping. It provides for furnishing Europe its requirements as listed by ECA out of surpluses. But not a single thing will be dumped. It will be precisely their requirements as in the years gone by.

Mr. FLOOD. I am aware of the bill, I will say to the gentleman. I am using the word dumping. I can see where it might be anathema to my distinguished friend from Ohio because he is the author of the amendment, but a rose, or in this case I would say a little baloney, by any other name will still be dumping in the eyes of Europeans. Human failing being what it is—and I hold no brief for the foreign governments of the signatory powers or the benefiting 17 nations—the fact remains if you offer them

this surplus in the CCC warehouses which have been built, and which I understand are being built all over the country, it is a human failing to take all that you can give them, and if there is subsequently offered, as I understand there will be, if and when the gentleman's amendment to the bill is defeated, as I hope and am sure it will be, another amendment which will say, "We will put back the billion dollars in cash, but we will earmark its usage for farm products at going market prices," that is just taking off the mustache and calling it something else. It is still dumping.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. KEE. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. FLOOD. Mr. Chairman, I am in favor of the Marshall plan and an ECA bill that will come to the House for final passage as it was the intent of the Congress since it was passed, that it be voted to restore the billion dollars which has been emasculated by the Vorys amendment now in the committee bill.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. To the majority leader, of course.

Mr. McCORMACK. I understand the various farm organizations are opposed to the Vorys amendment. They resent bringing foreign affairs into farm legislation which is domestic, as well as for other reasons.

Mr. FLOOD. Without meaning to cast any aspersion upon my good friend from Ohio, I have reasonable cause to believe that the leaders of the farm organizations in America conceivably might know more about it. Of course, that is their official position.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield.

Mr. YATES. The gentleman made a very excellent statement with respect to designating the Vorys amendment and the amendment which will be offered by the chairman of the Committee on Agriculture as amendments to dump surpluses on ECA countries. Does not the gentleman believe that will be taken up by the Communist countries and they will designate it in the same way?

Mr. FLOOD. The gentleman expresses it even better than I. They have been condemning it time and again that this whole program is a dumping program. My friend rises valiantly to the defense of his amendment because he does not like the word "dumping." This is dumping in this amendment. The proposed amendment will constitute dumping. I think certainly the House will pass this bill as it was originally presented to the Committee on Foreign Affairs under the leadership of the distinguished chairman from West Virginia.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield.

Mr. YATES. Is this not another point that should be considered: I sat on the Appropriations Subcommittee for Foreign Aid last year, and we had many representatives of all types of industry come in complaining about the fact that

they were being deprived of their foreign markets. Will this not give impetus to their further demands, in view of the fact that a particular segment of our country is being discriminated against?

Mr. FLOOD. To attempt to add to that would be attempting to gild the lily.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. FLOOD. I yield.

Mr. SMITH of Wisconsin. Does the gentleman concede that this is a dumping operation all around, a dumping of American money, as well as agricultural products?

Mr. FLOOD. Even Stalin cannot put those words in my mouth. Those are his words and not mine and it seems to my amazement also the words of the gentleman from Wisconsin.

Mr. MACK of Washington. Mr. Chairman, since coming to the Congress I have supported the ECA program. I supported it because I believe that strengthening of the other democracies was a weapon on our own national defense. I did not, and do not, want to see another war. If, by aiding the democracies, we are gaining a small measure of insurance against another world conflict, I believe the expenditures, huge though they may be, justified.

Desirable as it is, that we have as many friends and allies overseas as possible, it is even more important that we remain strong at home. Our first line of defense lies in the maintenance of a strong and solvent economy at home. Without a strong and solvent domestic economy at home our own power to resist an aggressor will be weakened and, furthermore, we will not continue to possess the financial power to supply economic or military aid to others no matter how strongly we might desire to do so.

My faith in ECA has been shaken by the shoddy selfishness, particularly of the British, who in some instances have employed the very ECA dollars we gave her to undermine the American economy, American industries, and American workers.

Let us consider some examples of how British practices under ECA are undermining some of our industries including lumbering, fishing, door manufacturing, pulp and paper workers, and aluminum making.

In the beginning of ECA, Great Britain refused to permit American firms even to bid on ECA lumber orders. She wanted, I think, rather selfishly, to throw all the business to her dominions. In these opening months of ECA, the British Comptroller of Lumber did not seek to discover where he could buy lumber cheapest and get the most for the dollars we, the United States, had given Britain. American suppliers were not allowed to bid on the ECA lumber orders he was about to place. When representatives of American firms asked to bid on such orders, they were told by the British Comptroller that the business already had been placed in Canada.

As a result of these practices, Canada received 95 percent and American suppliers only 5 percent of all lumber orders placed early last year. Under ECA the United States was receiving less lumber

business from Europe than she had received prior to the adoption of the ECA program.

Seventeen Members of this House, about equally divided in number between Republicans and Democrats, convinced of the injustice in this situation, laid it before ECA Administrator Hoffman. Mr. Hoffman apparently believed there was justification and merit in our complaint for he issued a directive in which he said that "in the future ECA will request all participating countries desiring to purchase lumber or lumber products for dollars to accord the United States lumber industry an opportunity to compete for the business."

For a time, the British Lumber Comptroller complied with ECA Administrator Hoffman's directive and American firms were allowed to bid on British lumber orders and American mills instead of getting only 5 percent of the British ECA lumber business began receiving 40 percent of it. Our belief that the British would do the right thing began to revive.

However, our faith in British fairness was not to last long. The British continued to give American firms a right to bid on all orders but they soon developed devious means of circumventing the Hoffman directive in order to throw all or nearly all of their lumber business to Canada.

In December 1949, for example, Britain issued bids for large quantities of lumber for delivery in the Western Hemisphere. These bids were to be submitted in terms of American dollars.

When the bids were opened it was discovered that lumber mills in the United States were, in most instances, the low bidders and the Canadian prices were higher than those of the American suppliers.

The British Comptroller then, changing the rules in the middle of the game, said, we will figure the bids in terms of Canadian dollars. The Canadian dollars, meanwhile, had been devalued 10 percent. When the bid prices were translated into terms of Canadian dollars the Canadians were in many instances lower and they were given the business.

In some instances, the American bids, even when figured in terms of Canadian dollars, were still lower than the Canadians offered. But the British, also, found a way to circumvent that situation. Although delivery was specified for the Western Hemisphere, the British said we will switch these items for delivery in Britain. Then he said freight rates from Canada to Britain are lower than from the United States to Britain and therefore we will give most of these orders, on which Americans were lower, to Canada because of the shipping rates.

The American low bidders, one of these bidders tells me, were not even given a chance to figure their bids on the basis of delivery in Britain. He says that he is sure that he, by making his own charter contracts with ship operators, could have made delivery in Britain cheaper than the price actually paid his Canadians competitors.

The American lumbermen do not like to stand idly by and see their historic

markets diverted to their Canadian competitors. If such markets are lost now, and they are being lost, they will be lost for years to come. Someday we will need those markets badly to maintain our own operations in this country and thereby keep our own logging camp and mill workers employed.

The lumber industry, it seems to me, is asking nothing unreasonable or unfair when it requests that British lumber orders be placed on a basis of competitive bidding and that subterfuge and circumvention be not practiced by the British in an effort to favor their own dominions and discriminate against the United States.

Since ECA went into operation, lumber exports to Europe have dropped to less than half what these lumber exports were prior to ECA.

In 1947 United States mills exported to Europe 1,158,900,000 board feet of lumber, but in 1948, due to ECA orders being placed in Canada, lumber exports to Europe declined to 548,900,000 board feet, or to less than one-half what these had been the previous year.

The decline in plywood shipments to Europe was even greater, falling from 118,000,000 square feet in 1947 to only 14,300,000 square feet in 1948, a decline which the industry feels was largely the result of ECA nations placing their orders in Canada and, in most cases, without even allowing American producers a chance to submit bids on the business.

This drastic decline in our forest-product exports to Europe has occurred at a time when Europe presumably is buying more lumber, due to her great building needs, than she ever did.

Our ECA money is being used to deprive our American industries of markets they formerly enjoyed and which, I believe, these industries would be enjoying today except for selfish discrimination against the United States by the British lumber comptroller.

Obviously, the United States cannot continue its costly aid to Europe unless our own industries remain in a sound and solvent condition, and maintain the pay rolls and profits to supply the taxes to finance the ECA program.

To maintain a high standard of living in the United States our Government has encouraged high wages and in addition has been obtaining high prices for both State and Federal timber.

If the economy of the wood-producing sections of the United States is to be maintained export business must be made available on a basis of cost of production being taken into consideration and not foreign competitive values alone. Lumber, unlike agricultural products, is not protected by support prices.

To preserve historic United States export markets for lumber and plywood and to assure a sound economy in wood-production sections we must take into consideration the fact that costs are higher in the United States than in other sources of supply, or otherwise American mills would obtain orders only on such special cuttings as Canadian mills cannot handle. This certainly would work an undue hardship on the lumber industry of the United States and leave

uncorrected the increasing unemployment and decreasing pay rolls of the industry.

This bill certainly, in my opinion, should include a provision that none of the funds herein authorized shall be spent in the Western Hemisphere for any materials required by participating countries unless and until United States producers of such materials shall have been given an opportunity to supply such portions, up to the whole, or the requirements of the participating countries of such materials at prevailing market prices in the United States.

Contention is made that it is in the interest of the United States to keep a sound condition in Canada. Economic reports from every possible reliable source seem to indicate that Canada is doing all right; in fact, that she is doing far better for herself than is the United States. Instead of worrying about the economic condition of Canada and about her financial soundness and solvency, we had better, as Congressmen, begin to worry about how we are going to keep the United States economically and financially strong and solvent.

A LESSON FROM CANADA

Canada has repealed her wartime tax on transportation; we in the United States still pay 15 percent on all travel tickets.

Canada has eliminated the excise tax on amusements and admissions; we still pay 20 percent.

Canada has repealed her wartime excise taxes on telephone charges; we still pay 15 percent for local service and 25 percent on long-distance calls.

Canada has reduced the wartime excise taxes on cosmetics by more than one-half; we still pay 20 percent.

Canada has slashed the wartime tax on luggage, handbags, and other essential items. Our excise tax on these items is still being collected at wartime rates.

Canada has made three separate tax reductions since the war and yet this year will have a surplus of \$87,000,000 for reducing her national debt. The United States with only one tax reduction will go \$5,000,000,000 in the red.

Not only are our American lumbermen losing the European markets to the Canadians, we also are losing our domestic markets as well.

Last year Canada shipped into the United States more than 1,600,000,000 board-feet of lumber. Had this lumber been produced in the United States it would have required the labor for a whole year of 20,000 American loggers and mill workers to produce it.

How is the American lumber industry to remain at high capacity for any long period of time with Canada making such inroads into both our foreign and our domestic markets?

During the twenties and most of the thirties the United States exported to the United Kingdom alone between 1,000,000 and 2,000,000 doors annually. That business now has almost entirely vanished.

The pulp and paper industry and the aluminum industry, both of which become defense industries in time of war, likewise are being undermined and weakened by Canadian competition which is

promoted by the ECA dollars we provide the British.

In early 1949, the British entered into a contract to allow Canadian mills to supply all of Great Britain's ECA needs for paper for that entire year.

Last year when the pulp and paper business in this country went into a slump and many of our pulp and paper mills curtailed or shut down operations, leaving many pulp and paper workers idle, some of us Congressmen from pulp and paper areas asked Mr. Hoffman for help.

Mr. Hoffman asked the Canadians to relinquish some of the ECA pulp and paper orders they had received from Britain in order to get American mills back into fuller production, but the Canadian officials refused. The Canadians said they had gotten their pulp and paper orders in good faith and were going to keep them, which, of course, they had a right to do.

I am informed that from all foreseeable conditions the domestic demand for aluminum in the United States will not be sufficient to occupy completely the productive aluminum facilities of this country.

It is essential to our own security and strength that this industry be maintained at a peak level, possibly expanded, to meet our war needs should war ever come. Yet, despite this need to maintain this industry in the strongest position, much export business which might be going to it is being diverted to Canada.

During the war the United States gave unusual and large assistance to a Canadian company to equip it to produce large quantities of aluminum. It is now doing so. It is being aided in its large-scaled operations by most liberal orders from Britain, all presumably financed by ECA dollars obtained from the United States, while few aluminum orders are placed in the United States by Britain.

This formerly small but now, thanks to United States Government financing, very large Canadian aluminum company is almost completely monopolizing aluminum orders from the Marshall plan countries. It has, furthermore, been assisted in building its overseas business for aluminum by recent reciprocal trade agreements and indications of further tariff reductions.

Britain also has discriminated against the fishing business of the United States.

Great Britain during the past month landed 44,000 cases of Russian canned crab in the United States. These 44,000 cases were part of an 80,000 case shipment of crab obtained by the British from Russia on a barter deal with the Communists.

It would be interesting to know what the British gave Russia in return for these 80,000 cases of canned crab. I have written ECA Administrator Paul Hoffman asking that he obtain information for me on what Britain gave Russia in exchange for this canned crab.

I have written Secretary of State Dean Acheson asking that the State Department take immediate steps to shut off these imports of Russian crab.

The crab fishermen and crab cannery workers of the United States cannot compete with the slave labor of Russia. We should not expect them to.

Already, due to these imports of Russian canned crab one large crab canning operation on the Pacific Coast has closed throwing its employees out of work. If these Russian crab imports continue other crab canneries will go out of business and thousands of American fishermen will be compelled to beach their fishing boats.

The British administrators of ECA are pursuing a selfish, short-sighted policy by discriminating against American industries. If they continue it they are endangering the continuation of ECA not only for Britain but for all other nations, for the United States cannot financially support a foreign-aid program unless our American industries remain strong and solvent and unless our American workers enjoy high employment.

(Mr. HAYS of Ohio asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I am addressing my remarks to title III, because it is here that we find the chart for the future to which we are building. That future envisions a world of free and self-sustaining nations supporting themselves and one another with the products of their respective soils and factories in a free and unhampered exchange without the restrictions and restraints of tariff walls.

I have heard few voices raised against the Marshall plan to the extent that it operated to give a helping hand in a time of need to those nations that had been fearfully wrecked by war. It is not only a case of helping our friends and our neighbors, and of seeking to give stability to free governments during the period of readjustment and rebuilding and in a time of peril, but helping ourselves inasmuch as our own economy could not be maintained if the other free nations of the world were hopelessly bogged deep in the mire.

But there has been a growing concern as to our ability much longer to carry the financial load. It has not been that we are not now willing, and shall not continue to be willing, to help our neighbors. That, I think, Mr. Chairman, will always be the spirit of the American people and of the American Government, the spirit of helpfulness. But when we give and give to the very extent of our ability, it must always be with the realization that such giving cannot continue indefinitely and that it must attain the definite objective of putting those whom we help on their feet to help themselves.

Now, Mr. Chairman, it was never intended that the Marshall plan should continue indefinitely or that it should be carried past the point of our ability to carry it. It was with that thought in mind that President Truman in his memorable inaugural address sketched in eloquent and inspiring detail the outlines of point 4.

Point 4, in brief, makes provision for the conditions we and other nations will be facing when we have reached the end of the Marshall plan. If such provisions are not made, then with the end of our giving to help unfortunate and friendly

nations would come a condition of chaos and of frustration which we do not wish to contemplate.

Title III of the present bill is, therefore, a most essential part of the whole picture. I do not know that I should refer to it as the very backbone of this bill, but certainly it is a most reassuring part of the bill and furnishes, I would say without hesitation, a complete and constructive answer to the doubts in the minds of some of our people as to our ability to go on with the Marshall plan as we intend and as we should, and of what in the end it will profit us.

If from our expenditures to help our neighbors we have stabilized the world of free nations and through the developments of point 4 of the President's brave plan we have a rational and a productive universe, thus furnishing among the peoples in all the corners of the world prospective customers for the products of our factories, we will have reaped from this investment the largest yield of benefit that ever has accrued to capital. Not only will we have a prosperity never even dreamed of in other centuries of recorded history, but we will have the satisfaction of having brought to ourselves the blessing of that unprecedented prosperity by following the rule of first giving to our neighbors before seeking anything for ourselves.

I recommend to the country, as well as all of my colleagues, a most careful and analytical study of title III of this bill. Most strongly do I stress attention to the provision that calls for representatives on the controlling board of labor and of cultural groups, so that we may be assured that as well as helping with our money and our skill the development of other nations we are assuring ourselves that the development in those foreign nations will bring benefits to all the people, including the humblest workers, on a scale comparable to that obtaining in our own United States. If it were otherwise, the workers of other lands not receiving their fair share of the benefits permitting them to live on a scale on a level with our own, the repercussions on our own workers would be unfortunate, I am glad title III anticipates such a possibility and guards against it.

I shall support this bill with the assurance that through the provisions of title III the way is charted for the future for which we all on both sides of the aisle so devoutly pray.

(Mr. O'HARA of Illinois asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. Mr. Chairman, about 2 weeks ago I directed the attention of the Members of the House to the fact that of the nearly \$8,000,000,000 spent by the United States under ECA to assist European nations in a recovery program, more than \$1,000,000,000 of this amount has been spent in Canada by the recipient European nations. Along with other advantages received by Canada under our foreign-trade policy, she has done very well for herself. As a matter of fact, there are those who now raise a question concerning the allegation that

the ECA program was designed to benefit this Nation. That is particularly true of both labor and management in those domestic industries which have had to compete with Canadian firms for ECA business, and in those industries which have had to curtail operations because of foreign imports under our trade policy.

In my previous statement I mentioned specifically such industries as lumber, fish, and flour in the Pacific Northwest. Since that time, my attention has been called to the aluminum industry, which has plants in Tacoma, Spokane, Longview, and Vancouver, Wash. From figures supplied by ECA, it appears that between the dates, September 1, 1948, and October 31, 1949, there was purchased with ECA dollars the sum of \$56,910,161.43 worth of aluminum. Canadian aluminum firms supplied \$56,336,036.21 of the total amount, or 98.99 percent. American firms supplied \$543,261.66, or less than 1 percent. Other foreign firms supplied the balance of about \$30,000.

In this connection, may I call to the attention of the Members a letter from the Secretary of Commerce to Senator Truman, of the Senate Investigating Committee, in 1944. The letter stated that the Defense Plants Corporation of RFC had, through loans, advanced \$65,500,000 to assist in the establishment of aluminum plants in Canada.

As I stated before, I am glad to learn that Canada is doing well. According to P. J. Philip, writing in the New York Times, Canada is enjoying high prosperity. Its budget has been balanced, taxes have been reduced, and payments have been made on its national debt. All of which lends merit to the position of those who ask, "Is ECA designed for the benefit of the United States, the western European nations, or Canada?"

While I voted for the ECA legislation heretofore, it occurs to me that Congress might well give consideration, during the present debate, to the facts which I have mentioned and to the administration of the program.

(Mr. TOLLEFSON asked and was given permission to revise and extend his remarks.)

Mr. NICHOLSON. Mr. Chairman, I make the point of order that a quorum is not present.

Mr. KEE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7797) to provide foreign economic assistance, had come to no resolution thereon.

CORRECTION OF VOTE

Mr. VAN ZANDT. Mr. Speaker, on roll call No. 63, at page 2276 of the RECORD, I am shown as paired for the amendment. Had I been present I would have voted against the amendment. I ask unanimous consent that the permanent RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

EXTENSION OF REMARKS

Mr. TALLE (at the request of Mr. VORYS) was given permission to extend his remarks in the RECORD.

Mr. VORYS asked and was given permission to revise and extend the remarks he made in the Committee of the Whole today and include certain tables and other matters.

Mr. McDONOUGH (at the request of Mr. SMITH of Wisconsin) was given permission to revise and extend his remarks.

Mr. WHITE of Idaho asked and was given permission to revise and extend the remarks he made in Committee and include extraneous matter.

Mr. WHITE of Idaho asked and was given permission to extend his remarks in the RECORD in two instances.

Mr. COOLEY (at the request of Mr. PRIEST) was given permission to revise and extend the remarks he made in the Committee of the Whole this afternoon.

Mr. TAURIELLO asked and was given permission to extend his remarks in the RECORD.

Mr. JUDD asked and was given permission to extend his remarks in the RECORD and include extraneous matter.

Mr. McCORMACK asked and was given permission to extend his remarks in the RECORD.

Mr. HOWELL asked and was given permission to extend his remarks in the RECORD and include a speech from the New York Times.

PERMISSION TO ADDRESS THE HOUSE

Mr. TAURIELLO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ONE HUNDRED AND TWENTY-NINTH ANNIVERSARY OF GREECE'S FREEDOM

Mr. TAURIELLO. Mr. Speaker, once again on March 25, proud Greece paused to celebrate the one hundred and twenty-ninth anniversary of her freedom, and I want to join Americans of all races and creeds, including our fellow citizens of Greek birth and Greek extraction, to pay tribute to that gallant little nation.

Ancient Greece for centuries was the cradle of democracy and gave to the world a rich heritage of liberal ideas and the highest concept of civilization. In the middle of the fifteenth century, it succumbed to the rising power of the Turks. During the four centuries when Greece was under the domination of the invaders, civilization and liberal ideas ceased to exist in southeastern Europe. For this reason, when the Greeks rose in 1821 to regain their independence, the movement was applauded throughout the world as a symbol of the rebirth of liberalism and democratic ideas.

It would be superfluous in this brief tribute to the Greek love of independence to call the roll of the Grecian heroes of the past or to praise their achievements.

There has been no moment in all recorded history when Grecian valor and intellect have not been recognized as preeminent. In every period of the long history of mankind's advance, the people of Greece have played a glorious role.

The torch of democracy was first lighted in Athens. The Greek people are still demonstrating that they still possess the flame which made their ancestors examples of what the human spirit can achieve. Today, that little country is still fighting a life and death struggle against aggression, oppression, and Communist tyranny. They are now fighting as their forefathers did not only for the defense of their homeland but for the cause of democracy. They are fighting a foe dedicated to destroy our western civilization and our way of life.

Therefore, I feel that we owe it to those brave people to continue to render all possible economic and military assistance, for what happens to Greece may well determine the fate of all civilized nations.

On this occasion of the national anniversary of Greece, I ask all Americans of good will to bear in mind the sufferings of the Greek people and to take a vigorous interest in this small nation which by its sacrifices and gallantry has captured the admiration of the entire world.

SPECIAL ORDER GRANTED

Mr. YATES asked and was given permission to address the House for 5 minutes today after any previous special orders heretofore entered.

PERMISSION TO ADDRESS THE HOUSE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

ONE HUNDRED AND TWENTY-NINTH ANNIVERSARY OF GREECE'S FREEDOM

Mr. McCORMACK. Mr. Speaker, last Saturday marked the one hundred and twenty-ninth anniversary of the inception of the war for Greek independence under the inspired leadership of Alexander Ypsilanti. Before that year, and since the fall of Constantinople, the ancient land of Greece had been subdued and incorporated into the Turkish Empire.

Under the heel of the conqueror, the Greek people had sunk into a pitiable condition, but their devotion to their church and the fact that some semblance of local self-government had been allowed to persist materially aided the preservation of their nationality and cultural ideals despite Turkish persecution. With fierce determination, the Greek blow for liberty was struck while European sympathy for the Greek cause was at its height, and wholesale massacres and executions failed to stem the surge toward freedom.

In January of 1822 the National Assembly was convened at Epidaurus, a provisional constitution was adopted, and Greece was proclaimed independent.

The struggle continued for 9 years, and was finally determined by the Battle of Navarino, which witnessed the annihilation of the Turko-Egyptian Fleet by the combined navy of England, France, and Russia. In 1830 the Congress of the great powers in London ratified the Grecian declaration of independence and forced Turkey to acquiesce.

Thus began the travail of modern Greece, and down to our own day the freedom-loving people of the Macedonian Peninsula have tenaciously held to their land and their liberty.

In clinging to their ideals, the Greek people have the weight of history on their side. For in ancient times, their land was the home of the most advanced people of the world.

The famous line of Edgar Allen Poe—"To the glory that was Greece"—implies more than poetic eloquence, for the Greece of antiquity was the cradle of a culture marked by the most renowned achievements in architecture, sculpture and in literature.

No civilization since has produced a temple so perfectly proportioned as the Parthenon, nor has the sculptor's art ever equaled the beauty of the frieze that adorns its walls. Greece also set the pace for modern culture by its production in the fields of history, poetry, philosophy, and oratory. In addition, in ancient pre-Christian times, one section of that land witnessed the rise of the Attic state based upon the most complete and efficient pattern of democracy which the world has known.

In modern Greece, the fierce impact of two world wars have left marks of disruption, but under a program of assistance from our own beloved Nation, the Greek peninsula today marks the dividing line where falls the iron curtain. The land of the Spartans and the Athenians is today the ideological battleground from which is pointed the spear of resistance to atheistic communism.

With the Greek people and their descendants in the far-flung corners of the world, we rejoice today in celebration of the anniversary of their national independence, and to that land, as one of our principal allies in the Near East, we pledge our cooperation, our amity, and our continued aid in the erection of a new world of peace, justice, and liberty.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Illinois [Mr. YATES] is recognized for 5 minutes.

THE RESPONSIBILITY OF A LEGISLATOR

Mr. YATES. Mr. Speaker, there is no substitute for responsibility in a legislator. The protection which legislative immunity brings should compel recognition by the legislator of the necessity—yes, the elemental fairness of the fact that public office should not be abused for purposes of pure political sensationalism. Reckless charges aimed at the front pages of newspapers, without regard to fact and possible tragic consequence, have resulted in irreparable damage to respectable and innocent individuals, who have no adequate means of

defending themselves from the devastating effect of such wild statements. The initial shock of a sensational disclosure is rarely overcome by later disapproval.

Responsibility in public office is particularly important today when the constitutional safeguards afforded to the individual by our Bill of Rights are in danger of being subverted in the name of patriotism. It must be remembered that deception frequently walks in princely raiment, and we must be constantly on the alert to recognize and protect our civil rights and liberties from patriotic camouflage.

In contrast to the irresponsibility underlying certain sensational charges made recently, was the work of a congressional investigating committee approximately 10 years ago which was engaged in probing certain abuses of civil liberties. I believe the procedure of that committee should be adopted by all congressional investigating committees. When it gave notice to a respondent to appear before the committee, the hearing was set sufficiently far into the future to permit the respondent to prepare a defense to the charges, and to refute it. No publicity was given to the charge until the statement in defense had been received. If publicity was given both the charge and the refutation were published together.

The story is told that the head of the committee met one of the respondents after one of the hearings and asked him what he thought of the hearing. "I dislike it intensely, Senator," was the reply. "You are so damnably fair."

Mr. MCSWEENEY. Mr. Speaker, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Ohio.

Mr. MCSWEENEY. As a member of the Committee on Un-American Activities, I realize how very, very easy it is to besmirch a person's character and what a long time it takes to rebuild confidence in that person. I feel that every legislator should carry out the gentleman's thought, and that is that we do have an obligation to our fellow citizens.

Mr. YATES. I am grateful to the gentleman for his contribution. The gentleman is an able, responsible legislator, and has done much to bring credit to his committee since his appointment to it.

Moreover, Mr. Speaker, I noticed yesterday's newspaper carried the story that the Formosa isolationists—the people who would deprive all the world except Formosa of our aid, are beginning a campaign to oust Secretary Acheson. It is ironical that these should be the people to sabotage the Secretary's effort to restore our prestige in the Orient and halt the march of communism there by compelling the Secretary's roving Ambassador to return hurriedly to this country from the East to defend himself from reckless unsubstantiated, unfounded charges of being pro-communistic.

These are the people who profess vehemently their desire to halt the advance of communism in Asia. Yet, can they deny that their accusations, their attitudes, their actions, have done our country and our cause great harm—ininitely

more harm certainly than has been proved against Dr. Jessop, for instance?

Mr. MCCORMACK. Mr. Speaker, will the gentleman yield?

Mr. YATES. I will be happy to yield to the majority leader.

Mr. MCCORMACK. Like the gentleman himself, I was very much surprised when I read in the newspapers a statement made by a very prominent Member of the Republican Party in another body, a man who enjoys our respect, of the intention of a number of Republicans to attack Secretary Acheson. These are trying days, and over and above everything else we are all Americans, and we love our country. It is easy to recriminate, but these are times when it is probably best to express ourselves in a reserved way, which I am attempting to do now. What I particularly want to say is that I do hope that these distinguished Americans, members of the Republican Party—and we Democrats respect them as Republicans, and above all as Americans—will reconsider such intentions and recognize the gravity of the world situation and the harmful result that might flow from any such speeches made not to a political party, but to the country at large.

Mr. YATES. I agree with the distinguished majority leader. All members of the Republican Party cannot be blamed for the irresponsibility of a few, and I hope these will reconsider their public statement.

Mr. MCCORMACK. Mr. Speaker, if the gentleman will yield further, I again express the strong hope that any such intentions will, in the light of the world's situation and the conditions that exist at the present time, be reconsidered by those who intend to make the speeches, and if they will pause, I am sure that they will recognize, as I hope they will, the wisdom of not making such speeches at this time.

Mr. YATES. I thank the majority leader.

Mr. Speaker, the American people are becoming increasingly aware and concerned with the irresponsible accusations made by those in high places. I have with me a letter from Dr. Edward L. Compere, who lives and practices in the city of Chicago. I do not know the doctor or his background. I do know that I agree with the statements contained in his letter. I ask unanimous consent to incorporate the major portion of the doctor's letter with my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. YATES. The letter is as follows:

MARCH 21, 1950.

HON. SIDNEY R. YATES,
House of Representatives,
Washington, D. C.

DEAR MR. YATES: It is only within recent years that I have realized that an American citizen under the Constitution of the United States of America has no protection against a smear campaign carried on by one of our elected Representatives in Congress. It is not possible for Congressmen themselves to establish rules which will protect citizens of this country from attacks upon their

ther mark of respect to the memories of the deceased he shall declare the House adjourned. The necessary expenses connected with such memorial services shall be paid out of the contingent fund of the House upon vouchers signed by the chairman of the Committee on House Administration and approved by such committee.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CORRECTION OF ROLL CALL

Mr. HOFFMAN of Michigan. Mr. Speaker, on roll call No. 119 of yesterday I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

FOREIGN ECONOMIC ASSISTANCE

Mr. KEE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 7797) to provide foreign economic assistance.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H. R. 7797, with Mr. HARRIS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the gentleman from West Virginia [Mr. KEE] had 28 minutes remaining and the gentleman from Ohio [Mr. VORYS] had 43 minutes remaining.

Mr. KEE. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I am availing myself of this opportunity this morning to read to the Members a letter which I received last Sunday from the President of the United States. I believe, if the Members of the House would read this letter they would recognize the great interest which the President of our country has in the bill which you now have under consideration. The letter is as follows:

UNITED STATES NAVAL STATION,
Key West, Fla., March 25, 1950.

MY DEAR MR. CHAIRMAN: I understand that the House of Representatives will soon consider the Foreign Assistance Act of 1950. I believe the Congress of the United States has an opportunity to strike a major blow for peace on behalf of people everywhere by taking rapid and favorable action on this legislation.

Approval of this measure will give renewed hope and vigor to people everywhere who are working to achieve their economic independence and maintain their political freedom. Passage of this act will strengthen all nations threatened with intimidation, subversion, or direct aggression.

It is in the interest of each American that there be a far greater measure of well-being in other lands. Other countries must be able to produce and procure from us and each other those things which will enable their people to have the food, health, and housing necessary to maintain economic and political stability.

Poverty, misery, and insecurity are the conditions on which communism thrives. Freedom-loving peoples can eliminate these conditions only by joining their knowledge and resources in a great cooperative effort.

The Foreign Assistance Act will authorize continued economic aid to the Marshall plan countries in Europe and to the Republic of Korea to enable them, through their own efforts, to establish self-supporting economies. It will authorize aid where needed to those free countries in the general area of China whose survival is threatened by the imminent danger of Communist infiltration. This act will provide authority for a major effort to assist the peoples of southeast Asia.

It will provide for participation in the United Nations effort to solve the serious problem of the Palestine refugees. Satisfactory solution of this problem is fundamental to permanent peace in the Near East.

The act will authorize the carrying forward of the vital program of technical and other assistance to underdeveloped countries which was the fourth point in my inaugural address. This will provide the peoples in underdeveloped areas of Asia, the Middle East, and other parts of the world the hope and the tools they need to achieve and maintain real freedom for themselves.

The program called for by this act is the minimum consistent with the interest of the United States and our efforts to achieve a peaceful world. Failure to enact it in its full amount would do irreparable damage. We cannot live isolated in relative wealth and abundance. We cannot ignore the urgent problems of other peoples or threats to their independence.

These measures are not acts of charity. Neither are they a waste of the resources of the United States. They are, indeed, the keystone of our protection against the destruction of another war and against the terrible weapons of this atomic age. Our armed forces can afford us a measure of defense, but real security for our Nation and all the rest of mankind can come only from building the kind of world where men can live together in peace.

The United States turned its back upon the rest of the world after the First World War. Some 20 years later, we found that we had to fight another world war. We cannot afford to follow that course again. We will save nothing if we ignore the needs of other nations now only to find that the result is world war III.

Passage of this act will enable us in company with other nations to move a long step forward in our offensive for freedom and for peace. It will bring appreciably nearer the goal all freedom-loving peoples seek—a peace where all nations live in equality and mutual respect. It will be tangible evidence of our determination to achieve this kind of peace—evidence which will be understood by every nation in the world.

Sincerely yours,

HARRY S. TRUMAN.

Hon. JOHN KEE,
Chairman, Committee on Foreign Affairs,
House of Representatives,
Washington, D. C.

I am proud that our President wrote that letter.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from South Dakota [Mr. CASE].

(Mr. CASE of South Dakota asked and was given permission to revise and extend his remarks.)

[Mr. CASE of South Dakota addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. VORYS. Mr. Chairman, I yield 8 minutes to the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, the pending measure authorizes the appropriation of vast sums of money to implement the so-called Marshall plan and to im-

plement the foreign policy of our State Department. The actions and attitudes of the State Department are interwoven in all of the activities that are covered in the pending bill. Speech after speech has been made upon this floor by members of the House Foreign Affairs Committee, indicating that one of the fundamental purposes of this legislation is to carry on the cold war against Russia, and to save free peoples in Europe and Asia from falling under the domination of communistic philosophy. Thus, vast stores of treasure of the American people are being placed in the hands of ECA and the State Department in carrying on this fight against the never-ending encroachments of communism. It is of supreme importance, therefore, that we Americans know that the men charged with the responsibility of spending these funds and directing the foreign policy of the United States shall be above reproach and shall be unqualifiedly dedicated to the preservation of our system of government. In my humble opinion there are plenty of men and women in this country in whose background there does not lurk the spectre of association and close affiliation with Communist infiltration and penetration who could be chosen to perform these tasks. If we are to be successful in our efforts to contain and stop the spread of communism, we must constantly and forever be alert and vigilant to see that those charged with the responsibility of carrying out our program are above reproach.

One individual highly placed in the State Department, to wit, Mr. Philip C. Jessup, whose official designation is ambassador at large, has recently been in the public eye because of his alleged sympathies with Communist infiltration and penetration. Mr. Jessup flew back to this country from Europe in order to appear before the subcommittee of the Senate Foreign Relations Committee, and on March 20 delivered a prepared statement in answer to accusations that had been hurled at him. Among other things, he said he was "proud of his close association with the American Council, Institute of Pacific Relations." Here are his exact words taken from his carefully prepared statement:

From 1933 to 1946 I was closely associated with the Institute of Pacific Relations. I am proud of my association with that organization which was founded by a group of leading businessmen and scholars in Honolulu some time in the mid-twenties for the purpose of increasing knowledge and friendship among the peoples of the Pacific area. Despite the controversy which has occasionally surrounded it, it has continued to discharge the functions for which it was created. Although there is still much to be done in increasing the knowledge of the American people about countries of the Pacific area, the institute has made a real contribution to the advance which has been made in this field during the last 25 years. . . .

Many of the leading figures whom I have since met in the United Nations I first met through my connection with the Institute of Pacific Relations, including Mrs. Pandit, presently Indian Ambassador to the United States, and Dr. Hu Shih, the great Chinese philosopher, who was former Chinese Ambassador in Washington. . . .

I was a member of the board of trustees of the American Council from about 1933 until my resignation because of health and the pressure of other work in 1946. I was chairman of the board of trustees during 1939 and 1940. I was chairman of the Pacific Council from 1939 to 1942.

Thus, in a statement of carefully prepared self-serving declarations, Mr. Jessup proudly proclaimed the fact that he was not a Communist, had never been a Communist, and was not in sympathy with the communistic philosophy. I would not expect him to have done otherwise. But the fact is that he was for years a moving spirit in the American Council, Institute of Pacific Relations. The House Committee on Un-American Activities in its report of December 18, 1948, entitled "Citations," lists the American Council, Institute of Pacific Relations, as a Communist-front organization. It cited the fact that this organization received funds from the American People's Fund, another Communist-front organization cited as such by the House Committee on Un-American Activities. This organization was organized and directed by one Frederick V. Field as a repository for funds to be distributed to Communist enterprises. The committee described the American People's Fund as an organization "directed by Frederick Vanderbilt Field as a repository for funds to be distributed to Communist enterprises." This Communist financial organization has paid out large sums of money to Communists and Communist-front organizations such as National Council of American-Soviet Friendship, Allied Labor News, and American Russian Institute. Frederick Field is national secretary of the American Peace Mobilization cited by Attorney General Tom Clark as subversive and Communist.

Thus we see that the organization headed and directed for years by Philip C. Jessup was the beneficiary of funds supplied by the American People's Fund, which is and was a notorious Communist organization.

Mr. Chairman, in spite of Ambassador Jessup's bold boast regarding his close association with the American Council, Institute of Pacific Relations, a Communist-front organization, the Washington Post and certain commentators described his statement before the subcommittee of the Senate Foreign Relations Committee as a "complete vindication" of the charges which had been levelled against him. I wonder, Mr. Speaker, how pink an individual has to be in order to be recognized for what he really is. Is it necessary that we must have in charge of a large portion of the program provided under the pending bill, men who for years have been identified with and actively operating and directing Communist-front organizations. Good, sound, patriotic Americans who believe in the American system were not members of such groups. It will not do for Mr. Jessup to say that he was not aware that the Institute of Pacific Relations developed into a Communist-front organization. It will not do for him to say that he did not know that funds which were being poured into that organization came from the Ameri-

can People's Fund, a notorious Communist organization that acted as the paymaster for Communists and Communist-front organizations in this country. If he is to proclaim ignorance, then I doubt his capacity because of the obvious gullibility that would be involved in such a confession.

Mr. Chairman, it seems to me that if we are to authorize the appropriations of the huge sums provided in the pending bill, we should be assured that the administration and expenditure of those funds would be in the hands of men and women whose past records are not interwoven and associated with Communist-front organizations.

Mr. KEE. Mr. Chairman, I yield 7 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Chairman, we are entering the third day of debate on the Foreign Economic Assistance Act of 1950 and desire to call attention to the committee that of all the Members who have debated and expressed their views and opinions on the European recovery program—all have agreed that the program was a success or admitted that it appeared to be successful with the exception of the gentleman from New York. And in his condemnation he limited his debate to conditions in a particular country—to conditions, that are being rectified. I am sure that the gentleman from New York and his argument have convinced more Members of the desirability and need for continuing ECA than anything I can say.

However, Mr. Chairman, as a member of the Foreign Affairs Committee, I had the good fortune of spending 6 weeks in western Europe and the Near East, studying the conditions and the progress of the European recovery program. These 6 weeks have not made me an authority but, on the basis of my observations, it is my humble opinion that the European recovery program must under no circumstances be abandoned now, and that it should not be discontinued before 1952. Further, serious thought and consideration must be given to plans for our participation in European affairs after the closing of our current program.

There is no doubt that a good portion of Members who have personally studied the conditions in Europe will concur in this opinion. Too much is dependent upon our support and cooperation in the European recovery, to abandon it for the sake of political expediency.

The report, which the Honorable JOSEPH L. PFEIFER submitted as chairman in the name of our subcommittee, contains a factual and clear presentation of conditions existing today in Europe. Conclusions drawn from these factors indicate the necessity of continuing assistance to England, France, and Italy. Similar situations exist with regard to the other friendly free nations of western Europe.

Briefly, I would like to review the prominent economic and political problems found in that area, to substantiate

my above-expressed convictions. England, like many European countries, is overpopulated, and her own resources are not sufficient to meet the needs of her people. Consequently, she is dependent for existence on her overseas assets, on export production, and her economy is closely tied up with the economies of many other areas.

During the past quarter of a century, England has been losing her overseas assets and increasing her debt. Both world wars have left deep and permanent scars on her economy. Even though the conditions in England have improved during the past 2 years, the general outlook is still not very bright.

Many lines of consumer goods are restricted for export, and other goods are rationed. This is not a desirable feature. Reserving goods for exports decreases domestic availability, deprives the worker of incentive goods, and results in lower productivity. The British worker is more interested in security than in increasing his standard of living. Another contributing factor is the lag in machinery and methods in British industry as compared with American.

There is still a big lag in the trade. This has a serious effect on British economy, especially since the most noticeable gap is in the dollar areas. British exporters sell in the sterling area, where the risk is minimized, profits assured, and competition not as strenuous as in the protected dollar areas. To close this dollar gap, Britain will have to triple her exports to the dollar area.

Despite this situation, the British economy is busy. Her production has been increased considerably over the prewar level. Her people have been working longer hours at much less pay than our people. They have been consuming less goods, exporting more, and allowing themselves only a limited amount of daily necessities. Their achievements, and the effort expended to attain them, cannot fail to inspire those who have witnessed it.

The British need our help to continue this work of reconstruction. Without our assistance, I doubt whether they will be able to succeed in their endeavors. And since her economy, being tied up to the economies of so many other countries, will continue to be one of the vital factors in the free world, it is imperative that it be advanced on the way to full recovery.

In France, whose strategic importance to the security of western Europe cannot be underestimated, our assistance is indispensable to political and social stability.

It is an obvious fact that the danger of communism is still very eminent in France. Although during the past 2 years of recovery some degree of stability has been reached, French labor, the majority of which still belongs to the reputedly Communist-dominated General Confederation of Labor, may at any time upset this delicate balance.

The attitude and the actions of French labor will be determined as much by the continued recovery of that country, which will be seriously impeded if we discontinue our assistance, as by the

much-needed domestic reforms. French system of taxation is more than inefficient—the burden of taxes is unequitably distributed, major portion of it falling on the shoulders of labor. Reform will have to be accomplished at an early date, lest serious difficulties should occur. In order to be able to effect such reforms, the French Government will have to have popular support which will not be secured unless there will be some assurance that the recovery program will continue to produce results. It will be extremely difficult to obtain such assurance if our assistance is withdrawn.

In Italy, the Communist tide in the political arena and in the trade-union movement has temporarily subsided. Whether this retreat will be permanent will depend on Italy's success in achieving full recovery. Here again, just as in France and England, this recovery is dependent in large measure upon our assistance and cooperation.

Through our strenuous efforts in Italy, our cause has gained considerable headway in that country. Yet the balance is precarious, and we stand to lose all that Italy has gained if we decide to retreat from our current course of action. The vacuum which will be created by our departure will be immediately filled in from the east—the democratic elements are still too weak and economically dependent on outside help to prevent the influx of communism if our backing is withdrawn.

It is very true that, as in France, substantial domestic reforms will have to be effected in Italy at the earliest opportunity. The most pressing among these are land and tax reforms. Both the Communists and the democratic elements are endeavoring to effect these reforms—each in its own way—and I am convinced that our policy with regard to Italy will determine which side will succeed and gain the undivided support of the Italian people.

In western Germany the recovery has been speedy and efficient. Although her cities are devastated, they are being cleared rapidly and her industrial production is continuing at a brisk pace. The rural areas, which furnish food for the western Republic, show but surface scars of the last war. In this one instance, western Germany is in a much better position than Italy or France.

The heart of the German problem, however, is not concerned with the supply of agricultural produce. Germany has been the industrial heart of Europe, and, as such, her main problem is of an industrial nature. It concerns the Ruhr Valley, and the question in the minds of all German people—and all western European people—is: "What is going to happen to the Ruhr Valley?"

So far we have ignored this problem, and we have failed to produce any consistent, constant policy with regard to the utilization of the industrial potential of the Ruhr Valley for peaceful purposes. This shortcoming will have to be corrected. Unless we formulate a definite policy with regard to this problem, and see to it that it is carried out, the German people will not be very con-

tented, and will be apt to pay more heed to the Russians. The Russians claim to have a solution to this problem: In return to coming under the Communist "protection" the German people, they are told, will be given the Ruhr Valley without any strings attached. The bait is tempting; so much more since we seem to ignore the problem.

There is yet another problem facing us in western Germany. The ideologies and the principles of the German people will have to be straightened out if these people are to fit into the pattern of economic and political integration of western Europe—the pattern that we have been endeavoring to realize. We must realize, however, that the German people will not become converted to democracy overnight; it will take a long time to accomplish this. Consequently the problem of a long-range educational program for western Germany ranks with the problem of utilization and control of the Ruhr Valley industrial potential.

These are some of the problems confronting the nations of western Europe. Outside influence and assistance will play an important part in the process of resolving them. And it is very clear that unless we decide to continue to play the role of helping to resolve these problems Russia will be very happy to oblige.

There may be a considerable number of us who realize that the case for our continued assistance to various western European nations is clear. This case of furnishing aid to the individual nations does not, however, present the proper perspective; we must gain an over-all picture of the entire western world, and judge the case in support of our foreign assistance on those bases. It is our failure to see the entire picture, and our determined concentration on the indeterminate fractions of the whole, that lies at the root of our misunderstanding, our short-sighted attitude towards the program of foreign assistance.

We must, once and for all, extend our vision beyond the barriers of national divisions, and, by noticing the profound changes effected in the make-up of the Western World during the past quarter of a century, become acquainted with, and reconciled to, reality: the reality that the supremacy of Europe is gone, that the leadership of the Western World has shifted to our shoulders, and that, consequently, we can no longer ignore Europe's problems.

Although the international pattern of the nineteenth century has disintegrated, it is at times difficult to realize, and often practically impossible to convince others, that the protection formerly afforded us by the oceans can no longer be counted upon, and that the shifting of the leadership in the Western World demands our intelligent concern with the affairs of Europe.

Since the leadership of Europe in the economic and political affairs of the world has disintegrated, Europe is today the middle ground between two opposite spheres of power: the United States and Russia. Economically dependent, politically unstable, western Europe offers

excellent ground for the extension of either the Communist or the democratic influence. So far, because of our participation in the European recovery program, we have managed to establish the predominance of democratic thinking in western Europe. If, however, we should at this point withdraw from that area, a vacuum will be created, and undoubtedly it will be promptly filled in from the east. Communism will replace free governments, the ruble may replace the dollar.

The consequence of such action is clear: I do not believe that anyone of us is presently convinced that the Communist advance will be ended as soon as it attains the mastery of Europe. There will be then but one area remaining outside of the Communist zone: an area consisting of the Americas. Everything indicates that the subsequent step will consist of an attempt to secure Communist domination over our territory.

The alternative to the continuance of our present program of foreign assistance is the rapid development of our defensive strength. I believe that such an undertaking would be ruinous and extremely risky. We do not desire an armaments race. Our democratic institution would bog down under the cost and the regulations of a militaristic state.

Therefore, I firmly believe that we should continue our present policy toward western Europe and other free areas; further, that we should aid the recovery of Europe and assure the repayment of our investment through a program of development of economically underdeveloped areas embodied in the point 4 legislation—title III of the bill presently under consideration.

The point 4 program is intended to supplant and augment our current, time-limited policies directed primarily at the needy areas of western Europe. Through the development of world resources, located within the dominions of the free nations, we will place European recovery on a more permanent basis and also gain long-range benefits for our own economy.

The point 4 program, like our current foreign-assistance legislation, is not a give-away program. Point 4, to be conducted under the auspices of the United Nations Organization, calls for financial and working participation of all nations concerned. It would provide a new and promising outlet for our private-capital investment, give other people the benefit of our advanced technological know-how, result in better economic integration of the western world, and bring about the development of new markets and a higher standard of living for countless millions of people.

If we view our foreign cooperation policies as an investment in the future, and regard the western world as an ideological, economic, and political unit, the case is clear: The necessity for continuing our program and for placing it on a long-range, consistent basis becomes obvious.

I believe we should look upon the economic conditions of Europe as an in-

firmitly, an anemic illness, an ailment that we have some years ago analyzed and diagnosed and for which we prescribed the European recovery program. The remedy to be given in determined doses over a period of a given number of years. Today with the patient admittedly responding to our treatment some of us reason that the remedial aid be stopped. I wonder what we would think of a doctor who would discontinue treatment just because his patient is recovering. We would consider it sheer folly to curtail or abandon a cure during the recovery period of a patient or to deny remedies during the convalescing period.

Likewise in our European recovery program, it would be unsound logic and stupid economy to undo the good by abandoning the aid because the patient has thus far responded to our remedial treatment.

A statement was made, the other day, that certain countries who have received the least recovered the most. I am sure we are aware of the fact that those countries who have received the least aid and recovered proportionately the most, are countries who suffered the least devastation during the war. Their economy was least disturbed. Naturally, the amount of remedy depends on the infirmity, and illness, and the recovery is predicated on the state of affairs. These particular countries were in less need and in better condition to respond to our aid.

In closing I would like to call to the attention of my colleagues the words of wisdom contained in a prayer attributed to St. Francis of Assisi, 1226 A. D.:

Lord, make me an instrument of your peace.

Where there is hatred let me sow love; where there is injury, pardon; where there is doubt, faith; where there is despair, hope; where there is darkness, light; where there is sadness, joy.

O Divine Master, grant that I may not so much seek to be consoled as to console; to be understood as to understand; to be loved as to love; for it is in giving that we receive; it is in pardoning that we are pardoned; it is in dying that we are born to eternal life.

[Mr. SHORT addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. SHAFER].

[Mr. SHAFER addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. KEE. Mr. Chairman, I yield 4 minutes to the gentleman from Ohio [Mr. SECREST].

Mr. SECREST. Mr. Chairman, it is impossible to discuss in 4 minutes many ramifications of this legislation. We have followed for a long time now a policy of reducing our own tariffs to permit foreign goods to come into the United States and at the same time with American money build up industry in foreign countries.

I want to point out just a few facts which I think the Members of the House should consider not only in connection

with this bill but as a future policy for the preservation of many industries in the United States. I represent a district with many types of industry, but the largest of these perhaps is the production of pottery and glassware. It gives us great concern, as it does many other sections of the United States, to know that in 1949 more than 12,000,000 pieces of glassware came into the United States. In 1948, 63,000,000 pieces of pottery came into the United States. One year later, in 1949, we imported 153,000,000 pieces of pottery—a gain of 250 percent—in direct competition in our home market with these industries which many of us are concerned about today.

In Japan, where much of this comes from, wages are 7 cents an hour. In Czechoslovakia, from which comes much glassware, wages are 22 cents an hour. In my own district wages for these two industries average \$1.47 an hour.

It is not a question of competition. It is a question of how much pottery and glassware Japan can produce, because at 7 cents an hour they can send every bit of it into the United States with the kind of protection we have today.

Before the war Japan produced no binoculars. She produced none in 1946, but in 1949, just 3 years later, 44 percent of all the binoculars sold in the United States were made in Japan, and one-sixth of all the medical microscopes sold in the United States were made in Japan. Those are two industries vital to the national safety of America in time of war, and if we are going to be able to defend ourselves we must find some way to protect those industries essential to our national defense.

Eight hundred thousand barrels of oil come into the United States from foreign lands every day. Foreign watches are destroying another vital industry in the United States of America. Russian furs are destroying the commercial fur industry in this country, and canned sea foods are rapidly destroying the fisheries in the United States.

As I see it, there are only three possible things that we as a Congress could do. Certainly, in my opinion, we should do one of them. In the first place, we might raise the tariffs, but that would be more difficult, because they could lower wages in other countries to overcome the tariff increases.

Second, we could adopt the peril-point amendment, which would provide that the Tariff Commission could raise tariffs and exclude, to the extent necessary, products that were destroying or threatening to destroy any segment of American industry.

The third thing we could do, and the thing I think we should do in this Congress, is to provide that foreign imports should be limited to a percentage of domestic consumption. That was tried in the Senate with respect to oil last year, where they wanted to limit the imports of oil to 5 percent of our consumption, and that almost carried in the Senate. It was lost by only a few votes.

I think we can, equitably to ourselves and to foreign nations, adopt this plan of limiting the percentage of imports.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. SECREST] has expired.

Mr. VORYS. Mr. Chairman, I yield such time as he may require to the gentleman from Ohio [Mr. JENKINS].

(Mr. JENKINS asked and was given permission to revise and extend his remarks.)

Mr. JENKINS. Mr. Chairman, the gentleman from Ohio [Mr. SECREST] has made a very fine Republican speech. I congratulate him, and I hope he keeps up the good work. It is a Republican policy today, but it has been subverted so that it will not work as it was originally intended.

The Republican doctrine, briefly, is that we should grant reciprocal concessions to foreign countries that will in turn reciprocate with us. Foreign trade is a great and important subject, but it is neither as great or as important as our own domestic trade. We should not discriminate against our own interests to the advantage of foreign countries. The Republican policy would require that all these important trade questions should be studied by an impartial and highly competent board so that the interests of our country can be protected. There is such a board known as the Tariff Commission. Under the Republican policy this board would have to be consulted by the President before he could reduce any tariff rates. Under the New Deal theory, which is the law now, the President can reduce or increase the tariff rates without consulting the Tariff Commission or anyone else. This is not right from a standpoint of policy or from the standpoint of economics. I am sorry that I do not have the time to develop this matter further but can safely say that there is a strong revulsion developing all over the country against the manner in which our foreign trade agreements are now being entered into and against the methods employed by those who make these agreements. I am making a study of this tremendous opposition and I hope that we may be able to present some plan that can bring relief to the many thousands of our people who must face the crushing opposition of shamefully cheap foreign labor.

In addition to the glass-and-pottery industry there are a number of other important industries that are suffering as the result of foreign competition. Some of these are the watch industry, the shoe industry, the china-ware industry, and the fisheries on both the Atlantic and Pacific coasts.

Something must be done, and to be successfully done, the New Deal methods that have proven their inefficiency must be abandoned and the Republican policies must be adopted. They have proved their worth.

The gentleman is absolutely right in all he says, and he deserves great credit for making the speech. As he says he is reflecting the sentiment of an important segment of the industry of his district. The gentleman represents a district that joins the district which I have the honor to represent, and our people and our industries are very much alike. The

conditions against which he complains are directly the result of the free-trade policies of the Roosevelt and the Truman administrations. I have every reason to believe that at heart the gentleman does not support the policies that have so dangerously threatened the pottery-and-glass industry of his district. Many members of the Democratic Party never did wholeheartedly endorse the Cordell Hull and Henry Wallace policies as they are effectuated under the so-called reciprocal trade-agreement laws.

Reciprocity in foreign trade has from the beginning been a Republican doctrine.

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from Connecticut [Mr. LODGE].

Mr. LODGE. Mr. Chairman, as we assemble to take action on these several segments of our foreign policy, the great challenge which confronts the American people is still the issue of war and peace. Surely, on this matter, involving as it does the great question of life and death, partisanship can play no part. Yet surely also national unity in the face of a common danger does not require unanimity on every detail of these grave and difficult problems. The American people are entitled to a variety of opinions. Certainly this is the issue to which all other issues are subordinate. For if we do not succeed in preserving peace all that we are trying to do for our own people will come to naught. Accordingly, it must be clear that in order to avoid war we must win the cold war.

We know that the health of the American economy is a vital—nay, an indispensable factor in our ability to meet the aggressive threat of communism. We know that great nations have fallen from attacks by the enemies from within as the gentleman from Missouri [Mr. SHORT] has eloquently pointed out. We must keep an ever watchful eye on our own domestic affairs and have a prudent regard for our national resources. Yet it will avail us little to reach out for new prosperities and comforts for the people of America if while we are diverted in this fashion our self-styled enemies are closing in for the kill.

I say to you, my colleagues, that, although our people enjoy the highest standard of living of any country in the history of the world, although we are truly a people blessed by God, the state of our Union is bad. I say this not because of rising unemployment or because of high taxes or because of waste and extravagance in the executive branch or because of the tendency toward centralization of our affairs in Washington or even because of Communist infiltration both inside and outside of our Government, although it is certain that these conditions contain ominous portents for the vital opportunities which so many of us regard as inherent in our free society.

I say it because we are losing the cold war. I say it because while we go about our daily lives there broods over all the free people of this planet the somber threat of Communist aggression. It behooves us, therefore, to reexamine this threat in the light of the remorseless realities with which we are faced.

We meet during an election year. Many pressures are being brought to bear upon each of us to take this or that attitude in connection with a vast variety of matters. Yet, in sober truth the great, the overriding pressure to which some day soon we must give a definitive answer is the pressure of the Communist aggressors who, while we are arguing and thrashing about, are bearing relentlessly down upon us from every corner of the globe. There is deep unrest and apprehension in Great Britain where, as a result of the last election, the government is in a delicate and tenuous state of balance. In western Europe there is a renewal of Communist violence; there are strikes in Belgium, France, and Italy. In Berlin our predicament grows more ominous with each passing day. The Communists in the east German puppet state are planning a great march into the western zone of Berlin. They have harnessed to their chariot wheels Nazis and thugs and bandits of all kinds with the avowed objective of making our position in Berlin untenable. They are assisted in this by our ineptitude with respect to the question of reparations and dismantling, by the insufficiency of our propaganda effort, and by the lack of agreement among the western allies. In southeast Asia the situation grows more dangerous by the hour. There is at least a glimmer of hope and light in the will to fight shown by the anti-Communists on Formosa, illustrated recently by the successful foray which they made on the continent of China at Sungmen. But in Indochina the position of Bao-Dei and the French forces is fraught with peril and if Indochina should be drawn behind the iron curtain the whole of southeast Asia might well be swallowed up in the gaping and godless maw of communism.

In the face of these dire happenings speeches and agreements will not suffice. As the Secretary of State has said, agreements with the Russians are valid only when they record an existing situation of strength.

We cannot, I am convinced, win this epochal struggle with the present policy of containment. No war was ever won by holding and we are in a war.

Wars, whether hot or cold, are won by pressing forward with patience, with imagination, and with courage. We shall not safeguard America merely by a policy of rebuttal. We must have a policy of attack. Neither shall we preserve our freedom by attempts to bait and bribe the Russian people to disarm. Such shallow schemes do not reach the ears of the Russian people but they might well convince the Kremlin that we are leading from weakness. We cannot buy our way out of all our troubles. There is no easy solution to the great dilemma with which we are faced. There are no pat answers to these problems. There is no open sesame by which we can suddenly emerge from the dark clouds of oppression which are crowding down upon us and into the bright sunlight of a secure freedom. There is no sudden deed of excellence which will guarantee for us overnight the peace for which we recently sacrificed so much. We are inextricably involved in a con-

flikt of titanic proportions, and it will take all the energies, all the stern resolve, all the balanced judgment and all the spiritual fervor and spirit of sacrifice of which we are capable to surmount our difficulties. We cannot afford to grow tired and impatient at this time.

Certainly it must be clear that in this year 1950 peace is a product of strength, war is a derivative of weakness and appeasement, whether by bribes or concessions to violence merely multiplies the hazards of war.

The legislation which we have before us is an attempt to bolster the forces of freedom in order to prevent the spread of communism. It is in great part a national defense measure.

Under the Marshall plan production in Europe has increased but integration is still in a most formative stage and to date has been somewhat disappointed. Yet this is no reason to discontinue Marshall aid. This is no reason for us to give up an experiment which has proved its essential validity. It is a reason for us to take the leadership in order to induce the Marshall-plan countries to do those things which are in their own interests in order to achieve in Europe a free market for 270,000,000 Europeans.

For it remains urgently true that if the western European nations do not federate freely and voluntarily they will have a federation of slavery forced upon them.

I believe that there must be not only a reduction of internal trade barriers but also encouragement for the free movement of persons, particularly into the dependent overseas territories, into the British, Dutch, Belgian, French, and Portuguese possessions. This is important especially with respect to the great problem of overpopulation in Italy, which is not only a matter for the concern of the Italian Government but is also of direct concern to the other nations of western Europe and indeed to the United States. This question of overpopulation is a cause of political unrest, bears down heavily upon the Italian economy and compels the Government of Italy to resort to means which, while they are necessary, result in increasing costs of production. Employers are compelled to employ more workers than they need. Accordingly, it is more difficult for them to sell their products for dollars and thus the burden on the American taxpayer is increased. Surely there must be a cooperative integrated attempt to deal with this problem. It must be dealt with by the Economic Cooperation Administration, by the Council of Europe, by the Manpower Commission of the OEEC, by the Economic and Social Council of the United Nations, and by the International Labor Organization. It must be dealt with by our own Government.

A WORD ABOUT THE DOLLAR GAP

There is no reason why, in our attempts to relieve the dollar shortage in Europe, any particular industries or segments of our economy should bear the brunt. This is a national effort and the burden of it should not fall on just a few of our citizens. It is manifestly unjust that goods from the iron curtain slave-labor coun-

tries should compete with goods produced by free American workers. This is not the way to win the cold war. It does raise a grave question as to the elimination of the peril-point amendment to the Reciprocal Trade Agreements Act by the Eighty-first Congress. I hope that the Tariff Commission and the committee on reciprocity information of the State Department will take immediate action to remedy this distressing situation. Certainly we cannot resist the onward tide of communism by allowing them to put our citizens out of business. Surely also no ECA aid should go to the Kremlin satellites. Nevertheless it must also be borne in mind that if as a result of the reduction of our aid to our friends in Europe, they can no longer buy American products, American industries will suffer and there will be corresponding unemployment.

Now, Mr. Chairman, it is vital that the Marshall plan should be an increasing federalizing force in the western European complex of nations. It is essential that our representatives in Europe should be most persuasive in their attempts to win these countries away from suicidal nationalism and harmful isolationism at a time when strength and unity are called for. It is important that the ECA should receive from us this extension of its authority. I am delighted that aid to China is included in this legislation.

Along with the Marshall plan we have in this bill the point 4 program. Here I may say that it has been my belief that the stress should be on the bilateral rather than multilateral aspects of this effort. I regret that this emphasis is not contained in the legislation although I would point out that on page 19 of the bill in section 304 (b) the authorization to the President to contribute to the United Nations for technical cooperation programs is dependent upon the finding that such a contribution will accomplish the purposes of the legislation "as effectively as would participation in comparable programs on a bilateral basis."

I think it is vital that none of these dollars should be spent in any iron-curtain area or dependency, and I call your attention to section 311 (a) on page 26 which provides that our contribution to these programs shall be discontinued by the President if it is found that their continuance is "not consistent with the foreign policy of the United States."

I believe that the program will succeed in the measure that it represents private rather than Government investments and I believe also that the free movement of persons, to which I referred earlier, can provide the manpower necessary for the implementation of many projects which may be contemplated under the point 4 program.

The point 4 program, as the gentleman from Massachusetts [Mr. HERTER] has ably pointed out, does not represent a new idea. It was included in the Smith-Mundt Act which was passed by the much maligned Eightieth Congress. It is a concept which is the basis for the activities of the Joint Committee on Rural Reconstruction in China. It has been acted on in the countries of South America. It has received implementa-

tion in the ECA program. It is not a new thought. But it has a valid purpose. It is a part of our effort to create conditions in certain countries favorable for the development of a free society.

In addition we must recognize that the world crisis cannot be solved solely in terms of dollars and commodities, military equipment, and personnel, plans and agreements. It is also much emphatically a question of moral leadership. In fulfilling this exacting role we must bear in mind that although men and women the world over yearn for safety from war and from want they are also interested in how and why they are living. We who take sharp issue with the Marxian theory that man lives by bread alone must realize that the problem is not simply one of material. It is not just a battle of industrial potential, of things. It is also a battle of ideas. Surely we must step up our effort in this vital field.

As one of those who participated in the drafting of the Smith-Mundt legislation I have repeatedly advocated using the Voice of America and its related activities in the realm of psychological warfare. I have made several reports to the Congress on this subject.

As one who has encouraged the activities of the United States Information Service I applaud the efforts being made by some to increase its appropriations and to invigorate its efforts. Certainly we can do much to guard our own security if we will unleash our immense abilities to propagate ideas. Americans make successful use of these abilities in selling all manner of things to other Americans. It might be asked why should not the State Department demonstrate the same ability in spreading the timeless tenets of freedom outside our own borders? The Voice of America still has a frog in its throat. In order to win the war of ideas we must be heard. We must speak loud and with conviction. We must be frank partisans of freedom. We must, of course, provide our Information Service with sufficient funds. But we must also, I think, revise our basic concept of the real function of this program. Its true objective, it seems to me, is not only to state the facts about America but, above all, to tell the truth in such eloquent and persuasive terms that Communist lies and falsifications will disintegrate. The program is a vital implement of American foreign policy. The Voice of America, the Marshall plan, and the North Atlantic treaty, operating on a concurrent front have as their joint coordinated purpose the creation in Europe of a political, economic, and strategic climate propitious for the preservation and the spread of freedom.

We used flame throwers in World War II. In this period of diplomatic, political, and economic conflict, at this time of subversive war, we should light the flames of an American propaganda conceived in strategy, founded on fact, buttressed by truth, and dedicated to the honorable and peaceful purpose of igniting the faith of the freedom-loving peoples of the world. Only in this way can we block the godless fanaticism of those who are determined to enslave the world in a nightmare of Communist oppression.

Only by this means can we spread the beneficent contagion of our own free system to the far corners of this troubled world where desperate people are languishing under the bestial boot of Communist barbarism.

Yes, we must continue the Marshall plan. We must continue military aid to the Atlantic Treaty nations. We should give military aid to the French forces in Indochina and to the anti-Communist forces on Formosa.

We should render technical assistance and encourage private investments for certain undeveloped areas on a limited basis. We should revitalize and magnify our propaganda effort. But all this is not enough.

I feel sure that you share with me a deep apprehension regarding what George Washington referred to as our military posture. Surely General Eisenhower's measured words must be heeded. Certainly his dispassionate, disinterested appraisal of our military strength is cause for alarm. And while the elimination of fat is healthy for our Government the dissipation of our military muscle is fraught with the gravest danger. Let us not engage in any false economies. Surely our experience in World Wars I and II bolster the proposition that a strong America can be a decisive deterrent of war.

Nor is this all. The war in which we are engaged today is not being fought by military forces. It is an economic war; it is a political war; it is a war of ideas and it is a war in which the presence of military forces can exert tremendous external pressure and bring about internal collapse. But it is also a subversive war. We must fight that war as it exists. We must meet this challenge as it is presented to us. We must launch a vastly enlarged clandestine effort. The Soviets have been and are using subversive warfare on a massive scale. For several years now I have expressed the conviction that we cannot meet the challenge of the cold war merely with military preparedness, military and economic aid, and an information service.

There is a twilight zone in which we can act cheaply and effectively.

This is an area in which, with the expenditure of four or five hundred million dollars, we could work some significant improvements in the international picture. We could even, with care, imagination, and resourcefulness, break the deadlock and thus precipitate reliable agreements with the Kremlin in many critical areas of the world.

It is my deep conviction that, engaged as we are in a conflict for survival, faced as we are with the proposition that if we lose the cold war the result may be slavery or death, we have not only the right but the solemn duty to fight the battle of freedom on the front of internal aggression as valiently and as resourcefully as did our fighting men on the front of external aggression. Equity looks to the substance. "The letter killeth and the spirit giveth life." We must prevent the spread of the Communist terror. The Communists are waging this conflict by every means short of what we recognize as war. We must do likewise.

We must shake off the myths and superstitions with which we have shackled ourselves and which deprive us of the freedom of action which we need to protect freedom and to extend it into the dismal dungeons of Communist despotism. This involves no sacrifice of freedom on our part. On the contrary, it enhances our freedom. Such a step in no way diminishes the moral quality of our leadership. It enables us to deal effectively with the challenge. The new postwar cold war weapon is not the atom bomb or the hydrogen bomb, of which no use has been made, but internal force which the Russians have used with terrible effect. There is a slogan which has some currency in America that you cannot destroy an idea with force. But neither can you destroy a bad idea backed by force with a good idea which has inadequate force behind it. It was not because of the attractiveness of an idea that communism took over in Hungary, in Poland, and in Czechoslovakia. These people are overwhelmingly in favor of freedom. It was because of external and internal force that these and other countries were enslaved. It was not an idea which terrorized the citizens of Greece. It is not an ideology unsupported by force which has clamped the Communist chains of bondage on hundreds of millions of Chinese.

We must not only contain but roll back the iron curtain by bringing all these elements of our power into focus. This legislation is a part of that great effort. There is no time to lose. We must do this now. In that task, we shall be assisted by the people of other lands. We shall be assisted by these people because to a great extent their destiny is a part of our destiny.

If we do not take action their fate will be our fate.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. SCUDDER].

Mr. SCUDDER. Mr. Chairman, H. R. 7797 is cited as the Foreign Economic Assistance Act of 1950, which is an extension of the Economic Cooperation Act, to provide billions of dollars of aid and assistance to the various foreign countries throughout the world.

I fully realize the importance of continuing our assistance to the program of rehabilitating and strengthening our foreign friends in order to stop the communistic tide which is sweeping over so much of the world. I believe much has been done to bolster the morale of the countries in western Europe, and has been of some assistance to recipient countries of the Pacific. However, I do not believe that we have attained the results commensurate with the money thus far expended. I do not believe that it is necessary to expend the vast amount called for in this bill, and that the maximum results could be attained by a much smaller expenditure, particularly the millions of dollars contemplated to send emissaries out of our country and to bring others in to learn the know-how of American production is not in the best interests of our American economy and will prove detrimental to our workmen.

Over 70 percent of imports coming into our country are duty-free. This is made up of raw material and noncompetitive commodities. The fallacy of the present administration in the elimination of the peril point is causing an importation influx which is ruining a great amount of American industry and I feel is responsible for a good part of the 5,000,000 men now out of employment. We are importing hops from Czechoslovakia from behind the iron curtain, which is detrimental to the hop growers of our country. We are also permitting the importation of canned crab from Russia, which is demoralizing the fishing industry on the Pacific coast, and by our agreement with Russia at the termination of the war, turning over to them Japanese fishing waters of the Pacific has further aggravated the rehabilitation of Japan.

I have introduced a bill to restore the peril point in our reciprocal trade agreements. This, I feel is highly essential and should be enacted during this session of Congress. When I see these vast amounts of money being appropriated for building public works projects, highways, colleges, and so forth, in foreign countries, I wonder where our thinking is taking us. Just last week, the Appropriations Committee met and made certain slashes in the appropriation bill. Last year I introduced a bill providing for school facilities for the Hoopa Indian Reservation in California. The present buildings are of cheap wooden construction and over 50 years old. They are old, and modern conveniences are not established.

The bill to provide these buildings passed both Houses of Congress without a dissenting vote and was signed by the President on October 6, 1949. This bill had the full support of the Bureau of Indian Affairs and the Bureau of the Budget and was contained in the budget bill. The Appropriations Committee struck out this amount in its entirety, using the lame excuse that California has assumed the responsibility of educating all the children of the State. This is true, but there is no provision in the California law to give any assistance in the construction of school facilities. This property is entirely within an Indian reservation and there is no taxable property within miles of this school.

Where does this leave us, the Congress of the United States, in abandoning the policy long established by our country in giving to the American Indian a slight amount of consideration and, by contrast, throwing billions of dollars to people who have been at one time or another our enemies.

I cannot go along with this logic, and appeal to the Congress to assist me in reinstating this small appropriation, and in so doing, help to fulfill an American obligation.

(Mr. SCUDDER asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. MARTIN].

Mr. MARTIN of Iowa. Mr. Chairman, as a member of the committee of con-

ference between the House and the Senate on the original stock-pile legislation of our Nation in 1939, I think I should examine this program especially as to its bearing on the acquisition of our stock piles of strategic and critical materials.

When Great Britain owed us heavily in 1935, Cordell Hull relates that he could not get tin from them when they controlled that tin, and it was not until 1939, just at the outbreak of World War II that they were willing to trade tin and rubber for what we could give them further in the way of cotton, and so on. Sir Ronald Lindsey's statements at that time as quoted in Cordell Hull's Memoirs are rather revealing.

As I watched the development of the Marshall plan, I listened carefully to the President's statement on it before Congress and I read the pronouncements of the Department of State building up to that plan. I have reread those statements and I have reread the reports of the House Select Committee on Foreign Aid of the Harriman Commission.

Just prior to World War II the British Empire, U. S. S. R., and the United States were responsible for more than two-thirds of the world's total mineral output. Russia, of course, is now out of the picture as a source of strategic and critical materials for us today. The British Empire stands in quite different relationship to us but the Memoirs of Cordell Hull, chapter 10, presented graphically the story of our inability to secure strategic and critical materials from the British to apply on Britain's indebtedness to this Government. In 1935, British Ambassador Sir Ronald Lindsey presented to his Government Cordell Hull's request for tin which was under the control of British capital. The answer from London was a complete refusal and it was not until 4 years later and just 3 months before the outbreak of the European war that we were able to negotiate an agreement with Britain whereby through exchanging cotton for rubber and tin we began to create reserves of strategic materials.

I will not attempt to review here our own inadequate approach to our stock-piling problems in the years from 1937 to 1939, nor our extending power to the Reconstruction Finance Corporation in 1940 to take over the large-scale handling of strategic materials needed so desperately in our war program. At the end of the war our stock-pile legislation was revised as Public Law 520 of the Seventy-ninth Congress. In that Act we set up what we intended to be a 5-year program starting in 1946. We intended to create a stock pile of approximately \$3,300,000,000 value at prices then current and Congress intended to have a sizable portion of that stock pile transferred to the Munitions Board by other Government agencies including Reconstruction Finance Corporation.

I found in January 1948 that the Reconstruction Finance Corporation had disposed of more than \$11,000,000,000 of strategic and critical materials and that only \$410,000,000 of that supply had been channeled to our national-defense stock pile and the total transfer of materials from all Government agencies up to Jan-

uary 23 of this year amounted to \$451,000,000. By that time also it had become apparent that our acquisition of our stock pile through purchases was moving at a snail's pace. Consequently many of us were desperate in our search for ways to build up our stock pile of strategic and critical materials from any available source just at the time the Marshall plan was before Congress in 1947 and 1948.

I noted with great interest the treatment of strategic materials by the House Select Committee on Foreign Aid in 1947 and by the Harriman commission in its report of November 7, 1947. I observed also with great interest the President's reference to our possible acquisition of needed materials in his statement to Congress December 18, 1947, and the discussion of the State Department of the possibility of our securing strategic and critical materials through the Marshall plan in their treaties of December 19, 1947. These statements were followed by committee action in the development of the Foreign Aid Act of 1948, Public Law 472 of the Eightieth Congress, which was approved by the President, April 3, 1948.

In one of the committee reports reference is made to the fact that lend-lease and the second World War cut deeply into available stocks of natural resources and created the necessity of increased imports of strategic materials. Sections 111 (c), 115 (b) (5), 115 (b) (9) and 117 (a) of the Foreign Assistance Act of 1948 treated specifically with the matter of including and encouraging the acquisition of strategic and critical materials with ECA funds. Quite naturally I have followed the progress made under the Foreign Assistance Act of 1948 with great interest. Because of the state of our relations with Russia and because of Britain's tremendous need for her own supplies of strategic and critical materials, I was not too optimistic of the results to be expected from ECA's venture into this particular field. My doubts have been substantiated by the record when we find in the annual report of the munitions board dated January 23, 1950, a total of \$31,500,000 has been acquired in our stock pile through ECA and that no strategic materials have yet been acquired under point 4.

While the total direct purchases up to January 1, 1950, were \$48,300,000,000 from ECA and additional commitments for projects abroad amounted to \$6,100,000,000, the purchases planned for the fiscal year 1951 will be \$20,000,000 and investment in projects is estimated at nearly \$29,000,000. It will take considerable time for the investment in projects abroad to produce any appreciable increase in the amount of strategic materials we can expect from the ECA program. Several serious limiting factors must be faced. There is a paucity of good mines within the area covered by ECA, ocean transportation is a problem, the shortage of trained personnel in our own forces, together with unstable monetary conditions in ECA countries and necessarily the complex commercial negotiations with foreign cartels, and the great need for the very materials in the countries that control their produc-

tion abroad, all lead me to predict we will not be able to use ECA extensively in building our stockpiles within the time they should be built.

In my opinion, it is illogical for Congress to expend large sums to promote an increase in the production of strategic materials abroad through exploration and development when Congress only a few days ago declined to enact into law S. 2105 which had for its purpose the encouragement and promotion of exploration and development within our own country.

The Harriman report based Marshall plan aid on four principal factors, economic, political, humanitarian, and strategic. If the strategic factor is an important factor in Marshall plan aid, I think Congress should give some consideration to the greater strategic value to the production of these materials within our own land rather than such exploration and development in foreign lands far removed from the control of our own mothball fleet, 12 divisions, and 48 air groups.

In my opinion, the successful future defense of America can be built more solidly on the development of our own resources within our own territory and for that reason I do not consider the inclusion of provision for acquiring strategic and critical materials through ECA an efficient and effective program of national defense. I consider it far too expensive to be used as a justification for continued extravagant spending of the ECA program.

Revisions and additions to our stockpile program have increased the size of the planned cost of our stockpile program to \$3,773,000,000. At the rate of acquisition of these materials during the past year and a half it would require 188 years for us to acquire our entire stockpile from that source.

We have expended approximately \$10,000,000,000 to date in Marshall plan aid and this program has produced \$31,000,000 of strategic and critical materials now in our stockpile. In other words we have spent \$322 in Marshall plan aid for each dollar we have received in strategic and critical materials to date. At that rate if we should plan to acquire our entire stockpile of strategic and critical materials in the value of \$3,773,000,000 it would necessitate our spending in Marshall plan assistance to the world the sum of \$1,214,000,000,000. My conclusion is that we should not try to justify ECA expenditures on the ground that this program will give us our stockpile of strategic and critical materials.

Mr. VORYS. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, before we get into the amendments and details of this bill, let us take a bird's-eye view of it.

I am for foreign economic aid, for our own security in world war III.

I am for economy. We owe it to the free people of the world, as well as to ourselves, to remain strong. Therefore, I am not only for foreign economic aid, but for economical foreign aid. The amendments and suggestions I have made or will make are for that pur-

pose, to provide effective, economical foreign aid; to avoid paralyzing the aid program or our own economy; to make for foreign aid work on a basis we can afford.

I am frankly worried about a killing war that may start any time. The experts, diplomatic and military, who are saying this will not happen are in the same high places as those who guessed wrong 9 years ago. I am also worried about the kind of war we are having now, the struggle between opposing economic, spiritual, and physical forces. We still have the overwhelming balance of power on the economic front. This bill is an effort to hold, and advance, on that front while conserving sufficient reserves for a long struggle.

We have done rather well on that front since this program was launched in the Eightieth Congress. In 1948 I told you that our package bill authorized \$6,205,000,000, but that the total for that year for foreign activities would be \$9,300,000,000, of which about \$7,500,000,000 was for foreign economic aid of various sorts. In our committee in 1948 I offered to put in military aid, but the administration disapproved, and that had to come later. In the last 2 years Europe has forged ahead in recovery and so has Japan, Korea, and the Philippines. Greece and Turkey are stronger. We lost China, but not because Congress failed to furnish aid.

We have had our disappointments. The nations of Europe have not gotten together as they said they would, and Britain, the biggest recipient, has made the most trouble. It has become the style to laugh at Paul Hoffman and the efforts he has made to encourage unification in Europe as provided by congressional act. Your committee still thinks that the 17 nations of Europe have no chance to survive, in peace or war, unless they get together. Isolationism in Europe, especially in Britain, is causing more trouble for Europe than isolationism in America.

This bill is only for economic aid. None of it is new. All three titles are follow-up measures, ECA, aid for Korea and China, support for Palestine refugees, point 4—all of this is old stuff. For instance, there is \$63,280,482 in technical assistance in this bill. Only \$31,600,000 in title III is new. All of this is to consolidate gains already made in the economic warfare between the free people and the Kremlin.

On the ideological front, the political front, the diplomatic front, on what we ought to call the moral front, things have not gone so well. Our policies have been vague and vacillating and inconsistent and unsuccessful. Stalin's policy has been Frank Buck's "Bring 'em back alive. Don't kill them or hurt them, at least not too much; just capture them, and after that we will train them, our way." Stalin has done that from the Baltic around to the China Sea. How did that happen while we were pouring out our resources for postwar relief and recovery? We are told that there are no spies or Communists now in the State Department. I do not know about that. I know there are many good men up there. What worries me is this: During the last 5 years our Government has

done things that benefited the U. S. S. R. just as much as if they had been dictated by the Kremlin. If all this came from spies and Communists inside our Government, it could be cleaned up by a loyalty probe. I fear the problem is not that simple. Such a probe would not reach the loyal dupes and dopes who just did not know any better. I can only say this: The break-down in public confidence came from things that happened inside this administration; any build-up to restore confidence will have to come from inside. Neither a wrecking crew nor a whitewash brigade can repair the State Department from the outside. I have one suggestion: Congress would have more confidence in the State Department if they would at least conceal their lack of confidence in Congress. Their idea of a bipartisan foreign policy is that Congress unanimously jumps through the hoop every time some flunkie runs up here with a bill that has been cleared by the Department. If they know as little of the facts of life in other countries as they do about Capitol Hill, it is no wonder we are in a mess. Before we try total diplomacy abroad, we might practice a little common-sense diplomacy here in Washington in the cold war between Foggy Bottom and the Hill.

I am not recommending any of this legislation just because the State Department approves it. I think a lot of some of the people in the Department and Paul Hoffman and his staff, but I have made my own independent audit of this program, through a number of other sources. Each of us must do something like that. We have a terrible responsibility here. We cannot hide behind the people back home. They are relying on us to do what is right, to get both economy and security for them. They are relying on us to protect them and their homes. How this can best be done is our responsibility, not theirs, not the State Department's.

None of the provisions in this bill is sacred. The amounts are educated guesses by our officials. This does not mean that they are all wrong, or that they are all too high. ECA is roughly a 25-percent cut from last year's appropriation. To prune it too much will delay Europe's dollar-earning recovery and could possibly wreck it. The committee bill brings to the floor an authorization for the full amount requested in each case. ECA gets all it asks for in American resources and money. The committee bill is not sacred, but please remember that we spent much more time on it than you will. We cannot pass a law that will guarantee success. In this struggle free people cannot be forced to help themselves or each other or to help us. Even with this mutual-aid program, we take a chance with our friends. We must keep them able, we hope they will be willing, to help themselves and each other and us. If we pull out, I think we take a greater chance with our enemies.

There is talk now of getting up a new Marshall plan. I think we had better learn more about how this one works out before we do that. I think such

talk right now will injure the chances of success for the present plan on both sides of the Atlantic.

Remember, this is only an authorization bill. Appropriations under it will come later. I hope we can end up with a program that furnishes effective foreign economic aid, and also economical foreign aid, for on that depends our own security and that of the other free people who want peace.

Mr. KEE. Mr. Chairman, I yield the balance of the time on this side to the gentleman from Massachusetts [Mr. McCORMACK].

(Mr. McCORMACK asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Chairman, my good friend from Missouri [Mr. SHORT] during his remarks of a few minutes ago said in part:

I think we are going through one of the world's death throes.

I agree with my friend in that statement.

He also said that Russia would determine the hour, that we would not do it. I cannot agree with that statement unless America fails to do the things that our country ought to do in our own national interest.

My good friend also said:

I am not fearing the attack of any foreign power.

My answer to that is that I do not want to put my country in the position where practically the entire world will be arrayed against us. I have confidence in the people of America, but I do not want to see my country isolated in this world with all of the peoples of the world with the possible exception of the Western Hemisphere, and some doubt about that, arrayed against us, with not only the people of the world but the natural resources of the other countries and the productive capacities of the other countries capable of being used against us.

My friend also said:

America is God's last chance to make a world.

I agree with my friend in that statement, but I do not agree that we should retreat and thereby that "America would be God's last chance to make a world." I do not believe by negative action that that is going to be accomplished; that America is going to perform its mission not only to itself but to the future and carry out its rendezvous with destiny. We are not living in the world of 75 years ago or 50 years ago when the Atlantic and the Pacific were our first line of defense, when it would take weeks for any nation capable of attacking us on the sea first to have to destroy the American Navy before they could undertake an invasion of America. Those days have gone by. Attack now is in the air, a matter of hours. The whole situation from the angle of warfare has changed as a result of World War I and particularly as a result of World War II. I submit that if "America is God's last chance to make a world," it is going to be done by affirmative action on the part of the United States and not by negative action.

The stakes are high. The stakes are high for the Soviet Union and its anti-God ideology. The stakes are high for you and I and the peoples of other countries whose way of life comes from God Himself. This is not a sermon. We are here because of our belief in God. This assembly could not exist in the Soviet Union. These people could not be seated in the gallery and you and I could not meet our constituents, as we do, in our office or at home if it were not that we are citizens of and believers in the spiritual government that democracy stands for.

I have made statements before and they have fallen on deaf ears. A lot of words of mine have fallen on deaf ears before by people who regretted it afterward, not that I have any omnipotence of ability to see things developing or things that will occur in the future, but, applying the common sense that God gave me, I say it is either a world of anti-God or it is a world of God that we are going to live in.

The gentleman from Ohio [Mr. HAYS] made a great speech yesterday. It was the speech of a man not only of courage but of a man with the mind of a statesman who recognizes the basic issue that is involved.

A year and a half ago, on the floor of this House—and I have made speeches repeatedly along the same line—I stated that the Soviet Union was aiming its attack at the United States. It took no remarkable ability on my part to form that opinion. The newsboy on the street knows it. You do not have to be a statesman to know that. One only has to have the courage to express it. I stated at that time it was using the ideology of communism to deceive people in different countries, with the enemies within those countries, the Communists having the backing of the forces of the Soviet Union, taking over country after country, taking them out of the western civilization and subjecting them to the civilization of anti-God, making them satellites of the Kremlin. As the communistic ideology advanced, Russia imperialistically stepped in and took over. I stated at that time that the ultimate drive was at the United States of America.

After all is said and done, America is the citadel of the strength of free men and free women. There is strength elsewhere, but the main strength is here. There are also countless millions of men and women behind the so-called iron curtain who want to live as free men and women, but who cannot do so because of the vicious force imposed upon them as a result of the thoughts that run through the minds of their Communist masters.

Let us not forget the fact that the immediate objective of the Soviet Union—the immediate objective, I repeat—as Walter Lippmann said in an article this morning, is "to drive the United States out of Europe and Asia back into the Western Hemisphere." That is what the argument of my friend from Missouri [Mr. SHORT] amounts to, the very thing that the Communists want. He does not want it, I know that. But the

very thing that they want will result unless the power of America is used effectively and affirmatively.

This talk of destroying and dissipating our own strength is not relevant today. We are living in a world with a group of gangsters who have no scruples and no conscience. We have to use the power of our country, our own powers individually, the moral strength of our country, over and above all, the moral strength of the world, particularly the free world, to continue to affirmatively meet this challenge, not of any particular country, but a challenge that seeks to destroy our way of life, because as they control our way of life, Government falls with it.

I am not fearful that they will succeed. I do not want any of my utterances to be misunderstood. We are going through, as the gentleman from Missouri well said, "one of the world's worst death throes"; I agree with that. But, I have confidence, and I am not approaching it with any defeatist attitude. I am approaching it affirmatively, confident of ultimate victory, because the forces of freemen and freewomen, having their origin in God Himself, are irresistible, and those forces, implemented by governments believing in that way of life, and contributing to the maximum extent possible, will bring about the ultimate result that causes confidence to be instilled in my mind. I know that if we constantly retreat and retreat and retreat, that the victory of which I am confident will become slimmer and slimmer. We stepped into Europe, into Italy, France, and other countries, and as the result of stepping in the economic power of America, with the moral forces of those countries aroused as they were by their spiritual leaders of all creeds, for instance as in Italy by Pope Pius XII, we were able to prevent Italy going Communist as well as stopping the Communist forces taking over in France. If either of those countries had gone communistic, all Europe would have gone as well.

In conclusion, let me ask you this question: Do you think that if Europe does go communistic, that it will be for the national interest of the United States? Do you think it would be for our best interest? Our productive strength is a little over three to one compared to the Soviet Union. If the Communists gain control of western Europe it will be about three to two and a half. They are trying to drive us out of Europe and Asia, in order to get control of the productive capacity of western Europe and turn and use it against us, and in southeastern Asia to get control of the raw materials, tin, rubber, and other resources, which the Soviet Union are so lacking in today. This bill is a step toward affirmatively and effectively meeting this world challenge.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time has expired.

The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Foreign Economic Assistance Act of 1950."

TITLE I

Sec. 101. This title may be cited as the "Economic Cooperation Act of 1950."

Sec. 102. The Economic Cooperation Act of 1948, as amended, is hereby further amended as follows:

(a) Revising section 102 in the following particulars:

(1) Substituting the phrase "barriers to trade or to the free movement of persons," for the phrase "trade barriers" in the fourth sentence of subsection (a) and substituting the phrase "economic unification and political federation" for the word "unification" in the fifth sentence of the same subsection.

(2) Inserting a comma and the words "increased productivity, maximum employment, and freedom from restrictive business practices" after the word "production" in paragraph (1) of subsection (b).

(b) Revising section 111 in the following particulars:

(1) Altering paragraph (3) of subsection (b) as follows:

(i) Striking out the words "includes the furnishing of capital-goods items and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950" in subparagraph (iv) and inserting in lieu thereof the following: "means any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country and approved by the Administrator as in furtherance of the purposes of this act, the purchase of a share of ownership in any such enterprise, or participation in royalties, earnings, or profits of any such enterprise."

(ii) Altering subparagraph (v) to read as follows:

"(v) the guaranty to any person shall be limited to assuring the following: (1) The transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of one or more of the following causes: (a) Seizure, confiscation, or destruction by any government; (b) destruction by revolution or war; (c) any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, asset, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith."

(iii) Striking out the word between the second and last provisos and inserting in lieu thereof: "It being the intent of the Congress that the guaranty herein authorized should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this act, the Administrator is authorized to issue guaranties up to a total of \$300,000,000."

(2) Striking out "\$150,000,000" in paragraph (2) of subsection (c) and inserting in lieu thereof "\$300,000,000."

(3) Adding the following new subsection: "(d) (1) The Administrator is authorized to transfer funds directly to any central institution or other organization formed to further the purposes of this act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the Administrator and designed to promote multilateral intra-European trade, to facilitate the transferability of European currencies, and progressively to eliminate the existing systems of bilateral trade and to liberalize trade among participating countries and between them and other countries."

"(2) The Administrator shall apply the terms set forth in paragraph (1) of subsection (c) of section 111 and paragraph (6) of subsection (b) of section 115 with respect to funds transferred under paragraph (1) above to the extent that such funds are not made repayable to any central institution or other organization described in paragraph (1) above. With respect to such funds transferred under paragraph (1) above as may be repayable to such institution or organization, the Administrator may establish such other terms and conditions as he may find appropriate in the circumstances after consultation with the National Advisory Council on International Monetary and Financial Problems."

(c) Revising section 112 in the following particulars:

(1) Striking out subsections (b) and (c).
(2) Renumbering subsection (d) as (b) and revising it as follows:

(i) Inserting after the word "States" in the first sentence a comma and the following: "heretofore or hereafter acquired by the Commodity Credit Corporation in the administration of its price-support programs or."

(ii) Striking out the second sentence down to the beginning of paragraph (1) and inserting in lieu thereof the following: "Whenever the Administrator determines that any such agricultural commodity is required by participating countries, procurement during the fiscal year 1951 for transfer to participating countries shall be in accordance with the following:

"(1) Notwithstanding the provisions of any other law, such commodities heretofore or hereafter acquired by the Commodity Credit Corporation shall be made available by the Commodity Credit Corporation at such time and place as shall be designated by the Administrator without reimbursement from any appropriation for transfer to participating countries in an amount not to exceed \$1,000,000,000 in value calculated on the actual gross cost to the Commodity Credit Corporation as determined by the Secretary of Agriculture at the time and place of delivery of such commodities; but in no event shall such cost be higher than the domestic market price at the time and place of delivery as determined by the Secretary of Agriculture: *Provided*, That where commodities are furnished in accordance with the terms of an international commodity agreement, the cost of such commodities shall be that provided in such agreements."

(iii) Renumbering paragraph (1) as (2); inserting, after the word "commodity" the first time it occurs, the words "as defined herein" and, after the word "States", the words "and then only when the commodity required is not available under the provisions of paragraph (1) above"; and striking out the period at the end and inserting in lieu thereof a colon and the following: "*Provided further*, That wherever wheat or wheat flour is procured under this title for transfer to countries which are parties to the International Wheat Agreement of 1949 and

credited to their guaranteed purchases thereunder, the President, acting through the Commodity Credit Corporation, is authorized to make available or cause to be made available such wheat or wheat flour at the applicable price provided in that agreement."

(iv) Renumbering paragraph (2) as (3).

(3) Striking out subsection (e).

(4) Renumbering subsection (f) as (c) and striking out the period at the end of the last sentence thereof and inserting in lieu thereof a colon and the following: "Provided, however, That the authority to make payments under this subsection shall not be applicable to transfers of commodities in accordance with the provisions of paragraph (1) of subsection (b) above."

(5) Renumbering subsections (g), (h), (i), (j), and (k) as (d), (e), (f), (g), and (h), respectively.

(6) Renumbering subsection (l) as (1) and striking out the following therefrom: "(other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price-support programs required by law)."

(d) Striking out the first word "The" in subsection (a) of section 113 and inserting in lieu thereof the following: "Except as otherwise provided in subsection (b) of section 112, the."

(e) Revising section 114 in the following particulars:

(1) Altering subsection (c) as follows:

(i) Striking out the period at the end of the first sentence and inserting in lieu thereof a colon and the following: "Provided further, That in addition to the amount heretofore authorized and appropriated, there is hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$1,950,000,000 for the fiscal year ending June 30, 1951, of which sum \$600,000,000 shall be available only for the purposes set forth in subsection (d) of section 111: *Provided further*, That, in addition to the foregoing, any balance, unobligated as of June 30, 1950, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligations through the fiscal year ending June 30, 1951, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year."

(ii) Striking out the date "June 30, 1950" in the last sentence and inserting in lieu thereof "June 30, 1951."

(2) Adding the following new subsections:

"(h) The President is authorized to transfer to any department or agency any portion of the funds allocated for assistance to Germany from appropriations authorized by subsection (c). This portion may be used for expenses, not otherwise provided for, necessary to meet responsibilities of the United States related to the rehabilitation of occupied areas of Germany, including the furnishing of minimum civilian supplies to prevent starvation, disease, and unrest prejudicial to the objectives of the occupation. This portion may be expended under authority of this subsection or any provisions of law, not inconsistent herewith, applicable to such department or agency and without regard to such provisions of this title as the President may specify as inapplicable."

"(i) As agreed upon by the Secretary of State and the Administrator, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany, or any supplementary or succeeding agreement, shall be deposited into the GARIOA (Government and Relief in Occupied Areas) special account under the terms of article V of the said

bilateral agreement. In quantities and under conditions determined by the Secretary of State after consultation with the Administrator, the currency so deposited shall be available for meeting the responsibilities of the United States in the occupation of Germany."

(f) Revising section 115 in the following particulars:

(1) Revising paragraph (6) of subsection (b) as follows:

(i) Striking out the period and the next word "Such" after the word "rates" and inserting in lieu thereof a colon and the following: "Provided further, That such."

(ii) Inserting after "(Public Law 389, 80th Cong.)," the following: "shall be used in furtherance of any central institution or other organization formed by two or more participating countries to further the purposes set forth in paragraph (1) of subsection (d) of section 111 or otherwise."

(iii) Striking out the words "for such purposes as may be agreed to between such country and the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems, and the Public Advisory Board provided for in subsection (a) of section 107."

(iv) Striking out the words "operations under this title and under agreement that" and inserting in lieu thereof the following: "operations under this title: *Provided further*, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in subsection (c) of section 107: *And provided further*, That."

(2) Adding the following new sentence to subsection (e): "The Administrator shall also encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized."

(3) Adding the following new subsection:

"(j) The Administrator shall utilize such amounts of the local currency allocated pursuant to subsection (h) as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer."

Mr. FULTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON: Page 5, line 15, insert a period after the letter "(b)" and delete the remainder of page 5, all of pages 6 and 7, and extending through line 8 on page 8, and insert in lieu thereof the following:

"(3) Renumbering subsections (e), (f), (g), (h), (i), (j), and (k), as (c), (d), (e), (f), (g), (h), and (i), respectively."

"(4) Adding a new subsection (j) to read as follows: 'Notwithstanding any other provision of law wherever wheat or wheat flour is procured under this title for transfer to countries which are parties to the International Wheat Agreement of 1949 and credited to their guaranteed purchase thereunder, the President, acting through the Commodity Credit Corporation, is authorized to make available, or cause to be made available, such wheat or wheat flour at the applicable price provided in that agreement.'

"(5) Renumbering subsection (l) as (k) and striking out the following therefrom: '(other than commodities procured by or in the possession of the Commodity Credit

Corporation pursuant to price-support programs required by law)''."

Page 8, line 4 redesignate subsection (e) as (d).

Page 8, line 12 strike out "\$1,950,000,000" and insert in lieu thereof "\$2,950,000,000."

Page 10, line 4 redesignate subsection (f) as (e).

Mr. FULTON. Mr. Chairman, I am offering an amendment jointly with the gentleman from North Carolina [Mr. COOLEY], chairman of the Committee on Agriculture, for the purpose of striking from the present bill, that is, the bill reported by the committee, the amendment known as the Vorys amendment.

If you will look on page 5 of line 15 of the bill, it is an amendment to section 101 of the bill. It begins on line 15, where the Vorys amendment would cut the amount in this bill from \$2,950,000,000 to \$1,950,000,000 and have surplus commodities used. This amendment puts back the original figure of \$2,950,000,000 and gives it to the FCA in cash, and restores the bill generally to the way the bill first came up to the Hill and the way it was first put in the Foreign Affairs Committee.

The problem is, shall the United States start under the ECA program to earmark certain of these funds which will be allocated either to agricultural or industrial products and set aside a sum of money by legislation, saying that it shall be spent only for that purpose. Or shall we in the alternative say, in the first instance that the ECA program comes first, the foreign policy comes first, and that therefore we must give the money to the ECA Administrator to do the spending and let him allocate it so that it is for the best interests of these various countries involved?

Or shall we take the ECA bill in its present form, and thus say it is much more important to eliminate our surpluses of agricultural products which are already piled up and already purchased.

I would like to yield to the gentleman from North Carolina [Mr. COOLEY] at this time if he cares to explain the effect of this amendment on the farmers and the agricultural program.

I have been explaining the effect of this amendment on the ECA program, that it will allocate a certain amount of the funds and separate them to buy current surpluses. I ask the gentleman from North Carolina [Mr. COOLEY], if he will comment on the effect of this current year's program on the Commodity Credit Corporation.

Mr. COOLEY. I have not had the opportunity to compare the gentleman's amendment with the amendment which I had at the Clerk's desk, but I assume they are identical.

Mr. FULTON. Yes, they are practically identical.

Mr. COOLEY. I appreciate the gentleman giving me this chance to further comment with regard to this. This is the amendment which I stated yesterday I would offer. The effect of it is to restore the billion dollars to the appropriation of the ECA and to strike out what I referred to yesterday as the Vorys

amendment. I realize that it is not actually the Vorys amendment, but it is the Vorys part of the bill. It was put in in committee, but I do not think the committee had a full appreciation of the implications involved. The effect of it is plain and simple. What they are trying to do is to take away from the Commodity Credit Corporation \$1,000,000,000 of valuable assets and use them in connection with the ECA program.

That is calculated to impair the assets of the Commodity Credit Corporation to the extent of \$1,000,000,000 and is further calculated to bring the farm program into greater disrepute.

Mr. FULTON. Will it not make the farm program look that much worse and as if there is that much more loss in the farm program?

Mr. COOLEY. Certainly. That is true.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. VORYS. Would the cosponsors of this amendment tell me whether it does anything at all with our three or four billions of surpluses, or does it just leave them there to rot?

Mr. COOLEY. It does not leave them there to rot at all. The gentleman calculated to leave the impression with the people of this country that the assets of the Commodity Credit Corporation are all calculated to deteriorate and rot. That is not true.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. Fulton] has expired.

Mr. SUTTON. Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. JAVITS. I was one of those who opposed this amendment in committee, and I would like to state why, because I think that is the nub of this, as far as city people are concerned.

Mr. FULTON. Which amendment do you mean?

Mr. JAVITS. The amendment which has been called the Vorys amendment. The reason I opposed it in committee and the reason I oppose it now, and I hope the House will strike it out and then work its will, is this: If we permit the Commodity Credit Corporation to do this buying, then they are buying at 90 percent of parity, or whatever the high farm parity prices provide, and hence the agricultural prices are therefore further maintained. However, if ECA goes into the open market and buys, it buys at what I call flexible parity, market price, and hence the farm prices are permitted, to the extent of that \$1,000,000,000, to seek their normal level, and that benefits the city dwellers. If it could be said that this billion dollars in surplus is being taken out of Commodity Credit Corporation stores, I point out that all it does is pile it up in the farmers' warehouses,

and the Commodity Credit Corporation goes out and acquires it, so that I do not think that is any valid argument at all. Hence I believe that in the interest of the city dweller this should be stricken, and the House should work its will, whatever that may be.

Mr. FULTON. May I point out as a farmer myself, that if the Vorys amendment stays in, it will mean that the surpluses will be used by ECA abroad from past crops, and that the current crops will therefore not be bought by ECA or foreign countries.

Secondly, may I also point out that, if the Vorys amendment stays in, the farmers of this country will then have their surpluses dumped abroad in large quantities—a billion dollars' worth—and it is done on the Government level rather than on private trade, through the regular channels of trade and industry.

Third, anyone on the Republican or Democratic side who is interested in private trade doing the handling of the ECA program as much as possible, should vote for the Cooley-Fulton amendment in order to have regular channels do the purchasing, and have current crops purchased, rather than having current surplus dumped abroad.

Fourth, one of the real criticisms of the ECA program by the Soviet countries has been that they have said to the Marshall-plan countries: "This is simply a method of the United States of America dumping abroad its surpluses." Therefore, if the House adopts the Vorys amendment, we are confirming that great propaganda value item of the Soviets that "this is just what the American people have been doing all along anyway, and that their concern for you in trying to help you develop and come up to the level of decent living is not a fact."

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. DONDERO. If we do not use these surpluses by sending them abroad, how will you dispose of them? You would not advocate destroying them?

Mr. FULTON. May I answer that by saying that the disposal of American surpluses should not be hooked into a foreign-policy bill. If you will remember, under the WPA program, when they tried to put politics into WPA, the whole thing caved in. Keep the foreign-aid program and the agricultural surplus problem separate, and dispose of each on its merits.

From my own point of view, in answer to the gentleman, the foreign policy should be stated in an ECA bill that comes from the Committee on Foreign Affairs. The Committee on Agriculture should, in a separate bill, take up the disposal of agricultural surpluses to determine what should be done with them as a national problem and not as an international problem.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. COOLEY. I should like to say to the gentleman from Michigan that the Vorys amendment seems to be predicated on the idea that all of the CCC commodities are likely to deteriorate,

Mr. FULTON. That is correct, and the position is untenable.

Mr. COOLEY. The fact is, however, that most of the money now invested is invested in loans or supports in the purchase of storable agricultural commodities which will keep indefinitely and to a time when the farmers can reduce their production in this country. We can consume every bit of it right here in this country if it is not wanted abroad. There never will be a time when the CCC will be able to furnish the quantities and the qualities and the grades and the staples which will be required by the ECA countries of any particular article.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. FULTON. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes to answer questions.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. JOHNSON. I should like to have the gentleman explain this further. I know that many crops, like dried fruits, can be carried over for several years. Some, of course, are perishable; most of them are not. Under this amendment which we call the Vorys amendment, is it intended that we would take out of the surplus the CCC has goods indiscriminately and just dump them over in the laps of these European countries and say, "Here is some food from America; you are required to take this as part of the ECA commitments?"

Mr. FULTON. There was a question as to whether this provision should be mandatory or discretionary, and it was decided that it should be mandatory, that a billion dollars of the amount should be set aside for the purchase of surplus commodities. Up to the amount of a billion dollars it is an actual reduction in the remainder of the program, because this has been isolated. It was decided not to make this provision discretionary; but I understand the gentleman's implication is that it should be.

Mr. JOHNSON. In other words, that we should simply pick out a billion dollars worth of beans, prunes, pears, and other things and dump them over there whether they wanted them or not. Is that correct?

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. VORYS. This is not a dumping proposition. The language in the committee bill which this combination amendment strikes out provides that these commodities must be required by the participating countries. I call attention to page 5. The ECA approves of having it required rather than making it a dumping proposition as happened in the past. It also does.

It also does not, as farmer JAVITS said, require that it be acquired at high prices. In the committee bill on page 6, lines 13 to 15, this will be stricken out. It states:

In no event shall such cost be higher than the domestic market price at the time and place of delivery as determined by the Secretary of Agriculture.

So there is no dumping. You will find on page 38 of the committee report the list of the needs of ECA set forth by the ECA that can be met out of surpluses we now already own.

Mr. FULTON. May I comment on that by saying that the billion dollars is taken out of the other part of the program and set aside. If the funds cannot be used by the Administrator for the transfer of these Commodity Credit Corporation items, then they are not used at all. In one way, therefore, it is a reduction in the program.

Mr. JOHNSON. But if their needs for these agricultural products did not approximate a billion dollars then they would be out of pocket the rest of the billion, or unable to use it.

Mr. FULTON. That is right.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, let us not misunderstand the proposition made by the gentleman from Pennsylvania and the gentleman from North Carolina. It seems that the gentleman from North Carolina has been selected by somebody to ride the white horse in this charge. He was probably selected because he is the very able chairman of the powerful Agricultural Committee of the House. He has done a great service as chairman of that committee. But I warn you, Mr. Chairman, do not swallow everything he said in his two or three speeches on yesterday and last Friday on this subject. The committee bill including the Vorys amendment is not as bad as he would have you believe.

Mr. Chairman, do not forget that the Foreign Affairs Committee under the distinguished chairmanship of the gentleman from West Virginia has a tough and a thankless job. I do not think the gentleman who is chairman of the Committee on Agriculture envies the gentleman from West Virginia. It is comparatively easy to come in here and ask for an appropriation for the Commodity Credit Corporation because it is something aimed at protecting the livelihood of the American farmer, and Lord knows his rights need to be protected. For years and years he was not protected. He bought on a protected and sold on an unprotected market.

We members of the Committee on Foreign Affairs are up against a tougher proposition—getting an authorization to spend money abroad. To start with, we were up against a fed-up House and a critical public opinion. We have tried to shape this bill up so that it would do justice not only to the people of Europe but to the people of the United States who pay the taxes.

Our committee has in this bill made three major changes in the ECA set-up as originally enacted into law. One of the changes is that we urge and suggest that \$300,000,000 be used for guaranties

to help encourage American business in making investments abroad, thus speeding the recovery program.

Another thing we put in this bill was that \$600,000,000 would be earmarked to guarantee over there a European Payments Union. Mr. Hoffman when he came before us said that there would be no permanent recovery in Europe until they had a payments union over there so that they could enjoy some of the trade advantages we have here in the United States where 48 different States or countries, as it were, trade with each other without barriers. Europe has been promising to unify economically but they have not done so up to this time. In this bill we have earmarked \$600,000,000 and said: "You cannot get those dollars until you pull together."

Now we come to the Vorys proposal which was adopted by the committee. I do not care whether one has the Phi Beta Kappa key or only went through the sixth grade in school, he understands what the proposal means.

While the vast majority of Americans appreciate the progress the Marshall plan has made, while they realize what it has done to turn back the tide of communism, they also realize at the same time that it is in the interest of the American farmer and the American taxpayer to get rid of the surpluses in this country.

Regardless of what the gentleman from Pennsylvania may tell you or what the gentleman from North Carolina may tell you, I believe that the average farmer knows that the surpluses that hang over his production is a drug on the market and that it is desirable to get rid of some of those surpluses.

All that is provided in this bill in regard to surpluses is that ECA use a billion dollars worth of our farm surpluses needed in the program, instead of a cash outlay of that many dollars.

Now, the American farmer cannot lose on that deal; he cannot lose. The gentleman from North Carolina yesterday said that you cannot saddle ECA on the back of the farm program. Nobody wants to do that. We want to help Europe and help solve our farm problems at the same time.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. MANSFIELD. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Montana.

Mr. MANSFIELD. I want to say to the gentleman from South Carolina that I agree wholeheartedly with his argument as to the validity of the so-called Vorys amendment. As a matter of fact, the money comes out of the same pocket, no matter how you go about it, and it is used to achieve the same objective; is that not correct?

Mr. RICHARDS. That is correct.

Mr. MANSFIELD. Furthermore, did not the ECA come before us and say that they would need something like \$1,600,000,000 to buy certain selected commodities in this country, most of which are being held in surplus at the present time by the Commodity Credit Corporation?

Mr. RICHARDS. That is correct.

Mr. MANSFIELD. And is it not true that the committee gave very serious consideration to the Vorys proposal, and after due deliberation decided that it was the best thing which could be offered at that time? Now, I think that the trouble with the Vorys amendment is that it is so simple that it is hard for some of these people to understand.

Mr. RICHARDS. The gentleman from Montana has put his finger on the key to the whole situation. It is a thing that the farmer in the field can understand; it is a thing that the little-business man on the street can understand. You cannot fool the farmer of this country. He knows what surpluses are doing to him. He knows that the Government is putting up money to keep his prices up; he appreciates that fact; and he knows that the one fundamental thing that has got to be done before anything else is done to relieve permanently the situation is to get rid of these surpluses.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Texas.

Mr. POAGE. If I understood the gentleman, he said a moment ago that all we are going to do is to take \$1,000,000,000 of this and use it to buy surplus commodities.

Mr. RICHARDS. I did not mean to say that.

Mr. POAGE. Well, I think those were the gentleman's words, and I think that that shows the very fallacy of the last argument, when the gentleman said it was so simple, that the gentleman draws no distinction between giving away \$1,000,000,000, with no compensation to Commodity Credit Corporation, and in taking \$1,000,000,000, and paying the Commodity Credit Corporation. The gentleman makes no distinction in his own argument. His reasoning is confused, and I think he will find the reasoning of every Member who advocates this Vorys amendment is equally confused.

Mr. RICHARDS. If the gentleman wants to get on the white horse with the gentleman from North Carolina, he can ride along with him. But I don't believe that the people of this country will be fooled.

Mr. MANSFIELD. Mr. Chairman, if the gentleman will yield further, I will say that the gentleman is correct. There has been a rumor going around that as soon as we on the Committee on Foreign Affairs found out that \$2,000,000,000 were going to be appropriated to the Commodity Credit Corporation that we immediately accepted this amendment. As a matter of fact, this amendment was accepted before there was any idea that there was going to be before this House a request for \$2,000,000,000 for the Commodity Credit Corporation. This is a good amendment and it gives

everything to the ECA that it has asked for before the committee.

Mr. RICHARDS. That is correct. Let me say this: I do not claim that the committee proposal is going to save \$1,000,000,000 for the taxpayers of this country; I do not claim that. I hope that it may. We do not know what kind of crops we are going to have next year. Mr. Brannan, in requesting the Commodity Credit Corporation extension of \$2,000,000,000, said he did not know how much was going to be needed. We do not know what 1950 crop conditions are going to be. The CCC may be forced to take over additional farm commodities, and it may not.

It may be that we will not have to come before this Congress to ask for additional funds for the Commodity Credit Corporation again. I do not know. But we cannot lose, the farmers cannot lose, and the taxpayers of this country cannot lose through the Vorys amendment.

Mr. McCARTHY. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Minnesota.

Mr. McCARTHY. Will the gentleman tell the Committee just what the effect of this amendment will be? I have been told that the ECA is going to buy a billion dollars' worth of farm commodities anyway. What will be the effect? What difference does it make whether we adopt the Vorys amendment or not?

Mr. RICHARDS. Did the gentleman say dumping farm commodities?

Mr. McCARTHY. No; I said I was told that the ECA would buy farm commodities. What difference will that make?

Mr. RICHARDS. We do not know for sure how much the Commodity Credit Corporation will buy, and we do not know how much the ECA will buy; we can only estimate.

Mr. McCARTHY. The gentleman from Montana says they will buy over a billion.

Mr. RICHARDS. They estimate over a billion dollars.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. MANSFIELD. May I say to the gentleman from Minnesota it will not make a particle of difference because the articles have been enumerated before the committee. They include such items as cotton, wheat, rye, coarse grains, soybeans, flaxseed, linseed oil, and so forth, all of which are in supply with the Commodity Credit Corporation at the present time, and all of which are products that ECA said will be needed in the next fiscal year. It seems to me there is no difference. You are getting it from the same source.

One more thing: The ECA law provides that products can be bought from the Commodity Credit Corporation, but on the basis of about \$2,500,000,000 spent

so far for agricultural commodities and products the Secretary of Agriculture has certified only \$115,000,000 worth out of the Commodity Credit Corporation.

Mr. RICHARDS. That is correct.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from California.

Mr. JOHNSON. What we are doing is taking stored agricultural items in the Commodity Credit Corporation warehouses for which the farmers have been paid and giving them to the European countries per their own demands and their own selection.

Mr. RICHARDS. We are sending them to the European countries.

Mr. JOHNSON. Yes, but they are selecting them, too.

Mr. RICHARDS. That is correct. In so doing we are doing away with the necessity of paying a lot of storage and we are leaving room to place more commodities there if we have to buy them.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Illinois.

Mr. YATES. What difference does it make fundamentally whether or not you have either amendment? Why not just give the money to ECA and let it purchase the farm products in the event it has to purchase them anyway?

Mr. RICHARDS. I am arguing against the gentleman's amendment.

Mr. YATES. Would it not be better insofar as the ECA program is concerned if they were permitted to buy?

Mr. RICHARDS. No. I think not.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from North Carolina.

Mr. COOLEY. I am not willing to believe the gentleman from South Carolina is confused, but in his remaining time I would invite him to point out to the House the fallacies of the arguments I have submitted in opposition to the Vorys amendment.

Mr. RICHARDS. I have been trying to do that.

Mr. COOLEY. I have been listening in the front row to find them out.

Mr. RICHARDS. If the gentleman had been listening he would have known what I am talking about. The gentleman from North Carolina has introduced two very confusing amendments. Let the issue stand clear.

Mr. COOLEY. I have not introduced any yet.

Mr. RICHARDS. No matter how confusing his amendments are, remember that the issue is simple. The Vorys amendment was adopted in the Committee on Foreign Affairs by a vote of 11 to 7. According to my recollection, the gentleman from Pennsylvania did not propose his amendment at that time, nor did he oppose the Vorys amendment.

The Vorys amendment proposes to do this very simple thing: Take \$1,000,000,000 of our surplus commodities and convert them to the use of ECA, thereby cutting the immediate cash outlay \$1,000,000,000, thus carrying on the Marshall program, and reducing the surpluses in this country at the present time.

Mr. FLOOD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FLOOD. Mr. Chairman, has the gentleman from North Carolina introduced an amendment which is now being debated?

The CHAIRMAN. The amendment now being debated and which is pending is the amendment offered by the gentleman from Pennsylvania, a member of the committee.

Mr. COOLEY. Mr. Chairman, I offer an amendment, which is almost if not identical with the amendment offered by the gentleman from Pennsylvania [Mr. FULTON], as a substitute amendment, and ask unanimous consent that the amendment be considered as read, since it is almost identical with the amendment offered by the gentleman from Pennsylvania.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. KEE. Mr. Chairman, reserving the right to object, I have not seen the substitute amendment.

Mr. VORYS. Mr. Chairman, I am constrained to object.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. COOLEY as a substitute for the amendment offered by Mr. FULTON:

Page 5, line 15, insert a period after the letter "(b)" and delete the remainder of page 5, all of pages 6 and 7, and extending through line 3 on page 8, and insert in lieu thereof the following:

"(3) Renumbering subsections (e), (f), (g), (h), (i), (j), and (k), as (c), (d), (e), (f), (g), (h), and (i), respectively.

"(4) Adding a new subsection (j) to read as follows: 'Notwithstanding any other provision of law wherever wheat or wheat flour is procured under this title for transfer to countries which are parties to the International Wheat Agreement of 1949 and credited to their guaranteed purchases from the United States thereunder, the President, acting through the Commodity Credit Corporation, is authorized to make available, or cause to be made available, such wheat or wheat flour at the applicable price provided in that agreement.'

"(5) Renumbering subsection (l) as (k) and striking out the following therefrom: '(other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price-support programs required by law).'

Page 8, line 12, strike out "\$1,950,000,000" and insert in lieu thereof "\$2,950,000,000."

Page 8, line 4, redesignate subsection (e) as (d).

Page 10, line 4, redesignate subsection (f) as (e).

Mr. FULTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FULTON. Mr. Chairman, as I read the amendment offered by the gentleman from North Carolina [Mr. COOLEY], it is my amendment exactly, with a slight switch. Where I had on page 8, line 4, to redesignate subsection (e) as the first subsection, and secondly on page 8, line 12, to strike out "\$1,950,000,000" and insert in lieu thereof "\$2,950,000,000," the Cooley amendment

merely reverses those two particular provisions.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to withdraw my amendment in view of the explanation.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Chairman, I regret very much that I am not able to ride that white horse through the Chamber at this very moment. I also regret very much that the gentleman from South Carolina did not take a little of his time to explain and point out the fallacies in the argument which I submitted to the House yesterday. The argument which I submitted to the House yesterday was largely in the form of communications to which I invited the attention of Members, communications from every farm organization in America. Now, I understand even the National Association of Manufacturers objects. I think, generally speaking, the businessmen of America will object to the provisions which are referred to as the Vorys amendment because they are calculated to put the Government of the United States in business on a gigantic scale. It will make the Government of the United States the largest purchaser of agricultural commodities that has ever existed in the tide of time.

It will do away with business transactions between businessmen in this country and abroad. The Government will be buying through the Commodity Credit Corporation possibly a billion dollars' worth of farm commodities which it cannot sell to private businessmen abroad, but which it will have to sell at the Government level to governments abroad.

The gentleman from South Carolina [Mr. RICHARDS] said to the gentleman from Pennsylvania [Mr. FULFON] that under the Vorys amendment commodities would be taken away from the Commodity Credit Corporation and sold abroad. Did the gentleman make that statement?

Mr. RICHARDS. The gentleman knows the way ECA operates.

Mr. COOLEY. I know the way it is now, that we make money in the form of dollars available to foreign governments, and foreign governments allocate those dollars to private-business men to do business with businessmen in this country and not with the Government of America.

At any rate, I will not go into a discussion of the philosophy of ECA, but the gentleman knows this program does not contemplate the purchase of agricultural commodities by foreign governments abroad, except by this Vorys amendment.

I should like to suggest one thing which it seems to me should nail this thing to the cross once and forever. Last year when this bill was here my

colleague from Texas [Mr. WORLEY] offered an amendment the effect of which would be to require ECA to buy beef which we had in cans, which we had stored in Mexico, which we acquired in connection with the hoof-and-mouth disease program. This committee opposed Mr. WORLEY's amendment and defeated it. Senator McCLELLAN, from Arkansas, offered almost a similar amendment, broader in scope, and that was defeated in the Senate. Now, lo and behold, we come here and find, under the leadership of the distinguished gentleman from Ohio [Mr. VORYS], the Foreign Affairs Committee has embraced this proposition, lock, stock, and barrel, and now they undertake to saddle one-third of the foreign-aid program on the back of the agricultural program.

Mr. VORYS. Mr. Chairman, will the gentleman yield for a question?

Mr. COOLEY. If it is a question, yes.

Mr. VORYS. The gentleman yesterday had a very long letter which misstated a number of things and which was signed by "blank." It appears to be an anonymous letter.

Mr. COOLEY. The gentleman has reference to a letter that was addressed to the Speaker of the House, I suppose, which the gentleman knows I submitted a copy of. The original is in the Speaker's office, and it is signed by the Secretary. I am sure the Speaker will permit the gentleman to see the letter, if he desires to see it.

Mr. VORYS. Secretary of what?

Mr. COOLEY. The Secretary of Agriculture.

Mr. VORYS. I did not know.

Mr. COOLEY. I am sorry the gentleman did not know.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. BURLESON. I asked the gentleman yesterday if he would not be good enough to explain to the House the actual operation of Commodity Credit Corporation and the meaning of surpluses. I think that is the key to this whole discussion, and as a friend of the court, between the gentleman from North Carolina [Mr. COOLEY] and the gentleman from South Carolina [Mr. RICHARDS], I think it would help considerably if the gentleman would give us that explanation.

Mr. COOLEY. As I said a moment ago, the ECA communication, which I inserted in the RECORD, indicates that seldom, if ever, will the Commodity Credit Corporation have on hand the quantity and kind of commodity which will be desired. Therefore, the countries desiring to acquire certain quantities of agricultural commodities place their orders, and they go into the private market place and they deal with private businessmen in acquiring the things that they want. For instance, the Stabilization Corporation has perhaps a hundred million pounds of tobacco, but tobacco today is not a surplus commodity. Supply must reach a certain level before it is considered in surplus supply. But if you want to go on record as trying to nail down a billion dollars and set it aside for agricultural commodities, wait until we adopt

the pending amendment, then vote for the Burleson amendment which will be introduced by the gentleman from Texas [Mr. BURLESON], who is a member of this committee, which will tie down a billion dollars in American fashion, and will make it available only for the purchase of agricultural commodities in continental United States, its possessions or territories; but let us not resort to this subterfuge of reaching into one pocket and taking out a billion dollars and putting it into another pocket and then go home and say, "Look what we did. We killed a great big bear. We saved a billion dollars."

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. PACE. I would like to be distinctly understood by everyone.

There is not one word that can be found in the amendment offered by the gentleman from Ohio that applies to surplus commodities. The commodity does not have to be in surplus for this provision to operate. It reads:

Commodities heretofore or hereafter acquired by the Commodity Credit Corporation—

There is no requirement that they must be in surplus, and there is no telling what damage this language in this amendment would do to the American people. You could use this amendment in creating scarcities in this country.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. PACE. Let me first read to the gentleman his own words:

Notwithstanding the provisions of any other law, such commodities heretofore or hereafter acquired by the Commodity Credit Corporation shall be made available—

Not one word which states that it has to be in surplus. It is not confined to surplus commodities, and I challenge the gentleman now to show that we have a surplus supply of wheat on hand considering the condition of the crops in the field. You do not know what you are doing if you go ahead and ship out all of the wheat; you may be creating a condition of scarcity that might be frightful.

Mr. VORYS. The gentleman has challenged me. Now I should like an opportunity to answer.

Mr. COOLEY. I yield to the gentleman briefly.

Mr. VORYS. Both gentlemen in the last couple of days have made a rather vicious attack on my amendment and now I have been challenged. I ask the opportunity of answering the gentleman's question.

The Vorys plan does not interfere with the definition of "surplus" already in section 112 of the ECA Act, and on page 7 of the original committee report under the Ramseyer Act here is the definition of "surplus agricultural commodity." I will read it:

(d) The term "surplus agricultural commodity" as used in this section is defined as any agricultural commodity, or product thereof, or class, type, or specification thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements.

There is exactly the law; I have not disturbed the definition at all except to

add an additional class, that acquired by the Surplus Commodity Corporation. I have left the agricultural section of the ECA law alone as much as I could. There are a number of things in there that I happen to disapprove of. There are a number of things that are not strictly in surplus. But the gentleman challenged me as if there were no definition of "surplus" in here when it is in here and the gentleman knows where to find it, and he knows it is there just as I have read it.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. POAGE. Mr. Chairman, I ask unanimous consent that the gentleman from North Carolina may proceed for seven additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. PACE. In all kindness, I do not want to be unfair to the gentleman from Ohio. Had he used the phrase "surplus commodities" what he is saying would be true; there is a definition of "surplus commodities." But in the gentleman's amendment, page 6, line 4 of the bill, he does not say "surplus commodities," he says "commodities heretofore or hereafter acquired by the Commodity Credit Corporation."

Mr. VORYS. The language reads "such commodities." What in the world can the adjective "such" refer to except the words right above, the surplus commodities definition written in by agricultural experts? The gentleman leaves out the word "such" when "such" can refer to nothing except the surplus commodities definition I have already given the House. I must insist that the word "such" applies to commodities heretofore or hereafter acquired.

Mr. COOLEY. By the Commodity Credit Corporation.

Mr. PACE. Such commodities heretofore or hereafter acquired.

Mr. COOLEY. Mr. Chairman, in answer to the gentleman from South Carolina as to who put me on this white charger to come out here and offer this amendment, may I say that when the Vorys amendment was made public last week I conferred with members of my committee. I called a special meeting of the House Committee on Agriculture, composed of 27 men who are Members of this House, all of whom are devoted to the cause of agriculture and most of whom are devoted to the cause of ECA. We discussed this matter pro and con in committee, and I think every member of that committee is opposed to this Vorys amendment. I may say further that I was authorized by the House Committee on Agriculture to offer this amendment as its chairman.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Louisiana.

Mr. BOGGS of Louisiana. The gentleman is aware of the fact that a com-

mittee in the other body rejected this plan. Does the gentleman know—I have not heard anyone on the committee make any statement about it—as to whether or not Mr. Hoffman and the ECA officials are agreeable to this amendment? I am talking about the committee amendment.

Mr. COOLEY. I put in the RECORD yesterday something that had not been put in before, a communication from ECA in which it bitterly objects to this Vorys provision. I put in the RECORD a letter which the Secretary of Agriculture addressed to the Speaker in opposition to it. I put in a communication from every outstanding farm organization in America in opposition to it.

Mr. BOGGS of Louisiana. Will the gentleman be good enough to summarize for the Members of the House the position taken by ECA?

Mr. COOLEY. The ECA takes the same position taken by these other people who have communicated with me in regard to the Vorys amendment.

I want to pause long enough to say to the gentleman from Ohio [Mr. Vorys], that yesterday when I used the words "hoax" and "humbug" I meant no personal reference to my very dear friend the gentleman from Ohio [Mr. Vorys]. I hold him in very high esteem. As I pointed out in my remarks, having been a member of the Herter committee, as he and the distinguished gentleman from South Carolina were, both of them ought to know better than to saddle a part of their burden on the backs of the farm program of this Nation.

Mr. BOGGS of Louisiana. I want to try to understand this. I am certain that the Members would like to understand the effect of the amendment offered by the gentleman from North Carolina and the gentleman from Pennsylvania.

Mr. COOLEY. The effect of the amendment which the gentleman from Pennsylvania [Mr. FULRON] and I have introduced, will add back the billion dollars to the ECA appropriation which the Foreign Affairs Committee took away from it.

Mr. BOGGS of Louisiana. Does the gentleman's amendment permit the ECA to purchase farm products?

Mr. COOLEY. It will strike out the Vorys amendment so that ECA will operate just as it has been operating and in its operation it has already projected a plan which contemplates the purchase of not a billion dollars but \$1,600,000,000 worth of commodities in this country through private trade channels. The gentleman from Montana a moment ago had a list totaling up to \$1,122,000,000.

Mr. BOGGS of Louisiana. So that under the gentleman's amendment the purchases will be made through private enterprise and also through the Commodity Credit Corporation?

Mr. COOLEY. That is right. Let me say this before I yield further. I would like to know whether anybody from the Department of Agriculture, the Commodity Credit Corporation, or the office of the Secretary of Agriculture was invited before the committee to testify with regard to the effect of this amend-

ment? Did you invite the farm leaders who have fought so hard for this farm program to come before the committee? Did you invite anybody from this House and give them the opportunity to discuss the implications of this provision? No, you did not. When I called my committee together I got in touch with the five leading farm organizations and every one of them, to a man, went on record as opposed to this thing, and every one of them at the same time was in favor of an expanded ECA program.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Montana.

Mr. MANSFIELD. I was interested in the statement of the gentleman from Louisiana in which he asked Mr. Hoffman's opinion and if we had been informed of it. We all have a high respect for Mr. Hoffman, but may I say that when the Committee on Foreign Affairs brings legislation in here just as it is presented to us we are criticized and when we try to do a good job in committee you still find fault with it.

Mr. COOLEY. Let me ask the gentleman a question. Did he invite anybody interested in American agriculture, from farm organizations or from the Department of Agriculture, before his committee? Did he hold any hearings on this proposition?

Mr. MANSFIELD. Let me say to the gentleman that we have minds of our own and we tried to use our best judgment.

Mr. COOLEY. The gentleman gives us the mind of the Committee on Foreign Affairs as a basis for this fundamental change in the philosophy of ECA which all of you have fought for in the past, and that is not to hamstring this money which is going to be used by foreign countries. Why did you not, if you wanted the true facts, get the books of the Commodity Credit Corporation? I challenge you now to tell us what they have invested and what it is invested in. Why did you not give them a chance?

Mr. MANSFIELD. I want to say that anyone who wanted to could have appeared before our committee.

Mr. COOLEY. Oh, that is a different proposition.

Mr. MANSFIELD. Let me finish. There was no change in the philosophy of this amendment as it affects the Commodity Credit Corporation because the money comes from the same source and is used for the same objective.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. I could talk about this thing for 5 hours. This Committee on Foreign Affairs brings this matter here as if it had received great consideration in the committee. Why, I dare say that no Member of this House knew anything about this proposal of the gentle-

man from Ohio until it appeared in the press, and then the committee was in executive session writing the bill, they were not hearing witnesses.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Louisiana.

Mr. BOGGS of Louisiana. The statement has been made that the amendment also changes the philosophy of the ECA; is that correct?

Mr. COOLEY. Here is the situation. My amendment—well, I will refer to it as the Fulton amendment—will restore this \$1,000,000,000 to ECA; it will strike out the Vorys amendment, and if that is done, then the gentleman from Texas [Mr. BURLESON] will give the House, and the friends of the Vorys amendment, an opportunity to express themselves on tying down the \$1,000,000,000. The gentleman from Texas [Mr. BURLESON] will offer an amendment that will tie down this \$1,000,000,000, which will keep the money in American trade channels, and that money will be used only in the acquisition of crops which the Secretary of Agriculture has determined to be in ample supply, or not in inadequate supply.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Pennsylvania.

Mr. FULTON. You first vote for the amendment that is now up, that is, the amendment that is put in by the two of us, and then if you want to tie it down for purchases in this country, the gentleman from Texas [Mr. BURLESON] has an amendment that you can put in, and you can then adopt that.

Mr. COOLEY. Our amendment puts back the money and strikes out the Vorys amendment, and stops there, and that is where a lot of the Members of this House want it to stop.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Georgia.

Mr. COX. I would like to say to the gentleman that I think I favor the adoption of his amendment, but for entirely different reasons than those which he has assigned. Up to this point it would seem to me that the advocates of the Vorys proposal have the better of the argument. I want to ask the gentleman if he thinks or contends that keeping the Vorys proposal in the bill would tend to bankrupt the Commodity Credit Corporation.

Mr. COOLEY. Why, of course it will, Judge. It will take away from them \$1,000,000,000 of their assets and impair the efficiency and the stability of the Commodity Credit Corporation and makes us come back here and ask for an act of Congress to replenish the funds of the corporation.

Mr. COX. Has not the gentleman confidence in the House to believe that if this \$1,000,000,000 of commodities were furnished by the Commodity Credit Corporation, that the Congress would reimburse the Commodity Credit Corporation.

Mr. COOLEY. Well, let us face the thing forthright. Let us give the ECA the \$1,000,000,000 that is needed and let

ECA go and buy the commodities and pay for them, and then we will not have to come back next year.

Mr. COX. Here is the point made by the gentleman which is not impressive, and that is that what the Vorys proposal has kept in the bill will operate against the best interests of the farmers of this country, when the gentleman and other Members of the House must know that the motivating cause of the gentleman from Ohio offering this proposal was to relieve the agricultural surplus situation and thereby improve the conditions of the farmers of this country. In other words, I think we might be fair to the gentleman who sponsored it.

Mr. COOLEY. I will be fair to him, and credit him with a high degree of sincerity. I have no purpose in mind to impugn his motives. I just think the gentleman and those members of his committee who voted with him are confused about this situation. We ought to deal honestly and fairly with both the farm program and the ECA program. I venture to say that the ECA program has no better friend in Congress than I am.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. Is it not a fact that the result of the Fulton and Cooley amendments, both of them taken together, plus the proposed Burleson amendment, will be that you will still earmark \$1,000,000,000, no matter who gets it, for farm products?

Mr. COOLEY. If you approve the Burleson amendment remember that you are keeping the money within normal trade channels.

Mr. FLOOD. But you are doing this expressly for the purpose of buying farm products.

Mr. COOLEY. I am not offering the Burleson amendment.

Mr. FLOOD. I know, but if and when that is done, that will be the result; is not that so?

Mr. COOLEY. But ECA would be buying the commodities with its own money.

I have been interrupted so much that I am very much afraid that I have not made the propositions now under consideration very clear. In conclusion I hope that I might be able to clear up such confusion as may exist.

We have referred to the Vorys amendment. As a matter of fact, no Vorys amendment is now before the House. The Vorys amendment was adopted in committee and became a part of the bill. I propose to strike out the provisions of this bill which were offered by the gentleman from Ohio [Mr. VORYS] in committee, the purpose and intent of which were clearly to lead the country to believe that by the adoption of such provisions we would be saving the taxpayers a billion dollars and at the same time disposing of deteriorating, perishable agricultural commodities, which the Government had already purchased at great cost. If the Vorys provisions are stricken out, I would then restore the billion dollars to ECA funds. This would enable ECA to continue in the next year just as it has operated in the

past year. Right there I stop. I have stated, however, that a member of the committee, the gentleman from Texas [Mr. BURLESON], would hereafter offer an amendment, in the event my amendment prevails. The effect of the Burleson amendment would be to give to the House an opportunity to work its will on the suggestion that \$1,000,000,000 of ECA funds be tied down and earmarked for the purchase of commodities which the Commodity Credit Corporation now owns or may hereafter acquire or which the Secretary has not determined to be in inadequate supply. The Burleson amendment would, likewise, restore the \$1,000,000,000 to the ECA authorization.

I, therefore, hope that the House will adopt the amendment which I proposed on yesterday and which today has been offered by the gentleman from Pennsylvania [Mr. FULTON], and which I also offered, but withdrew when it appeared that the amendments were identical. After the ECA authorization has been increased and the Vorys provisions have been stricken out, as provided for in the pending amendment, then the House can vote on the amendment which will be offered by the gentleman from Texas [Mr. BURLESON] and can then decide what should be done with this suggestion that we earmark a part of ECA funds for the purchase of agricultural commodities. Certainly, the Committee on Foreign Affairs which has handled this legislation, has never heretofore favored such earmarking. I urge the adoption of the pending amendment.

Mr. VORYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, a lot of people are confused here but I am not a bit confused and you had better not be confused. There is going to be a division of this combination. You are going to vote, first, do you want to use a billion dollars of surpluses that are the exact things needed under the Marshall plan out of stocks that the taxpayer already owns because he has paid for them, or not? Then the other part of the amendment is, do you want to raise the ante for foreign aid a billion dollars more, or not?

If those motions prevail in the Committee of the Whole, then you are going to have an opportunity to vote on a roll call so that the people of the country and of your districts will know, are you in favor of using agricultural surpluses we now own to take care of an obligation in Europe, or not, and do you want to raise the ante for foreign aid a billion new dollars, or not? That is what the vote is going to be about.

We have about \$4,000,000,000 worth of these commodities. They are not very valuable assets because we have not been able to sell them, and they do not even want us to give them away in this country because that might interfere with their markets. The proposal, therefore, is to take these commodities, that are not only valueless but are costing \$25,000 a day for storage, and \$80,000,000 more for storage construction, and get rid of some of the storage costs, not by dumping these commodities, but by furnishing the people in Europe exactly what they need.

You will find listed on page 37 of the committee report, and the reports are in plentiful supply at the committee tables, just exactly what the ECA listed they were going to acquire for European requirements and opposite that just how much is now in surplus.

Fortunately, or unfortunately, tobacco is not listed there. My beloved friend from North Carolina may be particularly concerned because the tobacco folks do not handle their product through the Commodity Credit Corporation, but the one hundred and forty to one hundred and forty-five million dollars' worth of it, which is now under loan, is handled through an outside organization. Unfortunately for him, tobacco would not be one of the surplus commodities which would go under the Vorys plan.

However, under the ECA program they are going to spend a total of \$1,395,000,000 on food and agricultural products. Perhaps the gentleman could get some of those dollars for his tobacco and then he might feel more comfortable about this problem of taking care of the surpluses. You see, in the handling of ECA and tobacco, it is always listed, if possible, under "and other products," because there are many people who feel bad about our furnishing free tobacco over there.

It is said that the big city dweller should be for this Fulton-Cooley proposition because it would prevent dumping at high prices. Well, as I have pointed out, in the bill, in the part which the Cooley amendment would strike out, the provision is that this transfer of the \$1,000,000,000 of surplus shall be charged at a cost that shall in no event be higher than the domestic market price for the same commodities.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent that the gentleman may have five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Chairman, will the gentleman yield for a correction?

Mr. VORYS. I yield.

Mr. JAVITS. Just to pin point the argument, my argument is not what the CCC will sell it for to the ECA—the gentleman is right about that—they will sell them at the market—my argument is what the Commodity Credit Corporation must go out in the open market and buy these surpluses at. No doubt they must buy them at not less than 90 percent of parity. That is my point. Therefore, I say it has a tendency to keep the prices high instead of as under the ECA buying, which has a tendency to keep the prices lower.

Mr. VORYS. I see; the gentleman agrees with those who think we are going to go on and on forever piling up surpluses and doing nothing with them. Well, I do not think so. However, the gentleman fell into the error of saying that the ECA would buy these from the Commodity Credit Corporation. No; they will not. Under the committee plan, which is attempted to be stricken

out, these surpluses will simply be made available and will be turned over. If the CCC and Agriculture cannot find anything to do with them, we will find something to do with them. It is going to help the farmer by taking that great surplus threat off of the market. We transfer them to the ECA and when they are sold—and there is where the attempt was made to make confusion about what my colleague from South Carolina said—they are not given away when they get to Europe under the Marshall plan, but when they get over there, the agricultural products and other commodities are sold to the people of Europe for their own currencies. Those currencies are deposited in what is called the counterpart funds. It is only when those counterpart funds are disposed of for the recovery of Europe that there could conceivably be what could be called a gift.

So that while these are sold by these recipient countries and the counterpart fund deposited in this joint account, they are not sold by the CCC over there. What does the CCC do with them? Why, they charge them off. In a letter by Assistant Budget Director Lawton, in February 1949, he pointed out that the Commodity Credit Corporation had sustained a net loss since its organization up to then of \$3,890,891,170. But that they were able to show a surplus in their statement by including as income the appropriations received from the Congress.

Now, what is going to happen—remember, the people own the Commodity Credit Corporation. It is all taxpayer's money. But what is going to happen is that the people who have bought these surpluses and cannot find anything to do with them, are going to turn them over to this worthy purpose that will help the farmer, and then when the charge-off comes it will be charged off by the Commodity Credit Corporation, because they could not sell it and did not dare to give it away in this country.

Now, this is all very simple. It is not confusing. You are going to vote whether you want to use the surpluses we own in Europe or not; and you are going to vote whether you want to add a billion dollars to the whole thing or not, and if the vote is successful in Committee of the Whole, there will be a record vote to inform the public just how we stand.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. VORYS. Now I yield.

Mr. COOLEY. Why does the gentleman object to letting the books of the Government agencies and corporations reflect the truth? Why do you object to letting the ECA pay for this and charge it up to ECA, instead of charging it up to the Commodity Credit Corporation? What is your explanation?

Mr. VORYS. Now I am going to answer. Because the ECA is just the American people. The Commodity Credit Corporation is just the American people. If the American people have already bought a billion dollars worth of stuff, we are not, through a bookkeeping fiction by the Commodity Credit Corporation which I have just described, going to attempt to charge the American people

twice for the same stuff. The expense of this transaction is going to stay right where it is now, in that pocket of the taxpayer's suit. The Commodity Credit Corporation attempted to support prices; it had to take in these surpluses; it spent over \$4,000,000,000. They got \$2,000,000,000 more last week. They are going to have to show that that is what the price-support program costs.

Mr. COOLEY. Does not the gentleman admit that his amendment is nothing but a bookkeeping transaction?

The CHAIRMAN. The time of the gentleman from Ohio [Mr. VORYS] has again expired.

Mr. KEE. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. KEE. Mr. Chairman, I am doubtful of my ability to get order out of chaos or out of the confusion which the House is in with reference to the pending amendment.

I want to explain my position in this matter, not only as chairman of the Foreign Affairs Committee but also as a Member of Congress deeply interested in the welfare of the Nation and of the people I represent.

I opposed the Vorys amendment in committee. I opposed the amendment not merely because ECA was in opposition to it, although that is the position of the ECA. They want to proceed in that same orderly manner, as they have been proceeding for the last 2 years in the operation of their program.

For 2 years the ECA has been buying agricultural commodities in the open market. The ECA is not a purchasing agent, however, because in many instances money allocated to make these purchases in the open market is allotted to the countries participating in the programs for the purchase of commodities in this country. A number of the countries have their own private purchasing agencies here who procure in the open market, with the money thus supplied to them, these agricultural commodities; and for the past 2 years the ECA has been purchasing in the open market through their agencies, agricultural commodities to an amount in excess of a billion dollars. The ECA now proposes in its plans for the ensuing year to purchase about one-billion-three-hundred-and-some-odd-million dollars' worth of agricultural commodities.

If the \$1,000,000,000 cut out of this bill by the Vorys amendment had been left intact, the ECA would have gone into the open market, as it has done for the past 2 years and purchased these commodities; and, as I have stated, during the coming year, about one-billion-three-hundred-and-some-odd-million dollars would have been spent for agricultural commodities. In purchases in the past 2 years the Administrator has not had in mind a support of the farm program, because that was not an objective of ECA. But as a natural result of ECA being in the market and buying

these commodities it has lent great aid to what we call the farm price-support program.

If the Vorys amendment remains in the bill it will not save to the country a single dollar. The gentleman from Ohio [Mr. Vorys], himself, has said that ECA is working with the people's money and CCC is using the people's money, and that what is spent by both agencies comes out of the taxpayer's pocket. There is no question, however, about the fact that every dollar the ECA has spent during the past 2 years for its program has aided the farm price-support program. If the \$1,000,000,000 had been left in the bill, every dollar of that billion-and-three-hundred-and-some-odd million more would have gone to help, directly or indirectly, the farm price-support program. If the ECA has to take those commodities out of the surplus now in the hands of the CCC, then for every dollar's worth of commodities it takes out of the surplus that dollar will have to be supplied by the CCC in further support of the price program. It is not a question of saving the country anything; it is a question of whether the CCC gets another appropriation or whether they do not; it is a question of whether they can get the help of this billion dollars for the price-support program or whether they will not be able to.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. FULTON. Mr. Chairman, I ask unanimous consent that the gentleman from West Virginia may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield.

Mr. BOGGS of Louisiana. I wonder if the distinguished chairman would express himself on the amendment offered by the gentleman from North Carolina?

Mr. KEE. I am in favor of the amendment offered by the gentleman from North Carolina, and that is the way I voted in the committee. I favor it because of the fact that I want the ECA to have the \$1,000,000,000 to spend in the open market. We were not considering the farm price-support program, and so far as I was concerned, I was looking to the interests of the ECA and its great program of recovery.

Mr. BOGGS of Louisiana. The argument made by the gentleman from Ohio that his amendment would save a \$1,000,000,000 is a fallacious one, is it not?

Mr. KEE. I would not call it fallacious. I do not like that word. It certainly does not save the taxpayers anything.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from New York.

Mr. KEATING. Would the gentleman state his position regarding the Burleson amendment which is to follow

and which is a part of the Cooley proposition now before us.

Mr. KEE. I do not consider that a part of the Cooley proposition at all. I am opposed to the Burleson amendment because it would tie the hands of the ECA and in case of certain eventualities it would result in the ECA losing half of its appropriation.

Mr. KEATING. The gentleman has stated, I believe correctly, that the ECA Administrator is opposed to the Vorys plan?

Mr. KEE. That is correct.

Mr. KEATING. The Administrator is even more strenuously opposed to that plan plus the Burleson plan?

Mr. KEE. The Burleson plan was never submitted to this committee.

Mr. KEATING. We have had the principle here before us on other occasions in dealing with ECA as to whether the hands of the Administrator should be tied and he be forced to purchase farm products which, as I understand it, is the purpose of the Burleson amendment.

Mr. KEE. I understand the purpose of the Burleson amendment is to force the Administrator to buy all of the \$1,000,000,000 worth of farm products in the American markets. He is doing that anyhow and will continue to do that; but in the event there are certain products that cannot be secured, or if they get in short supply in America, to that extent the Administrator would not be permitted under the Burleson plan to buy them anywhere else, and would therefore lose so much of the appropriation as would be the value of the commodities he could not obtain in the United States.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from North Carolina.

Mr. COOLEY. May I say that the Vorys amendment prompted the proposition which will be submitted to the House by the gentleman from Texas [Mr. BURLESON]. As between the two propositions, the one taking the assets of the Commodity Credit Corporation, as proposed in the Vorys amendment, and the other tying down a \$1,000,000,000 to be spent for surplus commodities in the American free market, the Burleson amendment would be preferable, but I understand the gentleman is opposed to that?

Mr. KEE. Yes.

Mr. COOLEY. And also the Vorys proposal?

Mr. KEE. Yes.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Pennsylvania.

Mr. FULTON. May I point out that the Burleson amendment is not up for consideration and while I am for the Cooley-Fulton amendment, I am against the Burleson amendment, but that has no bearing whatever on the present question.

Mr. KEE. I agree with the gentleman.

Mr. FULTON. The Burleson amendment has not been offered and it is very peculiar, may I say, that if this does so much for the farmers and is so good for

them, every farm organization in the country is against the Vorys amendment and we from the industrial States know it is taking it out of the hands of private enterprise and putting it in the hands of the Government and we of the industrial areas are against it also.

Mr. KEE. I want to make it clear also that I do not believe the Vorys amendment would destroy the ECA program. In my opinion, it is a crippling amendment to the ECA program. I am wholeheartedly in favor of the bill with or without the Vorys amendment. I prefer it, however, without the Vorys amendment.

Mr. COOLEY. Does the gentleman believe the Vorys amendment will impair the ECA program?

Mr. KEE. It will impair the efficiency of the ECA program because it will interfere with that orderly method of doing business they have followed for the past 2 years. It will put them in a new line of business and will very likely lose for them a considerable amount of their appropriation.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

[Mr. HOPE addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. FULTON. Mr. Chairman, I ask unanimous consent that the gentleman from Kansas may proceed for two additional minutes.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close at 4 o'clock.

Mr. MASON. Mr. Chairman, I object.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close at 4:15 o'clock.

Mr. MASON. Mr. Chairman, I object.

Mr. KEE. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto close at 4:25 o'clock.

The question was taken; and on a division (demanded by Mr. Mason) there were—ayes 91, noes 80.

So the motion was agreed to.

Mr. MICHENER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MICHENER. Will there be a division of time? Under the rule, every man recognized will be recognized for 5 minutes.

The CHAIRMAN. The Chair was about to announce that, without objection, those who were standing at the time the motion was agreed to would be recognized, and the time would be divided between them.

Mr. FULTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FULTON. Before the motion was made I had asked unanimous consent that the gentleman from Kansas [Mr. HOPE] be allowed to proceed for two additional minutes.

The CHAIRMAN. That request was not put.

Mr. HOPE. Mr. Chairman, in view of the number who desire to speak and the limitation of time, I do not desire to take any further time.

Mr. SMITH of Wisconsin. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SMITH of Wisconsin. I have an amendment to the amendment. Is that covered by the time that has been allotted?

The CHAIRMAN. The motion covered the pending amendment and all amendments thereto. The gentleman will be recognized if he was standing seeking recognition.

Mr. FULTON. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FULTON. Because the question will come up on the amount in this bill if the Cooley-Fulton amendment is adopted, is there any way that Members who want to change the amount, for example the gentleman from Wisconsin [Mr. SMITH], may offer an amendment not subject to the limitation of being required to put it in as an amendment to the Cooley-Fulton amendment?

The CHAIRMAN. The gentleman of course would have the right to propose his amendment to the pending amendment.

Mr. FULTON. Then the gentleman from Wisconsin should not be within the time limit, because it would seem to me that the final amount of the bill should have more discussion than just 2 minutes.

The CHAIRMAN. The Chair does not believe that is a parliamentary inquiry.

Mr. MANSFIELD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MANSFIELD. Am I correct in assuming that under the motion adopted by the committee all debate on this amendment and all amendments thereto will end at 4:25 p. m.?

The CHAIRMAN. The gentleman is correct.

The Chair recognizes the gentleman from Wisconsin [Mr. SMITH].

(Mr. MARTIN of Massachusetts and Mr. KEATING asked and were given permission to yield the time allotted them to Mr. SMITH of Wisconsin.)

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin to the amendment offered by Mr. FULTON: On page 8, line 12, strike out the sum "\$2,950,000,000" and insert in lieu thereof "\$2,450,000,000."

Mr. JOHNSON. Mr. Chairman, I ask unanimous consent that I may extend my remarks following those of the gentleman from Wisconsin [Mr. SMITH], and also that I may yield the time allotted me to the gentleman from Wisconsin [Mr. SMITH].

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SMITH of Wisconsin. Mr. Chairman, my amendment proposes to cut the amount under the Fulton amendment by \$500,000,000. It reduces the amount to \$2,450,000,000.

As I see it, there is nothing sacred about the amount that has been suggested in this bill. We are operating under a dollar balance proposition, and all it amounts to is that these nations which are recipients of aid will figure out what they think they will be short in dollars, advise the ECA accordingly, and the amount is then set up in accordance with their request.

There were some of us who felt that that approach beginning the third year of the program was wrong. I want to read just a paragraph or two from a report that was made in the other body on this matter of dollar balances:

The two previous appropriations of ECA have been estimated on the anticipated dollar deficit of the participating countries for the fiscal year. This basis is inherently unsatisfactory because it connects the amount of United States aid received by a country to its deficit rather than to a program of positive action.

With all of the wishing and all of the hoping we have had as to what this program would do from the standpoint of political economy and integration we are still not getting it, and we are about to enter the third year. I read further from this same report:

The allocations to each country should be linked to specific constructive courses of action, political as well as economic. United States dollars should go to countries which are making basic structural changes in their economy, which are taking costly steps toward international stability or which incur losses to carry out a program of international cooperation. Aid should be given in such manner that the standard of living and general well-being of the country are primarily the responsibility of its government and not of the United States.

This program which we are now considering places the responsibility upon the American taxpayer. I say that when we consider our own appropriations—and we shall soon have an appropriation bill to consider—I am advised that the cuts in domestic appropriations will range from 15 to 25 percent. What percentage does my cut indicate? I am proposing a reduction of approximately 16 percent in this amount. Do you believe that the ECA program is going to be jeopardized by cutting this huge sum 16 percent?

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. KEEFE. If I understand the gentlemen's amendment, it proposes to cut \$500,000,000 off the authorization that is provided for in this legislation. Is that true?

Mr. SMITH of Wisconsin. That is true.

Mr. KEEFE. Am I correct in the assumption—and I should like to have the indulgence of the Members of the House to get this fact. To those who desire to cut this authorization, may I say this is the only time you will have an opportunity to vote on that question. This

raises for the first time and the final time the right to determine whether or not you are going to cut this authorization below the amount of \$2,900,000,000 which is set out in this proposed bill. Does the gentleman so understand?

Mr. SMITH of Wisconsin. That is exactly true.

Mr. KEEFE. If the Fulton-Cooley amendment carries without the amendment offered by the gentleman from Wisconsin, there will be no subsequent time later on to reduce the total amount of this authorization?

Mr. SMITH of Wisconsin. That is exactly right and I am glad the gentleman from Wisconsin has called that matter to the attention of the committee. It is now or never for those of you who feel that this authorization can be and should be cut without injuring the program.

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. JOHNSON. Mr. Chairman, it seems to me that the Vorys plan is a sensible way to help the people of Europe and still not require the taxpayers of our country to have to dig down in their pockets and pay \$1,000,000,000.

As I see it the plan is about as follows: Out of stocks now in the hands of the Commodity Credit Corporation are vast stocks of goods. These have been bought by the CCC. On hand are such things as wheat, cotton, cheese, peanuts, dried fruit, and so forth. These goods were bought and paid for by the CCC. They belong to the people of the United States, because the CCC is owned by the United States Government. From these stocks the various peoples in Europe whom we wish to help can make selections of what they can most profitably use up to the extent of \$1,000,000,000. It has been stated that there would be a demand among the various nations adequate to absorb the entire \$1,000,000,000. If that is true, it means that not one cent of taxes need be levied against the people of the United States to raise this amount, in the event we should pay it in cash, as some think we should. Certainly if the ECA were given \$1,000,000,000 in case they would go into the market and buy these same goods, then the stocks would remain in the warehouses of the CCC. They undoubtedly would be held so long that much of the goods might become spoiled.

This is not an attack on the CCC. We just raised their authorization by \$2,000,000,000. I was glad to vote for this. If the taking of this large part of the stocks now on hand in the CCC warehouses would deplete their financial strength so as to cripple their operations I am sure that the Congress would give them additional authority to handle any situation necessary.

We must find some way to prevent waste and destruction of crops that are taken in by the support program. Otherwise the support of agriculture will suffer, which I do not want to see. Here is a way to use some surpluses to the advantage of the taxpayers, who finally pay the bills created by the support-buying program of the CCC.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. MORRIS].

Mr. MORRIS. Mr. Chairman, I ask unanimous consent that the time allotted me be given to the gentleman from California [Mr. WHITE].

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. WHITE].

Mr. WHITE of California. Mr. Chairman, I do not think it has been made clear to the House yet regarding the issue about private enterprise in this matter. As the gentleman on the left of the aisle will recall, the other day when we were voting on the so-called Cole amendment to the CCC bill, many of them defended private enterprise in its effort to handle the grain, cotton, and other commodities going to the Commodity Credit Corporation. We on the right-hand side of the aisle opposed that successfully. But now we are faced with the issue of taking the products out of the Commodity Credit Corporation. I may say to you that the thing I had in mind at the time I opposed the Cole amendment was it was not depriving free enterprise, the cotton and grain trades of the United States, of anything so long as we allowed them to handle the commodities out of the Commodity Credit Corporation.

Mr. Chairman, the so-called Vorys amendment would circumvent the private grain and cotton trades of the United States in the handling of these commodities and would do that for no good reason. Also, it would not save a penny for the taxpayers. On the other hand, it would cost the taxpayers some additional money, and I will tell you why.

We have to look at this surplus proposition from the point of view of the time that these products will be shipped, which will be about next fall. At that time the surplus will be available from two sources, from the current crops and from those supplies already in the warehouses of the Commodity Credit Corporation. If the private trade is going to handle it like they have in past years they will handle it from the current crop direct to Europe. But if you are going to take the present stored surpluses out of the warehouses and give them to Europe, as the Vorys plan would do, then, obviously, you will have killed that demand for the current crop and you will send a portion of the current crop right back into the CCC warehouses to replace the products just shipped out to Europe. You do not save a nickel. The Vorys plan would cost the American taxpayers millions of dollars in extra handling. It would serve no useful purpose. It would simply circumvent private trade.

We have had telegrams—I have had dozens of telegrams—from private traders in this country, cotton, grain, and every other commodity, asking us to vote against the Vorys plan for those reasons I have just stated.

I should like to pose a question. Since when has it become a sign of weakness to have a sufficient amount of commodi-

ties on hand in a nation? Was not that the thing that won the last war? Do we want to give them all away now and have no supply on hand in case Russia attacks? A five-million-bale carry-over of cotton is a normal carry-over. Nearly every cotton mill requires a different kind of cotton, and the qualities produced each year almost never fit the demand exactly. Therefore, it takes a supply of five to eight million bales in excess of the normal annual consumption of cotton in order to have a plentiful supply of cotton.

Also, in regard to wheat, suppose we give away all our wheat to Europe and then have a short wheat crop, and assume further that the Russians should attack us when our commodity shelves are bare. It is a good thing we had 11,000,000 bales of cotton on hand when we entered World War II. Our shelves were nearly bare of cotton in early 1948. Let us not consider our agricultural products a curse. We can make them a blessing if we will not listen to the organized drive now in progress to knock out this Nation's farm stabilization plan.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. FULTON. Mr. Chairman, if the gentleman will yield, I ask unanimous consent that the time allotted to me be yielded to the gentleman from New York [Mr. JAVITS].

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

[Mr. JAVITS asked and was given permission to revise and extend his remarks.]

Mr. JAVITS. Mr. Chairman, I think the debate on the Vorys amendment has been sufficiently comprehensive so that the Members understand clearly what the issues are, and I would just like to restate them by way of summary. The issues, as I see them, are not whether the Commodity Credit Corporation shall be entitled to pile up surpluses or not, for the Commodity Credit Corporation will indeed, under the farm product parity price law as it stands, have to go out and buy any farm surpluses in the covered commodities that the ECA does not acquire. The issue is simply whether the acquisition shall be through the Commodity Credit Corporation or whether the acquisition shall be directly in the open market by ECA, and I think that for this once the city dwellers and the farmers are of one mind.

As to the question posed by my colleague, the gentleman from Wisconsin [Mr. SMITH], with respect to the cut of \$500,000,000, I think that is a much fairer way to get at the issue as to whether or not this amount should or should not be cut, but I believe that the amount should not be cut, and I am opposed to the cut at this time for this reason. If the Members will look at page 33 of the report they will find after screening through the organization of European Economic Cooperation, and through the offices of Mr. Harriman in Paris, and through Mr. Paul Hoffman in this country, the amount arrived at is

\$2,925,000,000, and that is a reduction from the amount which was appropriated last year by about 25 percent. Also, there is a carry-over this year; in other words, ECA is not just an agency that is spending its money, but it has a carry-over.

The whole thing involved in this cut is a vote of confidence in Mr. Paul Hoffman, and that is what I would like to impress on the Members. He is doing a very outstanding job in this whole program, and I think we owe him a vote of confidence in this appropriation when he has come in with a 25-percent cut, and when he has worked for a carry-over of approximately \$150,000,000.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Minnesota.

Mr. JUDD. I want to concur in the statement the gentleman made in opposition to the amendment offered by our good friend from Wisconsin to cut the ECA authorization by half a billion dollars. If I thought that that would save the taxpayers of America half a billion dollars, I would vote for it, but I am convinced it would not save them anything and might, indeed, cost them a lot. In fact, I am convinced that the Marshall plan has not actually cost the American taxpayers one dime. If we had not adopted it, we would be deeper in debt and going further in the red in this year's budget than we are, because unquestionably we would have had to increase our defense expenditures by an amount larger than the cost of this program. If we had not adopted ERP, Italy and France would have been under the Soviets 2 years ago; the Mediterranean would have been a Russian lake and the Reds would be on the English Channel. What would that have done to our security and to our defense budget? Well, it would have been at least twenty billion a year and probably twenty-five billion—an increase of five to ten billion over our present expenditures for defense. If we look at it hardheadedly, we must conclude that the success of the Marshall plan thus far has saved the American taxpayer money. Is it good sense to take any chance with its continued success? I am not willing to accept such a responsibility. I would rather authorize more than is needed than less. It is not just short-sighted economy, it is not economy at all to cut this authorization below the amount specified in the bill. If it is not all needed, then the Committee on Appropriations can cut down such items as the facts may justify later, should crops in Europe prove good, other conditions favorable, and no crises develop that might require some additional funds in a hurry at a time when Congress might not be in session. I hope the full \$2,950,000,000 authorization will be retained; whether or not it is all in dollars, or partly in surplus commodities under the Vorys amendment, this has always been and still is, first of all, a national-security proposition.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. LYLE].

[Mr. LYLE asked and was given permission to revise and extend his remarks.]

[Mr. LYLE addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. PACE].

(Mr. ABERNETHY, Mr. McCARTHY, Mr. LYLE, and Mr. HORAN asked and were given permission to yield the time allotted them to Mr. PACE.)

Mr. PACE. Mr. Chairman, I have some misgivings that I might be able to contribute anything worthwhile to this discussion, but I think it would be most unfortunate if the so-called Vorys amendment should remain in the bill. I earnestly hope that the amendment offered by the gentleman from Pennsylvania [Mr. FULTON], jointly with the gentleman from North Carolina [Mr. COOLEY], will be adopted. I say that, Mr. Chairman, for these reasons:

First, I think if the Vorys amendment became law, it would contribute in good measure to the utter destruction of the farm program. You all know, we are in trouble now with some losses, and as soon as the press begins to blow up the loss of this additional \$1,000,000,000 I think the farmers of the Nation will be in great distress.

Secondly, Mr. Chairman, if we are going to have an ECA program, let it be that and not a farm dumping program. I for one resent the efforts being made to try to use ECA or any other program for the purpose of dumping surplus agricultural commodities.

Mr. Chairman, it should be remembered by every Member of this House whose commodities are not now supported by the Commodity Credit Corporation, that you get no benefit under the Vorys amendment. There can be enormous surpluses of agricultural commodities that are not given the benefit of any support price. The Commodity Credit Corporation is not required to take over such commodities. And under this Vorys amendment there is no obligation to buy one single pound of those commodities. Under the Vorys amendment the only commodities which can be purchased are those which have been acquired by the Commodity Credit Corporation under the support price program. Certainly States like California, Washington, and Oregon, which have at times enormous surpluses, should have the right to be considered in the purchases made by Mr. Hoffman under the ECA program.

Mr. Chairman, what really is at stake here? I think everybody should understand. Go look at the list of proposed purchases by ECA. There is a little of this and that, some soybeans and peanuts and cheese and eggs and resin and turpentine, totaling 40, 50, or 60 million dollars, but what are we really talking about here now? We are talking about cotton and wheat. Those commodities are substantially the subject matter under discussion now.

You may say, "Well, Mr. PACE, you represent a cotton section. Why are you not for the Vorys amendment?" I will tell you why. You contribute through that amendment to the destruction of the market for our cotton. A mill in France,

a mill in Italy, a mill in Belgium, have a product to process. They need a particular type of cotton to do the job. But no, they do not get it under the Vorys amendment. If they get anything they must take those particular grades and staples which the Commodity Credit Corporation happens to have on hand.

Now what goes on? Under ECA and under the procedure in the cotton business of this country the buyers for the mills go into the market and buy the particular grades and staples the mills need. If the cotton is under loan they pay off the loan. The Commodity Credit Corporation then takes over or acquires the grades and staples not wanted at the time.

We hope to ship Japan 750,000 bales of cotton this year, but not under the Vorys amendment. They could probably use these off grades and short staples, but no, under the Vorys amendment, since the Commodity Credit Corporation now owns about 3,000,000 bales, regardless of what the mills of Italy, France, Belgium, Germany, and elsewhere might want, these mills must take only what the Commodity Credit Corporation has acquired.

I ask you not to do that to the cotton farmers of this Nation. We are hoping that one result of the ECA will be, after it is over, we will have made friends with the businessmen in Europe and that by cooperating with them, in the years to come they will be willing to come here and buy American cotton from the American cotton producers. What would be the consequences if this amendment should be adopted? We would be forcing them to take a grade and staple of cotton for which they have no need and with which they cannot produce a suitable commodity.

No better argument has been made here than that by the gentleman from Kansas [Mr. HOPE], who said, and I repeat, that the Vorys amendment will not contribute in any respect to the disposition of the surplus agricultural commodities of this country.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. JENSEN].

Mr. H. CARL ANDERSEN. Mr. Chairman, I ask unanimous consent that the time allotted to me may be given to the gentleman from Iowa [Mr. JENSEN].

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. JENSEN. Mr. Chairman, when I first read this Vorys amendment I was very much inclined to feel it was a good amendment. I am not so sure now. There are a few questions I would like to ask, and one question especially which I would like to have answered to the satisfaction of the Members of the House. I have talked with the gentleman from Washington [Mr. HORAN] who knows something about this matter. He is on the subcommittee on agriculture of the Committee on Appropriations.

May I ask him, will the Vorys amendment save a billion dollars, or will it save anything?

Mr. HORAN. Not if we maintain the integrity of the capital structure of the Commodity Credit Corporation. Because in the bill we will have on the Floor later this week we have an item of \$171,000,000 which we are requiring in order to maintain the present authorized capital structure of the Commodity Credit Corporation. We have increased that by \$2,000,000,000 by the action of the House.

But if we maintain the integrity of the Government toward this accepted policy for the maintenance of price supports, we will be required next year to bring in an item in the appropriations bill for the Department of Agriculture to the extent that the capital structure of the Commodity Credit Corporation is now or may be impaired by our action.

Mr. JENSEN. Do you mean that if we take a billion dollars' worth of commodities which are now held by the Commodity Credit Corporation and send those commodities abroad, that will deplete the capital structure of the Commodity Credit Corporation to the extent of \$1,000,000,000 and hence it will be necessary, in order to get that billion dollars back in the capital structure, that the Congress appropriate the billion dollars?

Mr. HORAN. We will have to repair the amount of the impairment in the capital structure of the Commodity Credit Corporation. If we give \$1,000,000,000 worth of farm products away, there is no income to the Commodity Credit Corporation by such action; therefore, we would be required to repair it by an appropriation on the part of our committee in the ensuing year.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. H. CARL ANDERSEN. I believe the gentleman from Washington [Mr. HORAN], is entirely correct.

Mr. JENSEN. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, just 1 year ago this House had before it a bill similar to the one now under consideration. On April 11, 1949, the House was considering what was known as the Worley amendment to require the transfer to the ECA of certain canned meat which the Government held in Mexico. To that amendment the gentleman from Iowa [Mr. HOEVEN] offered an amendment relating to corn products. These proposals did not go nearly so far in the direction of dumping American agriculture surpluses as does the pending Vorys proposal. In the course of that debate the gentleman representing the Foreign Affairs Committee [Mr. VORYS] stated:

We must not make this European recovery plan a form of disguised subsidy for American agriculture in any form. It may be that we need a subsidy program, but let us not put it in this bill. The fact is, as to meat, that the only meat that goes from the United States is horse meat under this program. This meat that is referred to, that the Commodity Corporation has, is about 100,000,000 pounds of canned meat that costs about 50 percent more than the raw meat which the Europeans like to eat. They do not like canned meat.

The same thing is true on the corn amendment. Eighty percent of the corn goes over

there as feed; and if we are going to have corn flakes and corn products made out of corn, we simply add thereby to the cost of the program as a hidden subsidy for American agriculture and the milling industry.

Remember, in this program we are supporting the recovery of enterprises in agriculture and in industry in Europe that may be competitive with us.

If we start to gut this program for recovery in Europe by making it into a hidden subsidy program for business or agriculture in this country, we will do one of two things: We will make its cost completely prohibitive or we will cut down the amount of aid.

The proposals to which the gentleman from Ohio [Mr. VORYS] objected last year were not nearly so far-reaching in the way of dumping and in the way of making this a hidden subsidy as is the present proposal by the gentleman from Ohio [Mr. VORYS], which makes this bill an outright, known, open subsidy. And yet the gentleman says that he has not retreated from last year's position. If dumping was bad last year, I doubt that it is good this year. Let us, therefore, keep an honest set of books and let our farm products move in the markets of the world through the channels of private trade, rather than to restore the government-with-government type of trading in which Hitler engaged.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CHRISTOPHER].

(Mr. CHRISTOPHER asked and was given permission to revise and extend his remarks.)

Mr. CHRISTOPHER. Mr. Chairman, as the gentleman from Iowa [Mr. JENSEN] and the gentleman from Washington [Mr. HORAN] so well brought out a few minutes ago, this House should not adopt the Vorys amendment. They showed beyond doubt that it impairs the capital of Commodity Credit Corporation by \$1,000,000,000 and permanently reduces the borrowing power of the Corporation by \$1,000,000,000, in that it denies to the Corporation any method of ever getting its capital impairment restored; second, it charges as cost of the farm program the cost of those commodities supplied pursuant to the act, regardless of whether those commodities could be carried and subsequently disposed of without loss or at any slight loss; and third, it allows the Administrator to acquire in private-trade channels only those commodities which the Commodity Credit Corporation may not have in its stocks or which the Administrator needs in excess of the billion-dollar limitation.

Then there is another thing that it will do. It will add a billion dollars to the propaganda machine in these United States. We have a propaganda machine in the United States that is grinding out articles against any support price for agriculture, against any farm program. It will give them a chance to say that the support program has cost an extra billion dollars to the taxpayers of the United States. While that would not be literally true, it would take a monstrous lot of explaining to show the people that it was not true. Therefore, I am in opposition to it.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FLOOD].

Mr. FLOOD. Mr. Chairman, I would like to bring this debate back to the Committee with reference to the ECA bill and the Foreign Affairs Committee. If there was a short wave length connection between this House and the Kremlin, with the exception of the fact that this is a free and open debate, the Politburo and every member would be slapping their back in glee. Do you not remember that during the campaigns in France and Italy, and still today, the chief argument being used by Russia against the Marshall plan? Do you forget that is what we are talking about? We are talking about the Marshall plan, in case you have forgotten. The chief argument against the Marshall plan has been that it is nothing but an instrument for America to dump surplus agricultural products into Europe, the Vorys amendment is a dumping action.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, I shall support the Vorys plan which has been so extensively discussed throughout the days of this debate. Suffice it to say that I know of nothing new I can add pro or con so far as this proposal is concerned. Within the next few minutes, the vote will come. I have supported ECA in the past. I did this because I felt I was acting in the best interests of my country. Together with all informed persons, I knew there was no guarantee of success. On the other hand, I shudder to think of what might happen if this effort to establish peace throughout the world fails.

We must all now concede that ECA has rendered a splendid service to humanity, to peace, and to our own country. To finance this agency, our people have sacrificed. We have gone without many desirable things that could have been purchased for our comfort and enjoyment had we not felt our responsibility to the world, to our own country, and to the generations yet to come. No one realizes more than I do that there is an insistent demand on the part of all thinking people that the Congress cut out waste, useless expenses, and extravagance. We cannot support the world, to the extent we have since the war, without ruining our own economy and bankrupting our country. This must not happen, but it is difficult to say just when, where and how we can best withdraw from the foreign-spending field.

When this program was authorized by law, moral and legal commitments followed. ECA must not be a continuing program; however, we must keep faith with those to whom we have legally and morally obligated ourselves pursuant to this law. I shall, therefore, vote to continue ECA for the time and in the amounts promised. Be it remembered that we are not committed to any specific number of dollars. We are to be the judges of the amount of money to be authorized to carry out this peace objective.

Mr. Chairman, the bill before us does just that thing. The pending amendment, known as the Vorys plan, will furnish food and fiber instead of cash. These food products have already been purchased in the farm support program. They are in storage in possession of our Government. If we can fulfill our obligations under ECA by turning over a billion dollars worth of these foodstuffs, why in the name of common sense should we be called upon to assess the taxpayers another billion dollars to buy like foodstuffs?

My colleagues know what my position has been so far as help to agriculture is concerned. I believe the farmer will tell you that he has had no better friend in the Congress. I have not always voted 100 percent with the views of the farm organizations. I have supported their views when I thought they were right. ECA is one thing and farm support prices are another thing. The 2 should not be confused or mixed up. The one should not be dependent upon the other. Let us settle ECA on its merits and, by the same token, let us settle the farm subsidy program on its merits. Let us place all the cards on the table face up in each instance, and that is what I propose to do.

In this connection, I want to read an editorial from the Monroe Evening News, of Monroe, Mich., one of the leading daily papers in my home State. The editor is Mr. J. S. Gray. He is not an isolationist; he has, I think, supported the bipartisan foreign policy 100 percent, and I do not believe, would do anything to interfere with the carrying out of that policy. I am convinced that this editorial expresses the sentiment of a majority of the people in my district so far as the Vorys plan and this appropriation are concerned. The editorial reads as follows:

A USE FOR SURPLUS

The following somewhat confused sequence news stories has appeared in the papers since the beginning of the week:

Representative JOHN M. VORYS, Republican, Ohio, proposed that \$1,000,000,000 be cut from next year's Marshall plan appropriations and this amount be supplied to European countries out of American surpluses of food and cotton, purchased under the price-support program.

Monroe County schools were notified that beginning April 1 Federal aid for hot-lunch programs would be cut drastically. And in Lansing, Superintendent of Public Instruction Lee Thurston urged Michigan Congressmen to support additional appropriations for school lunches.

The Commodity Credit Corporation sold \$40,000,000 worth of surplus dried eggs to Great Britain for \$7,000,000. Of this amount the British paid \$1,000,000, the Economic Cooperation Administration \$3,000,000, and the United States Department of Agriculture \$3,000,000.

Representative W. R. POAGE, Democrat, Texas, proposed that all surplus dried milk in United States storage be turned over to the United Nations International Children's Emergency Fund, which now has run out of money while European children still desperately need supplemental food.

We don't blame anyone if this picture resembles something out of Alice in Wonderland. We have piled up millions of dollars

worth of surplus foods in the effort to bolster farm prices, and most of this food is kept in storage at a tremendous cost to United States taxpayers. Meanwhile, American youngsters will have to go without school lunches, or eat less, unless Congress appropriates more of the taxpayers' money.

We spend \$6,000,000 of our own money to get rid of surplus dried eggs in England. We try to persuade the UN to take surplus dried milk off our hands in order to feed starving youngsters in Europe.

Yet, if the ECA gets its wish, Congress will appropriate for next year's Marshall plan \$1,650,000,000 for the purchase of American food products from the farm to ship to Europe.

No wonder Representative VORYS' proposal met with the prompt response of the House Foreign Affairs Committee. Why not take \$1,000,000,000 worth of existing surplus farm products, which we have already paid for, and send it to Europe, instead of spending an additional \$1,650,000,000 to buy such products on the open market?

Why not apply more of these surplus foods to the school-lunch program, instead of appropriating additional funds to buy more food at supported prices? Why not give as much surplus dried milk as can be used to the UN children's relief program?

The answer to all these questions, from the standpoint of the American taxpayer, is a resounding "Yes." Yet every bureaucrat in Washington is busy thinking up reasons why these sensible ways of getting rid of surplus foods and getting them into the stomachs of people who are hungry are not feasible. ECA argues that such a plan would put it in a strait jacket. Farm Congressmen argue that disposal of the surplus in this manner would hamstring the price-support program.

We think it is time that common sense was applied to the surplus problem, and that Representative VORYS is on the right track.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. I yield.

Mr. LODGE. I would like to point out that there has been some misunderstanding as to the figures. The \$1,396,000,000 applies to purchases from all sources. It is only \$1,122,900,000 from the United States, and therefore that gives a leeway of only \$122,900,000 to play with if the VORYS amendment is allowed to remain in.

Mr. MICHENER. I appreciate the gentleman's question. I hope the words "to play with" are not significant.

(Mr. MICHENER asked and was given permission to revise and extend his remarks.)

[Mr. ABBITT addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. ABBITT asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, the child that you have been kicking around all the afternoon is the offspring of the Committee on Banking and Currency, and I would feel recreant to my parental duties if I did not say a few words on the subject.

The Commodity Credit Corporation was organized in 1933 under the laws of the State of Delaware; it was afterward reorganized under the Federal Corporation Control Act. It was organized for

certain specific purposes. It was not to be an eleemosynary institution. Since its inception it has rendered a great service to the agricultural interests of America. If you loot this Corporation in this fashion you reduce its assets by a billion dollars, and whenever it comes before the Committee on Banking and Currency in the future it will have to show that loss every time it presents its statement. Not only that, but it would set a precedent for further looting of the Corporation.

What greater authorization is there for taking away the assets of this Corporation which are in grain, than for taking away the assets of any other Government corporation, which are in dollars?

I hope the Fulton-Cooley amendment will be adopted. The Banking and Currency Committee of the House takes a pride in this Corporation and its accomplishments and hope nothing may be done to impair its usefulness.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MULTER].

(Mr. MULTER asked and was given permission to revise and extend his remarks.)

Mr. MULTER. Mr. Chairman, this is one city farmer who wants to pay a slight debt to those farmers who came to the aid of the city folk, although unsuccessfully, in trying to give us some cooperative housing legislation. I am supporting the CCC program. I do not want to see it crippled by the VORYS plan in this bill. If the VORYS plan should prevail, it would take \$1,000,000,000 from the revolving fund of the CCC. To the extent that its revolving fund is depleted, to that extent its hands are tied. Last week you gave them an additional \$2,000,000,000 authorization. This week you will be taking back \$1,000,000,000 of it if you let the VORYS plan prevail.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to my very good friend from Georgia.

Mr. BROWN of Georgia. Does the gentleman recall that when we had up the question of revising the charter of the Commodity Credit Corporation last year I introduced an amendment whereby the Commodity Credit Corporation could exchange surplus commodities for critical war materials? Then, of course, the Commodity Credit Corporation would get credit for the surplus commodities they sold because they would sell the critical material to stock-piling agencies. That is different.

I do not believe that the VORYS amendment is going to accomplish anything except reduce the authority of the Commodity Credit Corporation by a billion dollars. I believe, therefore, that the VORYS plan should be eliminated from this bill.

Mr. MULTER. The very distinguished and able gentleman from Georgia is absolutely correct. I agree with him completely and thank him for his contribution.

The VORYS plan simply takes a billion dollars out of the Commodity Credit Corporation in commodities, dumps them on Europe and does not even permit CCC

to replenish its stores with similar or any other kind of goods.

The language of the bill which we seek to delete by the Fulton-Cooley amendment reads "without reimbursement."

That means that you create a billion dollar deficit for CCC and cripple its future operations.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, the question is still very simple. Are you in favor or using the surpluses we own for foreign aid or not? Are you in favor of appropriating a billion dollars more than we need for foreign aid or not? Are you in favor of cutting the ECA appropriation a billion dollars and then using surpluses?

We can talk all we please, but we have found that ECA has been carrying a load for the farmers that it should not carry, and now the taxpayers are being asked to carry a double load.

The question is going to be mighty simple. Do you want to use these bulging surpluses or not? If we decide here that we want to use them, then we save a billion dollars in foreign aid, after which the Committee on Agriculture and the Committee on Banking and Currency, if it is necessary for those committees to do something about fixing up their price-support scheme, can do so, but we will not charge it to foreign aid when it belongs to a domestic price-support proposition.

The question before you, as I said in the beginning and as the gentleman from South Carolina said, is very simple. The only way in which anyone can say the VORYS plan will never save anything is that our support of farm prices must be permanent, and I do not think it is going to be.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. KEE] to close the debate.

Mr. KEE. Mr. Chairman, I am going to confine my remarks to the amendment offered by the gentleman from Wisconsin [Mr. SMITH]. I beg of you, I beg of every one of you, not to support any cut in the amount of the authorization. We have gone into this matter, we have screened every item in the request. We have had witnesses before our committee, including the mission chiefs from all over Europe who are working with Mr. Hoffman. We have had evidence before us that this amount is absolutely necessary.

If you do not believe that this bill and the appropriation it authorizes is for our national interest, do not vote for the bill. If you believe it is for our national interest, vote for the entire appropriation and do not cripple it.

In this connection I want to express my appreciation for the tremendous help given me by the supporters of this bill on the Republican side. We have some nonpartisan men over there who are the finest sort of Members. At this time I want to read to you an extract from a letter from another magnificent supporter of the ECA, who is a Member of the other body. I read from a letter written to Mr. Hoffman by the Honorable

ARTHUR H. VANDENBERG, United States Senator, and I could not close my remarks with a more eloquent or persuasive plea:

The ECA smoked out Soviet Russia's sinister plan for world domination—always aimed finally at us. It set up a new type of peaceful cooperation between independent peoples seeking not conquest but honorable survival for liberty under law and for the aspirations by which free men live.

It built peaceful sinews into the precious hopes of the United Nations and of the subsequent North Atlantic community and the peaceful dedications of America.

In all candor can it be successfully denied that ECA has been substantially responsible for reversing the corroding gloom which threatened western civilization 2 years ago, and which might have brought the iron curtain to the very rims of the Atlantic but for this brave adventure? How much is that worth, in liberties and lives and dollars, to our United States? How much?

The CHAIRMAN. The time of the gentleman from West Virginia has expired. All time has expired.

Mr. FULTON. Mr. Chairman, I ask unanimous consent that both the Smith of Wisconsin amendment and the Fulton-Cooley amendment be again read.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk again read the Smith of Wisconsin amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SMITH] to the amendment offered by the gentleman from Pennsylvania [Mr. FULTON].

The question was taken; and on a division (demanded by Mr. SMITH of Wisconsin) there were—ayes 118, noes 137.

Mr. SMITH of Wisconsin. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. SMITH of Wisconsin and Mr. KEE.

The Committee again divided; and tellers reported that there were—ayes 137, noes 152.

So the amendment to the amendment was rejected.

Mr. CASE of South Dakota. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. CASE of South Dakota moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. CASE of South Dakota. Mr. Chairman, I do not intend to use the 5 minutes but I think everyone should understand just where we are. We may have no further opportunity to effect a reduction in this authorization unless we do it at this point. I anticipate my present motion will not prevail. Immediately following its disposition, I shall offer an amendment to change the dollar figure, in an attempt to save \$250,000,000.

The Fulton amendment now pending proposes to restore the figure of \$2,950,000,000. The Smith amendment to the Fulton amendment, just rejected, proposed to reduce that total figure by \$500,000,000, making it \$2,450,000,000. The amendment which I intend to offer

will reduce the figure from \$2,950,000,000 to \$2,700,000,000. In other words, it proposes to reduce the authorization by \$250,000,000. This is a quarter of a billion dollars, which is something less than 10 percent of the proposed authorization.

The general appropriation bill reported to the House of Representatives carries a chapter on civil functions wherein your flood control and rivers and harbors projects are reduced by 25 percent. That is the bill reported by the Committee on Appropriations to come up when this ECA bill is over. If you fail at least to make this little token reduction reducing the estimates on this foreign aid authorization by a scant 10 percent, how would you justify a 25 percent reduction on these domestic estimates? Here we are only proposing a reduction of \$250,000,000 on the \$2,950,000,000. If it were a full 10 percent reduction it would amount to \$295,000,000. I am only making it an even \$250,000,000 reduction; the larger cut has failed.

Keep in mind one other thing that \$150,000,000 of the authorization for the current year is being carried over so that of this \$250,000,000 you might say \$150,000,000 is a carryover from the current year.

If this bill cannot stand a reduction of \$250,000,000—less than 10 percent—how then will you explain to your people that you are voting to give the estimates on this foreign-aid bill and yet are going to vote a 25-percent reduction on your domestic appropriations?

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. COOLEY. Is the gentleman assuming that the pending amendment will be adopted in making his proposition to the House, or is the gentleman in favor of reducing the appropriation, even though it should remain at \$1,950,000,000?

Mr. CASE of South Dakota. No. I am assuming that the Fulton-Cooley amendment will be adopted and that we will then be left with \$2,950,000,000, and the figure in this paragraph will then have been acted upon and there will be no further opportunity to amend it. This is your last chance to reduce the authorization. If the Fulton amendment is adopted, the dollar amount is acted upon and no further amendment will be in order to the figure.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. VORYS. If the gentleman's amendment is adopted, that will reduce the authorization \$250,000,000.

Mr. CASE of South Dakota. That is correct.

Mr. VORYS. Then if the Cooley amendment as then amended were defeated, the money part of the authorization would remain as the bill was reported but we would use surplus. That is, if the gentleman's amendment were adopted, it is merely an amendment to the Cooley amendment.

Mr. CASE of South Dakota. It is merely an amendment to the \$2,950,000,000. It is an amendment to the Fulton-Cooley amendment.

Mr. VORYS. If it were adopted, if the Fulton amendment itself were then defeated, we would be back where we started?

Mr. CASE of South Dakota. We would be back where we started, with no further amendment before us to effect any reduction.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. McCORMACK. Assuming your amendment is adopted and the Burleson amendment is later adopted, then this reduces the \$1,950,000,000 by \$250,000,000?

Mr. CASE of South Dakota. I do not know what the Burleson amendment is, but if it is an amendment to the figure in this paragraph it would be ruled out of order, because the figure will have been acted upon.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. CASE of South Dakota. Mr. Chairman, I ask unanimous consent to withdraw the preferential motion, and then I wish to offer an amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

Mr. McCORMACK. I object, Mr. Chairman, and rise in opposition to the preferential motion.

Mr. Chairman, my purpose in rising is simply to call attention to the result that will follow if the amendment offered by the gentleman is adopted. Assuming the Fulton amendment is adopted, that authorizes an appropriation of money in the amount of \$2,950,000,000. Concerning the Burleson amendment, which I understand is an amendment to another section of the bill, the gentleman's statement is correct if it is applied to this particular part that we are now considering but, as I understand it, it relates to another part of the bill later on. Assuming that is adopted with the \$1,000,000,000 allocation therein in relation to agricultural products, then we are in fact reducing the authorization from \$1,950,000,000 to \$1,700,000,000. If the amendment of the gentleman is adopted, the only way you can keep the \$1,950,000,000 money authorization would be by the Burleson amendment limiting it to \$750,000,000. But the Burleson amendment provides for a billion dollars, and if that is adopted, then, as a result of both amendments being adopted, in effect it would reduce the authorized appropriation, as far as money is concerned, from \$1,950,000,000 to \$1,700,000,000.

Now, if I am mistaken, I would like to be corrected.

Mr. CASE of South Dakota. I am afraid the gentleman is mistaken.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from New York. While we often disagree, there is no one I have greater respect for than the gentleman from New York.

Mr. TABER. As I understand the parliamentary situation it is this: If the amendment proposed to be offered by the gentleman from South Dakota is adopted

and then we go ahead and adopt the Cooley amendment, the total amount provided would be \$2,700,000,000.

Mr. McCORMACK. Yes.

Mr. TABER. If we fail to adopt the Cooley-Fulton amendment, then the bill will stand just as it was introduced.

Mr. McCORMACK. The gentleman is correct.

Mr. TABER. And we can pass on whatever there is in the Burleson amendment afterwards; the Case amendment is out of the window from that angle.

Mr. McCORMACK. The gentleman from New York agrees with me, then, according to his statement, that if the Case amendment to the Fulton-Cooley amendment is adopted the effect is to make the entire dollar authorization, \$2,700,000,000. Then if the Burleson amendment, which will be offered, is adopted, it brings the amount down to \$1,700,000,000, reducing the amount authorized. Is that correct?

Mr. COOLEY. The gentleman is correct, because the Burleson amendment will have the effect of tying down \$1,000,000,000 of this appropriation.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield. My purpose is to explain the situation.

Mr. RICHARDS. Much has been said about the so-called Burleson amendment; as a matter of fact, the Burleson amendment is not before the House at this time and is not properly in the discussion at this time.

Mr. McCORMACK. The gentleman is correct.

Mr. RICHARDS. So that the only question before the committee now is the Case amendment and the Fulton amendment.

Mr. McCORMACK. I am only trying to present the picture to the House so that the membership will understand the situation.

If the Case amendment is adopted that means that the total amount authorized is \$2,700,000,000.

Mr. CASE of South Dakota. As a total.

Mr. RICHARDS. That is what I understand.

Mr. McCORMACK. Then, if the Burleson amendment is adopted—

Mr. RICHARDS. We do not know about that.

Mr. McCORMACK. Yes, we know it will be offered, and we know that the net effect of it, if adopted, would be to tie down another billion and make the authorization \$1,700,000,000.

Mr. RICHARDS. I do not know what the effect of the Burleson amendment might be.

Mr. COOLEY. Is it not proposed to spend more than a billion dollars over here on agricultural products anyway?

Mr. McCORMACK. I am simply discussing the situation as it now exists. If the Case amendment is adopted the effect is to reduce the authorization \$250,000,000.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time has expired.

Mr. CASE of South Dakota. Mr. Chairman, I ask unanimous consent to withdraw my preferential motion.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota to the amendment offered by Mr. FULTON: On page 8, line 12, strike out "\$2,950,000,000" and insert "\$2,700,000,000."

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken; and on a division (demanded by Mr. CASE of South Dakota) there were—ayes 155, noes 141. Mr. KEE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. KEE and Mr. CASE of South Dakota.

The Committee again divided; and the tellers reported that there were—ayes 165, noes 163.

So the amendment to the amendment was agreed to.

Mr. VORYS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. May I ask what the total now is in the part of the Fulton amendment that has been amended?

The CHAIRMAN. The amount is now \$2,700,000,000.

Mr. VORYS. Mr. Chairman, I had previously asked for a division of the amendment. I am trying to decide whether a division would be helpful or not. If there were no division, then the entire Fulton amendment striking out the \$1,000,000,000 for surplus but raising the total from \$1,950,000,000 to \$2,700,000,000 would be the issue before the House?

The CHAIRMAN. The gentleman is correct.

Mr. VORYS. I withdraw my request for a division then, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FULTON] as amended.

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 178, noes 87.

So the amendment was agreed to.

Mr. BURLESON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BURLESON: Page 8, line 13, insert after the word "sum" the following: "a. Not less than \$750,000,000 shall be available solely for the procurement of agricultural commodities and products thereof produced in the United States, its Territories and possessions: *Provided*, That no part of such funds shall be available for the procurement of any agricultural commodity or product thereof in the United States, its Territories and possessions, with respect to which the Secretary of Agriculture determines that the supply thereof is inadequate to meet the needs of American consumers: *And provided further*, That this subsection shall not prohibit the authorization of any such funds for the procurement of canned agricultural products acquired by the United States in connection with the program for the control and eradication of foot-and-mouth disease conducted pursuant

to the provisions of Public Law 8, Eightieth Congress, and b."

Mr. VELDE. Mr. Chairman, I am opposed to the \$3,000,000,000 appropriation for ECA in its entirety. The reason is simple and fundamental—our Federal Government is on the verge of bankruptcy as a result of the foolish economic policies we have followed during the last 20 years. We have spent more money than we have taken in—we have increased our debts consistently until we now approach the astronomical figure of \$260,000,000,000 in the red. The insignificant growth on our body politic heretofore diagnosed as inflation has developed malignancy and we are rapidly approaching the final stages of cancer which must now be diagnosed as socialism. Permit me to illustrate my thoughts on this bill with a simple analogy.

You, Mr. Average American, play the simple role of a father with a family of many children. You have borrowed money each year for the past 20 years, and during each of those 20 years you have spent more than you have made. Your own children and your wife need new shoes and clothes and beg you to buy these items for them. You refuse and say, "No, my funds are exhausted and I cannot borrow any more. If I do, I will be bankrupt." Then next day along comes your neighbor who has a large family of children and they likewise need shoes and clothing. He begs you for money to buy his family these needed items. He admits that his financial condition is worse than yours, but excuses his family on the grounds that he himself has taught them that they could always depend upon charity from other people to provide the necessities of life. Just what kind of a fool would you be, Mr. Average American, if you went down to the bank and asked for an additional loan of money and told your banker it would be given to your indolent neighbor for the support of him and his family? Any man who would even consider doing that would be a good prospect for confinement in the dangerous ward of a mental institution. Yet, that is exactly what our Federal Government is doing in this legislation.

Uncle Sam, having operated in the red for the past 20 years and now having accumulated an unheard of debt will, if this bill is passed, go out and try to borrow more money from the famous taxpayer bank to give to his neighbor European countries. I have no grudge against any European or Asiatic countries, nor any country in the world as far as that is concerned including Russia and her satellites. If our Federal Government could afford it I would be the first to support this program in its entirety, but how can any Member of Congress who says that he is interested in the economical operation of our Federal Government, balancing the budget and putting a stop to further deficit financing vote for this bill or any part of it?

The international do gooders originally made some haphazard statements about stopping the spread of communism in Europe and said that the original ERP was the only answer to the threat

of communism in Europe. Perhaps the expenditure of \$28,000,000,000 since the end of World War II in these European countries has done a great deal to bolster the courage of many European governments in their fight against the treacherous arm of Communist dictatorship; but while the ECA was fighting communism in these European countries, socialism was stepping in at the back door in England and we were helping to finance that scheme of government too. Further than that we paid no heed to the approaching envelopment of China by Communist forces—so actually has the original purpose of the ECA, that of preventing the spread of communism, been effective?

We learn, much to our sorrow and regret, that French Communists are almost ready to take over the French Government—and all the while Uncle Sam has helped to carry on the fight against communism in foreign countries what has he done at home for his own children? He has hidden Communist subversives and fellow-travelers in the strong executive department of his own Government; allowed them to infiltrate and operate freely, with the silent blessing of our law-enforcement agencies, into our schools, labor unions, and other heretofore free institutions.

This hypocritical attitude toward communism cannot and will not, I am sure, be further condoned by the American people.

It has been a matter of some concern to me that I have received very few letters, telegrams, or opinions pro and con regarding this ECA bill. I was anxious to know the attitude of the NAM and United States Chamber of Commerce toward this bill since they are vigorously supporting Government economy and opposing increased taxation and deficit spending. The ECA has in the past, and will in the future, make it necessary to continue the policy of deficit spending. Three billion dollars could very well spell the difference between a balanced budget for this fiscal year or our continued operation in the red.

I took it upon myself to find out concerning the recommendation of the NAM and the United States Chamber of Commerce regarding ECA. It surprised me greatly to learn that both these organizations, labeled as "special interests" by many of you left-wingers, are supporting this legislation in its entirety. Like all other bodies of this type, they realize there is a possibility for a profit for the members of their associations, both big and small industry and business. The profit motive is a good motive and I thoroughly believe in it, and I believe in the free-enterprise system of economy which has made this country the leader of nations, but I cannot condone the attitude of these organizations on this ECA bill in the light of their determined opposition to further deficit spending and increased taxation.

How can any Member of Congress refuse to support legislation for public-works projects in this country, for aid to schools and for the dozens of other expenditures which would promote the general welfare of our country, and then vote for this immense amount of

aid to a few so-called friendly European countries? How can we Members of Congress go back and face our people and explain to them such a hypocritical policy?

The American people are beginning to sit up and take notice of our increasing Federal expenditures. They are becoming increasingly aware that our Federal Government is spending itself into bankruptcy by leaps and bounds. They are becoming aware that either their taxes will be increased or their money will be worth less as we approach the precipice of bankruptcy. Stalin has often said that our American democracy would spend itself into bankruptcy and then would be easily taken over by the Communist forces already at work within our continental boundaries. I can see Uncle Joe laughing up his sleeve now as we pass this bill. Not only will it enable him to take advantage of all the supplies we have sent to Europe and all the factories we have already built in the so-called free European countries, but it will enable him to establish a Communist dictatorship over our own United States of America in time to come.

I will admit that the \$28,000,000,000 actual cash that has been spent in foreign countries since the war has done a great deal of good for these few countries who are recipients of our generosity, but it has also made the people of those countries ever more dependent upon us for relief and support. These European countries have already taught their people, with the aid of Uncle Sam, that they can always depend upon some generous and kindhearted donor for support and keep. To continue this program further would only foster that feeling of dependence in our neighbors of Europe as well as other recipient nations. Conversely, it would tend to lessen their spirit for their God-given freedoms of initiative and enterprise.

What should our financial policy be then with reference to foreign nations? I firmly believe that the best way of promoting a democracy in Europe and other countries of the world, as far as that is concerned, is by setting the best example of that type of Government here in the United States itself. We could take this \$3,000,000,000 and divide it equally between the 435 congressional districts in the United States and each congressional district would have nearly \$7,000,000. Think how many beautiful new post offices and other Government buildings this could provide in your own congressional district. Think of the bridges, the good roads, and other public projects which could be paid for by this huge sum. Think of the employment that could be created right here in our own country with this amount of money. This \$3,000,000,000 would provide each and every American citizen over the age of 65 with \$265. It would reduce each American taxpayer's tax bill by \$57. It would provide each and every American child of school age with \$150 for his education. Surely if we stop and think and consider the consequences of the passage of this bill, we, who conscientiously believe in the American constitutional system of government and the free enterprise sys-

tem of economy, will vote against this bill.

Mr. KEE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7797) to provide foreign economic assistance, had come to no resolution thereon.

CORRECTION OF VOTE

Mr. DONOHUE. Mr. Speaker, on roll call 109 I am recorded as absent. I was present and voted "yea." I ask unanimous consent that the RECORD and JOURNAL be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. HAYS of Ohio asked and was given permission to extend his remarks and include a newspaper article.

Mr. KLEIN asked and was given permission to extend his remarks in five instances and include extraneous matter.

Mr. DOYLE asked and was given permission to extend his remarks in two instances and include some extraneous matter.

Mr. CLEMENTE asked and was given permission to extend his remarks and include an editorial.

Mr. O'HARA of Illinois asked and was given permission to extend his remarks in two instances.

Mr. COOLEY asked and was given permission to revise and extend the remarks he made in Committee of the Whole.

Mr. CELLER asked and was given permission to extend his remarks in four instances.

Mr. PHILBIN asked and was given permission to extend his remarks in two instances.

Mr. FURCOLO asked and was given permission to extend his remarks in three instances and in one to include a resolution.

Mr. MULTEE asked and was given permission to extend his remarks in five instances and include extraneous matter.

Mr. BUCHANAN asked and was given permission to extend his remarks and include an editorial.

Mr. BUCHANAN asked and was given permission to extend his remarks and include extraneous matter, notwithstanding the fact that the cost is estimated by the Public Printer to be \$635.50.

Mr. YATES asked and was given permission to extend his remarks in three instances and include a newspaper article.

Mr. SHEPPARD asked and was given permission to extend his remarks and include the remarks by Secretary Snyder at the unveiling of a portrait of J. F. T. O'Connor.

Mr. RANKIN asked and was given permission to extend his remarks and include a list of projects showing the 1951 budget estimates and the House appro-

priation allowances, by congressional districts.

Mr. VELDE asked and was given permission to extend his remarks on the bill H. R. 7797 immediately following the general debate on the bill.

Mr. POULSON asked and was given permission to extend his remarks in two instances and include an editorial.

Mr. JENNINGS asked and was given permission to revise and extend his remarks he made in the House on Wednesday, March 15, by adding a new paragraph.

Mr. LICHTENWALTER asked and was given permission to extend his remarks and include an editorial.

Mr. CASE of South Dakota asked and was given permission to extend the remarks he made on the resolution for funds for the Committee on Un-American Activities.

Mr. CASE of South Dakota asked and was given permission to extend his remarks and include an article by Walter Lippmann, notwithstanding the fact that the cost is estimated by the Public Printer to be \$134.

Mr. PLUMLEY asked and was given permission to extend his remarks in three instances and include extraneous material.

Mr. SHAFER asked and was given permission to extend his remarks in three instances and in two to include extraneous matter.

Mr. McCORMACK (at the request of Mr. HOLIFIELD) was given permission to extend his remarks and include an address by Admiral Louis Denfeld.

Mr. HOLIFIELD asked and was given permission to extend his remarks today, tomorrow, and the next day and include three different addresses.

Mr. BROOKS asked and was given permission to extend his remarks in three instances and include extraneous matter.

Mr. BENNETT of Florida asked and was given permission to extend his remarks and include an editorial.

Mr. MICHENER asked and was given permission to revise and extend the remarks he made in the Committee of the Whole today and include an editorial.

SPECIAL ORDERS GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 3 minutes following the legislative program of the day, and to revise and extend her remarks and include certain letters and editorials regarding importations from Czechoslovakia and Japan.

Mr. PHILLIPS of California asked and was given permission to address the House for 3 minutes following the address of Mrs. ROGERS of Massachusetts.

CORRECTION OF ROLL CALL

Mr. ALLEN of California. Mr. Speaker, on roll call 119 I am recorded as not answering to my name. I was present and answered to my name, and I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a report made by the investigating staff of the House Committee on Appropriations relative to the Coachella project in California.

The SPEAKER. Is there objection to the request of the gentleman from Iowa? There was no objection.

COACHELLA VALLEY PROJECT

Mr. JENSEN. Mr. Speaker, the report of the investigating staff of the House Committee on Appropriations for the Bureau of Reclamation, Department of the Interior, is as follows:

REPORT OF THE INVESTIGATIVE STAFF, HOUSE COMMITTEE ON APPROPRIATIONS—BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

On December 22, 1947, a contract was entered into between the Bureau of Reclamation of the Department of the Interior (referred to herein as the Bureau) and the Coachella Valley County Water District, Coachella, Calif. (referred to herein as the district). Briefly, this contract provided for the construction by the Bureau of a water distribution system and for the repayment by the district of the construction costs, not to exceed \$13,500,000. By directive dated January 31, 1950, the committee requested that an inquiry be made regarding differences between the Bureau and the district with respect to the contract. Specifically, the questions which the committee desired to be explored are as follows:

1. Whether under the contract the Government is obligated to construct certain designated facilities for a sum not exceeding \$13,500,000, if appropriated, or merely to furnish such facilities as the Government is able to construct for not to exceed said sum, if appropriated.

2. Whether or not the Bureau of Reclamation has charged in its accounts construction and other costs not properly chargeable against the limit of \$13,500,000.

CONCLUSIONS

Question 1. The terms of the contract purport to obligate the United States to construct the described facilities in full, if necessary funds are appropriated, whether or not the actual cost shall exceed the maximum limit of \$13,500,000 reimbursable by the district.

The applicable statutes permit the Secretary of the Interior to enter into such an undertaking.

Consequently, it is concluded that the contract obligates the United States to construct the facilities, if funds are appropriated, even though the cost should exceed \$13,500,000, which is the maximum reimbursement that the United States is entitled to receive from the district under this contract.

Question 2. This question raises a legal problem as to the extent to which the Bureau's charges against this project may be challenged by the district. It is concluded that the district is chargeable only with costs actually incurred at this project or specifically incurred for this project in a nonproject office outside the District of Columbia; that the district may challenge the Bureau's determination as to whether particular costs are of such character as to be so chargeable; and may question whether the expenditures were actually made. The district is not entitled to question the wisdom of particular expenditures or the manner of conducting the project.

The district has protested the inclusion of certain expenditures incurred by the Bureau

as a part of the cost applicable to the contract in question. These protests appear to be well-founded. While the Bureau endeavored to justify the inclusion of the various questioned items of cost on the basis that such costs benefited the distribution system, the fact remains that many of the charges have been allocated to the contract on an arbitrary basis, and in most instances such costs do not specifically relate to the subject matter of the contract. A summary of costs which have been charged which do not appear to be properly allocable to this contract is as follows:

Cost of houses completed in 1945 from funds appropriated from different project.....	\$109,000.00
Early cost incurred in preliminary project development, not related to construction.....	55,000.00
Cost of surveys which were of no direct benefit to this project.....	47,836.72
Land use and settlement, not related to construction.....	40,000.00
Reserve for annual leave.....	73,406.61
Cost of soil survey for Coachella Canal.....	38,763.00
Denver Office expense incorrectly charged to this project.....	29,630.23
Moving and modification of Denver Office.....	15,418.86
Total.....	409,055.42

A detailed discussion of each of the cost items in the foregoing tabulation will appear subsequently in this report.

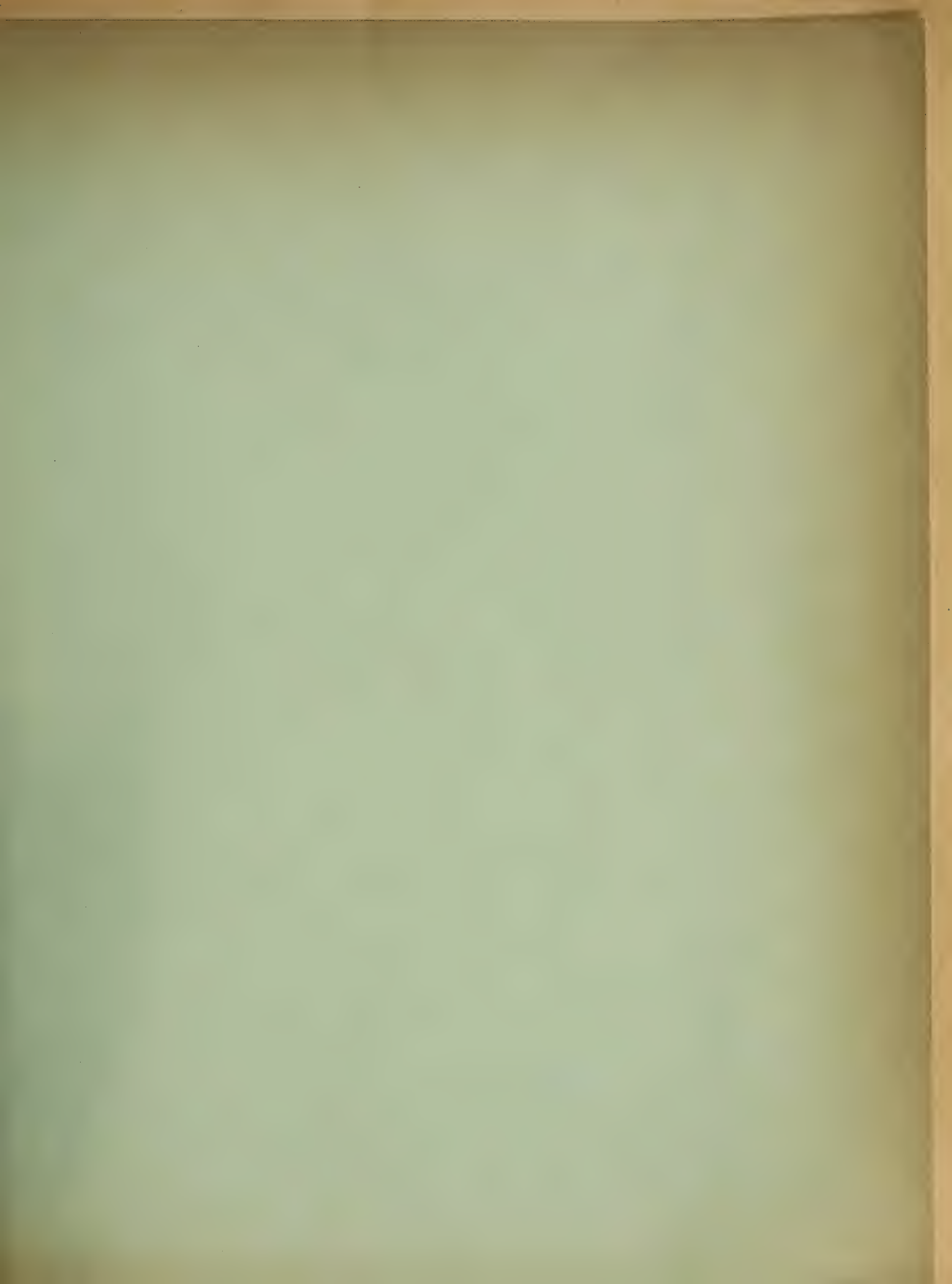
In addition to the charges above outlined which appear to have been improperly made to the present contract, it will be noted at this point that the Bureau has charged against this contract depreciation expenses on its automotive equipment at a highly accelerated rate. Numerous automobiles were observed at Coachella which had been fully depreciated even though they had been driven less than 27,000 miles.

The Bureau estimates that completion of the entire distribution system will cost \$16,210,041, or \$2,710,041 more than the amount now provided for by the repayment contract. However, in estimating the cost of work yet to be performed, unrealistic and exorbitant estimates were made by the Bureau for certain costs. The Bureau has based its figures for pipe to be used in the construction work on the prices charged on completed units although the construction engineer of the Coachella Division of the Bureau now estimates that present-day pipe costs have decreased approximately 10 percent, which would effect a corresponding reduction in the amount requested by the Bureau to complete the project. In addition, estimated costs to complete the project include a substantially higher percentage than previously used for administrative and overhead costs.

The reduction which can be effected in the Bureau's estimate of costs to be incurred in completing the distribution system amounts to \$570,363, overhead expenses being allowed on a basis of 15 percent of the direct costs.

From the foregoing it would appear that, in the event funds necessary to complete the distribution system are to be provided, an amount of \$1,730,622.58 will be necessary above the total of \$13,500,000 already provided for. The following tabulation reflects the manner of arriving at this additional cost:

Presently estimated total cost of construction.....	\$16,210,041.00
Cost initially estimated and provided for.....	13,500,000.00
Additional funds required according to Bureau.....	2,710,041.00



Mr. EDWIN ARTHUR HALL. I agree with the gentleman. I think this is a pretty serious situation because it is going to take the farmers away from their work. Yes, it is going to make them burn the midnight oil when they should be devoting their time to producing the necessary foods of life for the people of the metropolitan areas of this country.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. EDWIN ARTHUR HALL. I yield to the gentleman from Pennsylvania.

Mr. RICH. While the farmers are answering all of these questions, why do they not take some of these people out to work on those farms?

Mr. EDWIN ARTHUR HALL. That is what I am proposing. The farmer needs help. His is a back-breaking job. Farm work is the hardest kind of work known to man.

The Government ought to leave the farmers alone. They have tough enough going even when they pursue their work under favorable conditions.

Are they trying through this census to collectivize the American farm? Will they use this census information to annoy and harass the family-size farmer, to push him around, to try to scare him and finally, to take away his independence?

If they are able to pry enough into his personal affairs, they will discourage his initiative, and make him a serf. The greatness of American agriculture will be thrown out the window thereby and we will be following the pattern behind the iron curtain.

SPECIAL ORDER GRANTED

Mr. PICKETT asked and was given permission to address the House today for 20 minutes, following the legislative program and any special orders heretofore entered.

PERMISSION TO ADDRESS THE HOUSE

Mr. MACK of Washington. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

THE CRAB-CANNING INDUSTRY

Mr. MACK of Washington. Mr. Speaker, on the floor of the House the other day I stated that the Russians have opened a new offensive. This new offensive is not against Greece. It is not against Italy. It is not against Poland. This new Russian offensive is directed against the industries and the working people of the United States.

Mr. Speaker, the Soviet Union during the past month shipped into this country 59,000 cases of Russian canned crab. That crab was delivered here to be sold in competition with the products that we of the United States produce. One large cannery in my district has already closed its plant and has notified its workers that it can no longer operate in competition with the slave labor that the Russians employ in the catching and packing of crab.

Russia, I am informed, now has on hand about 450,000 cases of this crab

meat. If that crab is shipped into the United States, which undoubtedly it will be unless the State Department acts to prohibit its entry, we will see the crab-canning industry of our Pacific and Atlantic coasts go out of business, canneries close, and thousands of our crab-fishing boats go on the beaches.

Since I first called the attention of the House to these imports of Russian canned crab I have received a score of resolutions of protest from chambers of commerce, city councils, labor unions, service clubs, and veterans' posts.

They and I are of the opinion that we should not be permitting Russia to sell her goods in the United States and thereby strengthen her economy at the expense of American industry and American workers. This is particularly true now at this time when we are being called upon to appropriate billions to prevent Russian from further aggressions in Europe.

It is folly to spend billions to prevent Russian aggressions in Europe and at the same time open our markets to invasion by Soviet Union goods produced with slave labor.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

HOSPITAL FACILITIES FOR VETERANS

Mr. RANKIN. Mr. Speaker, as chairman of the Committee on Veterans' Affairs, I want to assure the House and the country that I am doing everything to see that hospital facilities are provided to take care of our disabled veterans.

You will remember that an executive order was issued some time ago stopping the construction of hospital facilities that would have provided 16,000 beds. We have a bill pending to restore these facilities, which the Congress has already appropriated for. I am to be recognized on April 24 to bring this bill up under what we call "skip the Rules Committee rule" in order that we may take care of such situations as was described a few moments ago by the distinguished gentleman from Texas [Mr. LYLE]. That is not the only case of its kind. Many such cases have occurred throughout the country.

I want to again assure the Congress and the American people that, so far as I am individually concerned, as chairman of that committee, I will do everything I can to see that hospital facilities are provided.

Mr. BROOKS. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Louisiana.

Mr. BROOKS. When the hospitals are built, can the gentleman say whether or not we will be able to get nurses and doctors sufficient to staff them? At one time we had a hospital we could not properly staff.

Mr. RANKIN. Yes, I think we will. The fact of the matter is, the hospital facilities are more important than too many doctors.

PERMISSION TO ADDRESS THE HOUSE

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

VETERANS' FACILITIES

Mr. HINSHAW. Mr. Speaker, the gentleman from Mississippi has just mentioned a bill he is going to present to the House to provide an additional 16,000 beds for the Veterans' Administration. I would like to call the attention of the gentlemen from Mississippi, and any other gentlemen interested, to the fact that a report has come to me from my own district in California that a Navy hospital is being closed in Los Angeles County and taken over by the VA, and that it is intended to move the facilities now located at Birmingham Hospital, in my district, lock, stock, and barrel, into this ex-Navy facility in another congressional district in California. I am very strong for military hospitals being used for veterans' purposes, but it seems to me it would be utterly ridiculous and fantastic to close existing facilities which are now being occupied by the Veterans' Administration and moving the personnel and patients, lock, stock, and barrel, to another site when there is a vast need for additional beds to take care of our veterans in the United States. It seems to me to be wholly without reason.

EXTENSION OF REMARKS

Mr. ALLEN of Illinois asked and was given permission to extend his remarks and include an editorial regarding his late colleague, Mr. Church.

Mr. MASON asked and was given permission to extend his remarks and include an open letter to the Secretary of Agriculture and an article by Raymond Moley.

Mr. WILLIAM L. PFEIFFER asked and was given permission to extend his remarks and include a resolution of the New York State Legislature.

Mr. VAN ZANDT asked and was given permission to extend his remarks and include an editorial from the Altoona (Pa.) Mirror.

Mr. SADLAK asked and was given permission to extend his remarks in two instances and include some excerpts.

Mr. FENTON asked and was given permission to extend his remarks and include an editorial.

Mr. CANFIELD asked and was given permission to extend his remarks in three instances and in each to include an editorial.

Mr. ANGELL asked and was given permission to revise and extend the remarks he expects to make in Committee of the Whole today and include extraneous matter.

Mr. RAMSAY asked and was given permission to extend his remarks and include a letter from Hon. Andrew V.

Ruckman, director of veterans' education and training, State of West Virginia.

Mr. DOLLINGER asked and was given permission to extend his remarks and include a newspaper article.

Mr. KEOGH asked and was given permission to extend his remarks and include an editorial from the New York Times.

Mr. PRICE asked and was given permission to extend his remarks in two instances and in each to include an editorial.

Mr. HAYS of Ohio asked and was given permission to extend his remarks in two instances and in each to include extraneous material.

Mr. O'HARA of Illinois asked and was given permission to extend his remarks and include an article by Thomas L. Stokes.

Mr. BARTLETT asked and was given permission to extend his remarks and include an editorial.

Mr. FISHER asked and was given permission to extend his remarks.

Mr. GRANAHAH asked and was given permission to extend his remarks and include an editorial from the Philadelphia Evening Post.

Mr. LUCAS asked and was given permission to extend his remarks and include an editorial.

Mr. BOGGS of Louisiana asked and was given permission to extend his remarks and include an editorial from the Washington Evening Star entitled "Blind Men on Parade."

Mr. BROOKS asked and was given permission to extend his remarks in three instances and include extraneous matter.

Mr. LANE asked and was given permission to extend his remarks in three instances and include extraneous matter.

Mr. CANNON asked and was given permission to extend his remarks and include an address by Claude Wickard in Chicago recently.

Mr. HOPE asked and was given permission to extend his remarks and include extraneous matter.

Mr. REES asked and was given permission to extend his remarks and include extraneous matter.

Mr. LEFEVRE asked and was given permission to extend his remarks and include a newspaper article.

Mr. LARCADE asked and was given permission to extend his remarks.

Mr. CHESNEY asked and was given permission to extend his remarks and include an article from the Chicago Daily News.

Mr. MADDEN asked and was given permission to extend his remarks and include excerpts and an editorial.

Mrs. ST. GEORGE asked and was given permission to extend her remarks and include two articles.

Mr. PICKETT asked and was given permission to revise and extend his remarks.

Mr. BIEMILLER asked and was given permission to extend his remarks and include newspaper articles.

Mr. MERROW asked and was given permission to extend his remarks and include an editorial.

Mr. FERNANDEZ asked and was given permission to extend his remarks and include a letter from former Secretary of State Stimson regarding Secretary Acheson.

Mr. ROONEY asked and was given permission to extend his remarks and include an address delivered by Hon. John Cashmore, president of the Borough of Brooklyn, on March 17, 1950.

CALL OF THE HOUSE

Mr. CANFIELD. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. PRIEST. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 121]

Barden	Hollfield	Reed, N. Y.
Baring	Jackson, Wash.	Ribicoff
Bennett, Mich.	Jennings	Rivers
Blatnick	King	Sabath
Bonner	Kruse	Sadowski
Boykin	Kunkel	Sasser
Buckley, Ill.	McCormack	Shelley
Bulwinkle	Miles	Smathers
Burdick	Monroney	Smith, Ohio
Carroll	Morrison	Smith, Va.
Crawford	Murphy	Staggers
Dawson	Nicholson	Stanley
Douglas	Nixon	Werdell
Fellows	Norton	Wheeler
Gilmer	Patman	Whitaker
Grant	Phillips, Calif.	Wilson, Okla.
Harrison	Plumley	Withrow
Hébert	Powell	Wolcott
Hoffman, Ill.	Rains	Woodhouse

The SPEAKER. On this roll call 372 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERMISSION TO ADDRESS THE HOUSE

Mr. KEE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

HON. FRANCES P. BOLTON AND HON. CHARLES A. EATON

Mr. KEE. Mr. Speaker, I want to associate myself with the distinguished gentleman from Massachusetts [Mr. MARTIN], former Speaker of the House, in felicitating two of our beloved and distinguished members of the Committee on Foreign Affairs, the gentleman from New Jersey, Dr. EATON, and the gentleman from Ohio [Mrs. BOLTON], on the fact that each of them are today celebrating another birthday.

Dr. EATON is former chairman of the Committee on Foreign Affairs and is the oldest member of the committee in point of service. Mrs. BOLTON also ranks high in point of service on the committee. Both rank extremely high in the hearts of all the members of the committee.

I congratulate each of them and wish for them many returns of the day and many years of happiness.

FOREIGN ECONOMIC ASSISTANCE

Mr. KEE. Mr. Speaker, I move that the House resolve itself into the Com-

mittee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 7797) to provide foreign economic assistance.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 7797, with Mr. HARRIS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. On yesterday when the Committee rose there was pending an amendment offered by the gentleman from Texas [Mr. BURLESON]. Without objection, the Clerk will again read the amendment offered by the gentleman from Texas.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. BURLESON: Page 8, line 13, insert after the word "sum" the following: "a. Not less than \$750,000,000 shall be available solely for the procurement of agricultural commodities and products thereof produced in the United States, its Territories and possessions: *Provided*, That no part of such funds shall be available for the procurement of any agricultural commodity or product thereof in the United States, its Territories and possessions, with respect to which the Secretary of Agriculture determines that the supply thereof is inadequate to meet the needs of American consumers: *And provided further*, That this subsection shall not prohibit the authorization of any such funds for the procurement of canned agricultural products acquired by the United States in connection with the program for the control and eradication of foot-and-mouth disease conducted pursuant to the provisions of Public Law 8, Eightieth Congress, and b."

Mr. BURLESON. Mr. Chairman, I ask unanimous consent that in line 1 of my amendment the figure "\$750,000,000" be changed to "\$1,000,000,000."

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BURLESON. Mr. Chairman, the amendment I offer has the effect of the Vorys plan, but removes objections voiced by many who are concerned with keeping trade under ECA procurement in private trade channels.

By rejecting the Vorys plan for procurement by the ECA directly from the Commodity Credit Corporation, the committee has placed the responsibility where it belongs.

This amendment earmarks \$1,000,000,000 for the purchase of food in this country. The question will, of course, be raised that in case there is a shortage of any particular commodity ECA will be prohibited from going outside the United States to satisfy their needs. Picking up some continuity from yesterday's discussion, let me remind you that the estimate of agricultural products needs for ECA-participating nations amounts to \$1,645,000,000, and that it is estimated that approximately \$1,123,000,000 will be spent for that purpose in the United States.

Incidentally, if that is the policy of ECA, let us help them carry out their intentions be definitely stating it in the act. If, however, there should be a shortage in any particular commodity and the Secretary of Agriculture determines that the

supply of such commodities is inadequate to meet the needs of American consumers, then ECA will have approximately \$150,000,000 with which to procure such commodities outside the United States. In addition to this sum there is another approximate \$300,000,000 reserved in ECA estimates for such purpose, making a total of about \$450,000,000. So you see, this requirement only earmarks about half the sum for procurement of agricultural commodities in the United States. Past performances indicate that about one-third of food purchases have been made outside the United States.

I call your attention again to the fact that the Secretary of Agriculture must determine that agricultural commodities in the United States are in adequate supply before funds made available are used for this purpose. This protects the American consumer and keeps the operation within private trade channels in the interest of private enterprise.

One other feature of my amendment will permit the purchase by ECA of the canned meat now held by the United States Government in Mexico as a result of the hoof-and-mouth-disease program, the value of which is estimated to be \$60,000,000. That is no small item and, as far as I know, there has been no plan devised for the disposal of this canned meat, and aside from the fact that \$60,000,000 is no small item, this meat is a wholesome and healthy product, and those of you who have eaten some of it, and I know there are several who have, can testify to the fact.

Mr. Chairman, there is one other excellent reason why this amendment should be adopted. I have some hesitancy in bringing up the subject, but I think it fundamental. This has to do with the British policy of blocking American participation in trade with the sterling areas. In this morning's Post is an article describing a further advance of the British policy of excluding American products from the sterling areas, which policy has already been applied in a stringent fashion to petroleum products. I do not wish to say anything here which would give reason to believe that I favor raising any trade barriers or that I am an advocate of bilateral trade agreements. That is a thing which we are trying to break down all over the world, but as a modest precaution and in the interest of American business and American agriculture, we are justified in making this overture to guarantee that the American taxpayer is not out his cold dollars without at least some chance to participate in returns. Someone will tell me that this program is for the recovery of Europe and not designed to aid American business. Conceding that to be the primary aim, and conceding that the benefits to this country and the Western World are not to be measured in dollars and cents against anyone's pocketbook, and that it is the purpose to stem the tide of Russian influence, there is no voice of conscience which suggests to me that we should not apply a little common sense as we go along the way.

The question will be raised, as it was yesterday in connection with the Vorys plan, that we are dumping surpluses in Europe and that the Commies and their sympathizers will use it as an instrument of propaganda. Well, it occurs to me that it is a poor argument for the Communists to point to America and say, "Here is a decadent capitalistic system which is able to overproduce and supply the needy nations of western Europe."

Mr. Chairman, I hope those who originally supported the Vorys plan, including the gentleman from Ohio himself, and those who have a concern that his plan placed the responsibility upon the Commodity Credit Corporation to support the ECA program out of its own appropriation, and who were concerned with removing transaction from private trade channels, will join in supporting this amendment.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. TEAGUE. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PICKETT. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman from Texas.

Mr. PICKETT. I have always had such high regard for the gentleman's judgment and ability as a legislator that even his offering of the amendment would probably insure my support, but certainly the lucid explanation he has offered and the argument he has made in behalf of it are most convincing. I shall support the gentleman's amendment.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman from Louisiana.

Mr. BROOKS. ECA tells me that last year there was purchased by ECA-receiving countries 6,000,000 bales of American cotton. Can the gentleman tell me whether that will increase the purchase of American cotton by ECA-receiving countries, and will help in that respect?

Mr. BURLESON. I do not know that it will increase the purchase of cotton, but it will have the effect of discouraging their going into Egypt and buying cotton which should be purchased in this country.

Mr. BROOKS. The gentleman does not believe it will reduce the sale of American cotton below the 6,000,000 bales?

Mr. BURLESON. I cannot answer definitely as to the figure of 6,000,000 bales, but I will say that it will not reduce their spending for cotton in this country, but on the contrary it should increase it.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield.

Mr. MURRAY of Wisconsin. Does the gentleman know any reason why ECA cannot purchase Mexican meat now if they want to?

Mr. BURLESON. I certainly do not.

Mr. MURRAY of Wisconsin. The gentleman does not know any reason why they have not?

Mr. BURLESON. They have not, we know that. I see no reason why they should not take it. We cannot do anything else with it. We cannot bring it into this country. We cannot do anything but dispose of it by this method. It is not a product with which there is anything wrong at all. It is healthy and it is good. I have eaten some of it.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield.

Mr. SMITH of Wisconsin. Will my colleague comment on the charge that ECA makes against his amendment? I am now quoting directly:

The amendment is undesirable because it would constitute the first departure from the sound principle that ECA appropriations should not be earmarked for particular commodities to promote the interest of a special group of producers.

Mr. BURLESON. The gentleman will recall that such objections have been raised in previous considerations of this subject. The same argument has been made against it. Immediately after the war our agricultural surpluses were depleted; in fact, we did not have a surplus. However, today we have surpluses and we have an investment in those surpluses. There is no reason why some safeguards should not be placed around the activities of ECA in procuring their requirements.

Mr. WORLEY. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman from Texas.

Mr. WORLEY. Let me first commend the gentleman on the soundness of his amendment.

Mr. BURLESON. May I say to the gentleman that I want to give him credit at this point for having offered an amendment last year which would take care of the canned meat in Mexico owned by this Government.

Mr. WORLEY. The House nearly adopted the amendment last year. Of course, it never made sense to me that with Great Britain, for example, having a fresh-meat ration of 4 or 5 ounces per person per week, and the United States getting at least \$60,000,000 worth of good canned beef, the ECA would not and will not transfer that to those people over there. I think the gentleman's amendment would eliminate that difficulty.

Mr. BURLESON. I thank the gentleman very much for his contribution.

Mr. CORBETT. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman from Pennsylvania.

Mr. CORBETT. I want to compliment the gentleman on offering this amendment, and assure him that I will support it.

Mr. BURLESON. I thank the gentleman very much.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman from Pennsylvania.

Mr. FULTON. The gentleman's amendment will actually divide into two parts the fund we are setting aside, because it would put \$750,000,000 aside solely for agricultural products.

Mr. BURLESON. One billion dollars. I have changed it.

Mr. FULTON. The gentleman has changed his amendment to \$1,000,000,000 from the figure it was yesterday of \$750,000,000?

Mr. BURLESON. Yes. I reduced it yesterday with the thought that it might conform better to the cut that was made, but I have decided that it can stand at \$1,000,000,000, and there will still remain enough elasticity and enough leeway which will permit ECA to go outside the United States to make its purchases if it should find that it would create a shortage in this country which would cause prices to rise, and which would, of course, place a greater burden on the consumer.

Mr. FULTON. Have you considered that if you separate this fund into two amounts, such as you are doing, there will be administrative costs added?

Mr. BURLESON. I doubt that.

Mr. FULTON. What would you estimate that additional administrative cost would be?

Mr. BURLESON. I doubt if there would be one additional penny more of administrative cost. They are doing the same thing, as you well know, in the purchase of supplies in the various categories. I do not think it would affect it at all. I know that in the ECA sheet, which they have sent up criticizing this amendment, they point up this feature in an effort to influence the action of this Congress.

Mr. FULTON. Will the gentleman answer this question: If the gentleman is willing to set aside a certain portion of this fund so that it shall be earmarked solely, let us say, for agricultural products, are you then willing to have amendments come in and set the rest of the ECA money aside for various products, such as industry products, or fabricated-steel products?

Mr. BURLESON. Of course the gentleman knows that only agricultural commodities are under price supports. If I may say so, and I do not mean to be facetious at all, you know this middle aisle was created, as I understand it, because people on either side of the aisle at one time were divided because of the tariff question. Of course the manufacturers up in Pittsburgh and in your district have been protected for 75 years by the tariff. Today we have support prices on agricultural products. At one time there may have been some reason for the middle aisle, but I do not know why we have it today, except to receive messages from the President and from the other body.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. MULTER. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for an additional 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield.

Mr. MULTER. I notice in the gentleman's proposed amendment reference is made to the Aftosa program for controlling hoof-and-mouth disease, and you ask that the purchase of canned beef be excluded from the canned-agricultural products to be purchased under this program.

I believe the gentleman is probably aware that in addition to the canned agricultural products, in order to keep this program moving, the Department of Agriculture must also now buy frozen beef and other products which are not canned. Would you have any objection to striking out of your amendment the word "canned" so that it would simply provide as follows:

Provided, further, That this subsection shall not prohibit the authorization of any such funds for the procurement of agricultural products acquired by the United States in connection with the program for the control and eradication of foot-and-mouth disease.

Mr. BURLESON. Mr. Chairman, I yield to the gentleman from Texas [Mr. WORLEY] who is an expert on the subject.

Mr. WORLEY. The gentleman is greatly mistaken. There is no compulsion on the Department of Agriculture to buy frozen beef.

Mr. MULTER. No, there is not.

Mr. WORLEY. As a matter of fact, there is no compulsion on the part of the Department to buy canned beef.

Mr. MULTER. That is right.

Mr. WORLEY. They very simply go in and in order to alleviate the pressure down there, and in order to sell the product, they have canned it, they have gone in and helped to build these plants to can the meat, but there is no compulsion on them to buy frozen beef.

Mr. MULTER. Then you do not think it would be necessary?

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield.

Mr. COOLEY. There is no reason for the word "canned" in the amendment. After all, if you strike the word "canned" out, if by chance we do own some frozen meat, it could all be treated alike.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield.

Mr. POAGE. I am satisfied with the necessity of putting it in because we now own sixty to eighty million dollars' worth of canned beef. We do not own anything other than canned beef. If we do not put the word "canned" in, there are agencies of the Government who would engage in a little chicanery and buy a lot of fresh meat in the Argentine or Australia, or anywhere else, and if we do not put the word "canned" in there, the minute the Government comes in possession of this meat, it is subject to the ECA.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. RABAUT. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for an additional 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield.

Mr. RABAUT. I do not want to enter into any controversy about this proposition, but in the Committee on Appropriations we allow, I believe \$36,000,000 a year for fighting the hoof-and-mouth disease below the Mexican border. In Mexico, in a certain area south of the line, the disease has been eliminated.

Mr. POAGE. In some sections they never had any disease.

Mr. RABAUT. Whether they had it or not, we are trying to drive it back further as a matter of protection, so that it will be removed from the border. The meat that is produced in the area where there is no hoof-and-mouth disease is not permitted to be imported into the United States?

Mr. POAGE. That is right.

Mr. RABAUT. What happens to that meat?

Mr. POAGE. That meat has been canned. That is this canned meat that we are talking about.

Mr. RABAUT. Are we canning it every day?

Mr. POAGE. We are still canning it.

Mr. RABAUT. We are still buying it?

Mr. POAGE. We are still buying it and we are still canning it. We are piling it up there, and under the present program ECA is not taking it, and it is simply stacked up there. We do not want this amendment to prohibit ECA from buying it.

Mr. RABAUT. If they are going to use meat, why could they not use the fresh meat and avoid the process of canning it?

Mr. POAGE. Because they never shipped fresh meat from Mexico to Europe in any quantities. That never was done because it was not economical, and it is not economical today.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield.

Mr. COOLEY. Is the gentleman certain that we do not own any frozen meat in Mexico?

Mr. POAGE. No. I did not make any such statement. But I am saying that if we were to put this limit on, then we might acquire a lot of frozen or fresh meat.

Mr. COOLEY. But I am wondering if by putting the word "canned" in here it might not force them to put it into cans when it could just as well be shipped under refrigeration or frozen.

Mr. POAGE. Well, they never ship frozen meat from Mexico, anyway.

Mr. COOLEY. Does the gentleman know that within recent weeks ECA has just acquired 4,000 tons of frozen meat in Tampico, and that they now have 2,000 more tons that they intend to acquire in Mexico, in frozen form, to the exclusion of the \$60,000,000 worth of canned meat that they have there?

Mr. POAGE. No, but I am delighted to know they have taken meat of some kind out of Mexico.

Mr. BURLESON. I doubt if Mexico has the equipment; they do not have the refrigeration to take care of that situation.

Mr. COOLEY. But our officials have been encouraging the building of frozen plants in Mexico, in both the south and the north areas.

Mr. BURLESON. I think they would need a great deal more equipment than they have to take care of any appreciable volume.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield.

Mr. RABAUT. I want to ask this question now: If we are going to permit the purchase of this beef, and if that is the intention of the gentleman's amendment, I see no reason why we should not permit the purchase of frozen meat in Mexico, rather than putting it through the process of canning and having that added to the expense of the product.

Mr. BURLESON. I will say to my colleague that I doubt if they are equipped for such an operation.

Mr. RABAUT. No one will purchase it if it is not correctly processed.

The CHAIRMAN. The time of the gentleman from Texas [Mr. BURLESON] has again expired.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield.

Mr. JAVITS. Will the gentleman point out where, aside from the earmarking of a billion dollars for the purpose, his amendment differs from section 112 (b) of the law which is now in effect? I may say that provides that the Administrator shall authorize procurement of any such surplus agricultural commodity only in the United States.

Mr. BURLESON. He may do so. This amendment earmarks \$1,000,000,000 which the ECA administrator must use in this country for agricultural commodities if he spends it at all.

Mr. JAVITS. And that is the only difference, really?

Mr. BURLESON. That is the only difference, really, except the precautions placed around it and the utilization of canned meat in Mexico.

Mr. JAVITS. In other words, it is substantially what is in the law today, except you say that he must do it to the tune of \$1,000,000,000?

Mr. BURLESON. Yes.

Mr. JAVITS. Has the gentleman checked to see whether they are going to spend less or more than the \$1,000,000,000 for items which are marked in surplus?

Mr. BURLESON. The gentleman has made a good point in favor of my amendment, because there is in ECA requirements an estimate of \$1,300,000,000 to be spent in the United States. So that, taken together with the spread which they originally reserved, which is the sum of \$300,000,000, added to the

\$150,000,000 would give them \$450,000,000 which could be used outside the United States.

The CHAIRMAN. The time of the gentleman from Texas [Mr. BURLESON] has again expired.

(Mr. BURLESON asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Chairman, there are many ways in which legislation can be murdered, many ways in which it can be made ineffective, many ways in which it can be so modified and changed as to destroy its usefulness and its purpose. One of the ways is to load it down with amendments each of which destroys some part of its purpose until finally 90 percent of the legislation becomes ineffective. This is one of those destroying amendments. It is an amendment that is not necessary in the first place; it is not necessary because of the fact that under the legislation as it now stands, that is, under the original act creating the ECA, the Administrator has been purchasing for the past 2 years food and agricultural commodities in the United States to an extent far beyond the amount that he would be required to purchase under this amendment. He has been purchasing and will continue to purchase these commodities. Let me give you a few figures on procurement by the ECA from April 2, 1948, to December 31, 1949. Out of a procurement authorization amounting to \$3,200,000,000, the sum of \$3,600,000,000 was for food and agricultural commodities; and of this amount \$2,657,000,000 was spent by the administrator in the United States.

In the fiscal year 1949 from July 1, 1948, to June 30, 1949, the ECA procured in the United States \$1,693,000,000 in food and agricultural products. In the fiscal year 1950, from July 1, 1949, to February 28, 1950, ECA has so far procured in food and agricultural products \$886,000,000 and will have procured over a billion dollars worth before the end of the present fiscal year.

Why are they procuring all this food and agricultural commodities in the United States? In the first place, the present law requires that the purchases be so made. That is the reason I say that this amendment is unnecessary. Section 112, subsection (d) of the original ECA Act starts with a definition of the term "surplus agricultural commodities." It states:

The term "surplus agricultural commodities" as used in this section is defined as any agricultural commodity or product thereof or class, type, or specification thereof produced in the United States which is determined by the Secretary of Agriculture to be in excess of the domestic requirements.

Immediately following, in the next sentence, we find this language:

In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country the Administrator shall insofar as practical and where it is in furtherance of the purposes of this title give effect to the following.

The Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States.

Mr. Chairman, that is a provision already in the act. So why tie it up with a specific requirement through this amendment earmarking \$1,000,000,000 for expenditure for food in the United States and making it necessary to rearrange bookkeeping operations and the administration of this fund so as to meet a requirement which is now in the law?

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. LODGE. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Connecticut.

Mr. LODGE. Mr. Chairman, I would like to point out, in connection with the colloquy between the gentleman from Texas [Mr. BURLESON] and the gentleman from New York [Mr. JAVITS], that the actual amount which has been earmarked by ECA for domestic purchases is not \$1,395,500,000 but is \$1,122,900,000; that \$272,000,000 is for offshore purchases; consequently, if the amendment is agreed to, it means there is only a slack of about \$122,000,000 to play with on this matter, which I do not believe is adequate, and I do not believe we should burden the ECA with such a requirement.

Section 112 (a) to which I believe our distinguished chairman referred in the first part of his statement provides pretty much the same thing that the Burleson amendment provides for, insofar as minimizing the drain upon the resources of the United States is concerned. So it would seem to me for those reasons, as well as for the reasons advanced by our distinguished chairman, this amendment should be defeated.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Texas.

Mr. BURLESON. I think the gentleman is juggling figures here rather fast. Yesterday the gentleman made reference to the requirement of \$1,122,000,000 when, as a matter of fact, the figure is \$1,620,000,000. The estimated purchases within the United States are \$1,322,000,000, which leaves approximately \$300,000,000 that can be used for purchases outside the United States. Then the leeway that is offered in my amendment also leaves an extra \$150,000,000 which, added to the \$300,000,000 elasticity also reserved by the ECA, makes a total of \$450,000,000 that can be used for purchases outside the United States.

Mr. LODGE. May I point out to the gentleman from Texas that in our report it is stated:

The Economic Cooperation Administration estimates that agricultural imports from all dollar sources financed by program funds during the fiscal year 1951 will total \$1,395,500,000. Of this amount the major por-

tion—about \$1,122,900,000 worth—will be procured from the United States according to present estimates.

I have no knowledge of the figures which the distinguished gentleman from Texas has given us.

Mr. KEE. The gentleman from Connecticut is absolutely correct. That is the estimate by the ECA. I believe that everyone who knows anything about the operation of the ECA under the distinguished Administrator, Paul Hoffman, knows that his estimates are always followed by deeds. He has never yet made an estimate and said he was going to do something that he has not done to the fullest extent. He has lived up to his pledges in every way.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Louisiana.

Mr. BROOKS. The distinguished gentleman uses the figure \$886,000,000 as being the figure for the expenditures to date for the fiscal year 1950 for agricultural products. Could the gentleman tell us what portion of that was spent for agricultural products in the United States, and what portion was spent otherwise?

Mr. KEE. That was spent for food and agricultural products in the United States to date. I am advised by the ECA that it will go beyond \$1,000,000,000.

Mr. BROOKS. Does the gentleman have the figures for the amount spent outside of the United States?

Mr. KEE. I do not have those figures. Mr. GATHINGS. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Arkansas.

Mr. GATHINGS. I just want to get this straight. I understood the gentleman to say there was \$1,693,000,000 procured in food and agricultural commodities in the United States in fiscal 1949; am I right in that? That includes food, commencing on the first day of July 1948, concluding the 30th day of June 1949.

Mr. KEE. That figure is April 2, 1948, to December 1949.

Mr. GATHINGS. I took these figures down and I just wanted to be sure now that I have the right figures.

Mr. KEE. Would the gentleman read them again?

Mr. GATHINGS. One billion six hundred and ninety-three million dollars.

Mr. KEE. I think that is substantially correct, according to my figures.

Mr. GATHINGS. For fiscal 1949?

Mr. KEE. Yes.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. KEE. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Connecticut.

Mr. LODGE. I would just like to point out, Mr. Chairman, that if this cut which we made yesterday goes into final opera-

tion, certainly agricultural commodities should take their share of the cut. The basic purpose of this program is a recovery program and not a relief program, and to have a leeway of only \$122,000,000 in a program which has been already cut, out of which agriculture must bear its just share, seems to me not in the best interest of the program.

Mr. KEE. Mr. Chairman, I will say to the gentleman and to the other members of the committee that I came to this floor this morning expecting to meet an amendment reducing the figure to \$750,000,000 from the \$1,000,000,000 originally proposed to be tied up. That was the amendment that the gentleman offered yesterday. He had \$1,000,000,000 to start with, and when this committee on yesterday cut \$25,000,000 out of the authorization, he took it out of his amendment. This morning I find he put the \$250,000,000 back in his amendment, again raising it up to \$1,000,000,000. Gentlemen, I think this amendment is unnecessary; I think it is crippling. I think we should permit the ECA to go on in the orderly manner that it has conducted its program from the beginning, and I feel sure that everybody will be satisfied. I hope the amendment will be defeated.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from New York.

Mr. JAVITS. Does not the gentleman feel that the amendment, too, has a defect in being discriminatory in favor of agriculture and against everything else which ECA buys?

Mr. KEE. We will have the fruit men, the machine-tool men, and the manufacturers of farm implements all coming in and saying, "You must earmark a certain amount of money for our product." We have been fighting that ever since ECA was established.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. FULTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Texas.

Mr. BURLESON. The figure of \$122,000,000, which the gentleman from Connecticut has given us, applies to the requirements of ECA for commodities now held in surplus by the Commodity Credit Corporation. It does not have anything to do with the over-all requirements in this country.

Mr. LODGE. Mr. Chairman, if the gentleman will yield, that is not what the language says.

Mr. BURLESON. Look at page 39.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Kansas.

Mr. HOPE. Just on that point, for instance the estimate from which the gentleman from Connecticut is quoting does not include tobacco, which is an important agricultural commodity, which has been purchased in large quantities and which is included in the

total cited by the gentleman from Texas, but not in the total cited by the gentleman from Connecticut, because it is not held in surplus by the Commodity Credit Corporation. That is your reconciliation of the figures.

Mr. FULTON. The gentleman from Kansas is right. The difference between the figures of the gentleman from Connecticut [Mr. LODGE] and the gentleman from Texas [Mr. BURLESON] is this: The gentleman from Connecticut is referring to products that are now held or are to be purchased, and the figure does not include the quarter of a billion dollars that is to go for tobacco. Tobacco is in a different category than the agricultural products we have been speaking of, so the figures over-all of each of you are correct with the variation pointed out.

The amendment offered by the gentleman from Texas [Mr. BURLESON] might well be called a farm program. If it is a farm program, the Members that are interested in the farmers in this country and in their welfare, certainly should not hang a farm program on as the tail to a world-recovery program.

Let me say this to the farmers of the House: If the Burleson amendment passes, you hang your farm program on this ECA bill and try to solve farm surplus problems within the framework of dumping abroad. As soon as dumping becomes unpopular, and if this program for European aid becomes unpopular and is terminated, so then will the farm program be terminated. You are hanging that program to the tail of a possibly unpopular dog at the present time.

I am saying that as one who is interested in the farmers, for I run a farm in my own district. I believe that you should keep your farm program under the Committee on Agriculture and its distinguished leader, the gentleman from North Carolina [Mr. COOLEY], and under the fine gentleman from Kansas [Mr. HOPE], on our side, and settle the policies of the farm program separately from the dumping abroad. Frame such programs for the benefit of the American farmer and the consumer, but perform this function under the Committee on Agriculture. Do not place these policies under a program that is entirely separate and depends on foreign affairs. If agricultural products are to be forced in this bill and \$1,000,000,000 of the money is set aside solely for them, then along will come industrial products and want their little portion set aside. We will be compartmentizing the whole program and will make it so rigid that Mr. Hoffman cannot handle it for the benefit of the countries abroad and for the best protection of our national policy. Such dividing of the fund will mean extra expense and administrative cost to the ECA administration.

Mr. WHITE of California. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. WHITE of California. This is not requiring ECA to buy any particular products, it just says, "If you buy agricultural products, buy American." I certainly see no reason why anybody should object even to the manufacturing people of this country saying, "If you

are going to buy something with the dollar the American taxpayer gives away, buy American."

Mr. FULTON. If the gentleman has read the act, he knows that the present law contains a general provision that Europe's actual needs for agricultural commodities in surplus in the United States can be financed by ECA only from United States sources. Already under section 112 (a) of existing law the Administrator must procure within the United States as I have just pointed out, but the Administrator when he procures within the United States must not impair the vital needs of our own people. These requirements are already in the act. The gentleman is entirely correct. Nobody would do that. But this amendment goes further, and it is undesirable because if by reason of existing or anticipated shortages in the United States the Secretary refuses to permit the procurement of a commodity needed in Europe, ECA cannot use any part of this money, that is, the billion dollars mentioned in the amendment offered by the gentleman from Texas, to purchase that commodity outside the United States.

Mr. KEE. Mr. Chairman, I would like to submit a unanimous-consent request to see if we cannot arrange to limit debate on this amendment.

Mr. H. CARL ANDERSEN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting]. One hundred and twenty-eight Members are present, a quorum.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 25 minutes.

Mr. H. CARL ANDERSEN. Mr. Chairman, I object.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes.

Mr. H. CARL ANDERSEN. Mr. Chairman, I object.

Mr. KEE. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 25 minutes.

The CHAIRMAN. The question is on the motion. The question was taken; and on a division (demanded by Mr. H. CARL ANDERSEN) there were—ayes 61, noes 59.

Mr. H. CARL ANDERSEN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. H. CARL ANDERSEN and Mr. KEE.

The committee again divided; and the tellers reported there were—ayes 103, noes 108.

So the motion was rejected.

Mr. POAGE. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I do not want to go into an argument as to the exact figures on the sums which ECA has promised to spend, but I do want to direct attention to the fact that there is a definite promise on the part of both ECA and the Committee on Foreign Affairs that substantially more will be spent on American agricultural commodities than this amendment requires.

May I call the attention of the House to the fact that the distinguished Chairman of the Committee on Foreign Affairs has just recently suggested that we should not adopt this amendment because, he said, it is not necessary. He said, "The ECA is going to spend this money in the United States anyhow"; yet the figures show that since we have had the ECA they have spent approximately one-third of all they have spent for agricultural products outside of the United States; they bought Canadian wheat at a time when we did not have storage facilities in the United States to take care of our own wheat. They have gone to the Argentine and bought Argentine beef while our Government had \$60,000,000 or more invested in meat in Mexico.

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. KEE. The figures I gave on the floor showed the amount of food and agricultural commodities that they bought within the United States.

Mr. POAGE. The figures the gentleman gave showed that they purchased \$2,600,800,000 worth of food and agricultural products in the United States out of a total of \$3,600,000,000 expended during that period of time. That shows, by the gentleman's own figures, that they spent about one-third of it outside of the United States. This is their past record. Right now, with devalued currencies all over Europe, the pressure to buy non-American food is stronger than ever.

However, it makes little difference whether they spent one-third of it or whether they spent 3 percent on non-American commodities. It is just plain common horse sense that your constituents would not have elected you if they had thought that you were going to spend Government money for other than American products where we have American products available, and especially where we have so much of the commodities that we are unable to provide storage facilities to take care of them. I do not come here as a special pleader for agriculture, not at all, but I believe in helping in a way in which it will do the most good to the greatest number. Is there anything un-Christian in trying to help your own at the same time you help foreigners by giving them the people's money? Is it any crime to say we are going to give help for Europe—and I am for it—but is there any crime in saying we should help the people of the United States at the same time when we place no burden on the European recipient of these gifts? I have never been able to understand the argument that our gifts to Europe would be appreciated only if these same gifts became a burden to the American taxpayer. Has not the chairman of the committee told us they are going to spend more money than we asked them to spend in the United States on agricultural commodities? They have not already said they would do it. Now, we are just asking them to tie themselves down, to do what they all say they will do. I do not know that you can make people honest by legislation, but in this case we only try to bind them to tell us

the truth about three-quarters of the time; that is what we are asking. We are not asking them to tell us the truth 100 percent of the time; we are just asking Mr. Hoffman to tell us the truth 75 percent of the time. Is that an unreasonable proposition? Mr. Hoffman said he was going to spend this money in this country, was going to spend it for agricultural commodities in the United States. This amendment just asks them to do what they have already said they were going to do.

If that is their intention, why all this hullabaloo? Why this criticism and objection to saying in the law that they shall do what they promise to do? We are just asking them to keep their promises. Unfortunately, we have had promises made at other times that were not kept. We are just asking them to keep 75 percent of their promises; that is all we ask.

We are just asking that you do for your constituents what you as a citizen of your district would do if it were your own problem. If your neighbor's home burned tonight and you were in the average community of the United States, especially a rural community, the other neighbors would be making up something to take care of that destitute family the next morning. If my neighbors came to me on such a mission I would probably say, "Yes; I will make some contribution. You go down to the store where I have credit and you buy the things that are needed down there where I have credit." I do not think that my neighbor, whose home had burned, would feel that my contribution toward restoring his household goods was less worthy because I asked him to trade with a concern where I had credit rather than to have him pick out the concern he wanted to deal with and tell me to make arrangements to finance his need in a store of his choice. This is exactly the way you and I would handle this matter of aid to our neighbor if we were dealing with our own money. Why should we apply a different standard when we deal with the people's money? After all, what is wrong with the typical American approach to the problem of aid to an unfortunate neighbor, anyway?

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. H. CARL ANDERSEN. The gentleman and the House well know that in part of our appropriation bills we even spell out down to \$10,000 and \$25,000 items just what a certain agency shall or shall not do with the money. Now, what is so sacred about ECA that we cannot put a limitation or a maximum on their expenditures saying they must do this or that? Are they holier or more sacrosanct than anybody else concerned? What is wrong with that?

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. POAGE. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. POAGE. Mr. Chairman, in answer to the question asked by the gentleman from Minnesota, I can see no difference, I can see no reason why ECA should be more sacred or sacrosanct than the agencies which directly serve American citizens. The Department of Agriculture, the Commerce Department, the Labor Department, cannot employ a stenographer without budgeting the salary. They cannot make the smallest investment without including it in their budget. Yet when we come to giving away our money we say: "Oh, it would be wrong if this Government were to tell our European friends and neighbors where we have credit and ask them to go and make the purchases we are to finance in their behalf from those sources which we suggest."

Mr. H. CARL ANDERSEN. The gentleman well stated that there is nothing wrong whatsoever for us to do a little good for our own people at the same time we are helping out the foreigners. I agree with him, and I cannot see why the Committee on Foreign Relations fights an amendment here against which it really has no argument.

Mr. POAGE. I want to go a little further than the gentleman has suggested. Every Member of this House realizes—if they do not the people at home do—that unless we handle these magnificent gifts on the part of our Government in a manner that will enable the American people to continue to have a substantial income, the gifts are going to stop because of sheer inability on the part of the American people to provide funds.

Mr. THOMPSON. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Texas.

Mr. THOMPSON. Does the gentleman remember that in the ECA bill it was written out in fairly simple language that 50 percent of the shipments shall be made in American vessels?

Mr. POAGE. Yes.

Mr. THOMPSON. Does the gentleman also remember that in last year's ECA bill it had to be spelled out in words of very simple spelling so that the ECA would know exactly what it could do and what it could not do and we had to repeat that in the arms-aid-to-Europe measure?

Mr. POAGE. That is exactly right.

Mr. THOMPSON. Is this not a parallel?

Mr. POAGE. It is an exact parallel. I fear it is not only a parallel as to the necessity of spelling out the conditions but that our experience in the past should make it clear that unless we do spell out these limitations, as the gentleman says, in words of very few letters, we may well find ECA following a very unexpected course.

The distinguished chairman of the committee assured us that we never had a promise made by ECA that had not been kept. I am not charging that anybody has misled us, but, unfortunately, I sometimes misunderstand. Last year, through my inexperience and my inability to correctly understand the things that were promised us I got the impres-

sion that ECA was giving us some kind of assurance that as long as there were surplus commodities in the United States, and as long as they were needed elsewhere, all procurement of such commodities would be in the United States and not elsewhere. Surely if this was not promised it should have been. But the President's name was hardly dry on the bill, when they began to buy wheat from Canada while wheat was stacked on the ground in this country, I repeat, stacked on the ground, because we could not afford to build the storage space for it. But we put up the money to buy Canadian wheat when we could not afford the storage for our American wheat. It just does not make sense to me.

Mr. THOMPSON. After the Committee on the Merchant Marine brought out the amendment to which I referred a few moments ago, the ECA authorities told us they welcomed it, that now it was perfectly clear and that there could be no mistake in interpretation whatever. I recommend that this follow along the same line.

Mr. POAGE. I think it is necessary to make it perfectly clear. I am not condemning the ECA but since the misunderstanding has occurred, whether it is through my ignorance or through someone else's fault makes no difference, and inasmuch as a misunderstanding has occurred, it should be made clear. I had understood that we would buy American instead of Canadian wheat. Maybe they did not promise us that. But I understood it that way and most of the people understood it that way. If we pass this amendment, there may be less misunderstanding. Surely if we do not pass it, there is bound to be continued misunderstanding, although the chairman of the Foreign Affairs Committee has surely cleared away much possible misunderstanding with his unequivocal promise that more than a billion dollars will, in any event, be spent for American agricultural commodities.

Mr. COOLEY. When we provided the ECA with funds in an effort to protect our merchant marine, my recollection is that we required at least 50 percent of the goods to be shipped in American ships.

Mr. POAGE. That is right.

Mr. COOLEY. To that extent that is at least some precedent for what the gentleman is saying now.

Mr. POAGE. Oh, yes; there is perfect precedent for it, and every individual Member of this House has a precedent in his own personal business relations. There is not a man or lady in this House who is so ignorant of fundamental business relations as to follow a different policy in private life. Why follow a different one in public life?

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. KEEFE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think it is well in this discussion to get certain fundamental facts in mind with respect to the operations of ECA. It has been said on the floor of this House today that the proposal advanced by the gentleman from Texas [Mr. BURLESON], contemplates a

dumping on foreign shores of agricultural commodities. I have heard that statement made repeatedly as an argument against this amendment.

Now, the facts of the matter are very simple, it seems to me. ECA does not purchase agricultural commodities or anything else. ECA is given, under this proposal, merely \$3,000,000,000 of money under which they extend dollar credits to the ECA countries, and the ECA countries purchase here or in the rest of the world the products that they themselves designate and need for their economy, and no agricultural products or no industrial products will be purchased with dollar credits thus made available to foreign countries unless those ECA countries need the agricultural products or the industrial products.

With that clearly in mind, if there is anybody on the House Committee on Foreign Affairs that disagrees with that fundamental statement or if it is not accurate, I would like to have them get up and say so right now so that we can clarify the situation. No one has arisen, therefore I assume that I have made a correct basic statement as to the operations of ECA.

Now then, if France or Britain or any other ECA country needs agricultural products, they specify their demands to ECA and ask ECA for dollars with which to buy those agricultural products, and the control that ECA has over the situation is to say to those countries, "You are asking to buy wheat, you are asking to buy cotton, and so forth. We are going to examine those requests carefully, and if we feel you need those items in connection with the upbuilding of your economy," we have the authority and responsibility to either give or to withhold the dollar credits. Thus ECA may exercise control over the purchases.

It is said that those ECA countries have built up requests for agricultural products which will total greatly in excess of \$1,000,000,000 that are to be purchased with American money in the fiscal year 1951. Now then, what does that mean? That means that these foreign countries have said to ECA, "We need this amount of tobacco; we need this amount of cotton; we need this amount of wheat" and so on down the line, "will you give us the dollar credits with which to buy them?" And ECA may say "Yes," or it may say "No," or it may say, "Scale your demands" or "Change your demands." Now, under existing law, ECA says they have a right to say to these nations, "If we give you these dollar credits, you must buy in the United States if those commodities are not in short supply in the United States." They say they have that authority under existing law. ECA says these foreign countries intend to buy over \$1,000,000,000 of agricultural commodities. Now, what is wrong with the Congress of the United States saying to ECA in effect, "We are telling you not to spend United States dollars or extend dollar credit to these foreign countries with which to buy in other nations agricultural supplies that are in surplus here in the United States?" I fail to see how anybody that is thinking of the welfare of

the people of the United States could fail to approve writing into this law a suggestion which the chairman of the committee himself says ECA intends to do anyway.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. KEEFE. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KEEFE. The distinguished gentleman from Texas [Mr. POAGE] has called attention to a very vital situation.

He has shown where ECA, acting on the request of Britain—it was not ECA, it was England asking that she be allowed to bolster the economy of Canada by purchasing wheat from Canada at a time when wheat was lying upon the ground here in the United States with no place to store it—permitted Britain to buy that wheat from Canada. What do you have to say about that? The answer is, ECA says, "Well, we had to do it in order to bolster the economy of Canada in the over-all picture of the relationships between England, Canada, and the United States."

I think the distinguished gentleman from Texas [Mr. BURLESON] has offered a good amendment. There is nothing in the amendment, however, as I read it, which will compel ECA to say to Britain or Italy or France or any other ECA country that wants to buy beef, "You must buy the canned beef that is in Mexico." The Burleson amendment does not say that. If Britain says, "We want beef," ECA may suggest to it, "Well, Mr. Britain, we have \$60,000,000 worth of good canned beef that the United States owns down in Mexico that we cannot bring into the United States. We ask you to take that beef." Mr. Britain may say, "No; we don't want to eat canned beef. We want fresh beef."

That is a matter of negotiation as between ECA and Britain. There is nothing in this amendment that absolutely compels ECA to deny funds to Britain to buy beef that they need over there provided as a result of the negotiation it is found not to be in the best interests of the program to force them to take beef they do not want, namely, this canned beef in Mexico.

What I have suggested with respect to Britain applies with equal logic and force to the operations with any other ECA nation. So if we adopt the Burleson amendment, all we are in effect saying to ECA is, "In your negotiations with these foreign countries who say they need a billion dollars worth of agricultural products, we ask you and we demand of you in this law that if the United States has surplus agricultural products on hand that are usable and can fill the demands of these countries, you insist in your negotiations with them that they take the money we are going to make available and buy those commodities here in the United States."

As I understand it that is as far as the amendment of the distinguished gentleman from Texas goes. I fail to

see where anyone can offer a sound, sensible suggestion in opposition to that proposal, except the argument that the ECA is sacrosanct. Oh, when they come here and ask for things, we must not cross a "t" or dot an "i." I sat on the Deficiency Appropriations Subcommittee of the Committee on Appropriations for 2 years. I heard the testimony with respect to the ECA. I voted for their program. Year after year they have told us that their requests were the bottom dollar requests. They said it last year. They said you cannot take a dollar off these appropriations without injuring the program.

You have heard the same thing today by the chairman, and yet this year, even using a scoop shovel to scoop this money out of the Federal Treasury, they are going to have a surplus of nearly \$150,000,000 of unexpended funds. Why, it is nonsense, and silly, to stand here on the floor of the House and say that we cannot evaluate these things and go into the question of the necessity of taxing the American people and sending this money abroad without any strings attached.

It is nonsense to say that this amendment is a crippling amendment.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. CASE of South Dakota. After all, is not the ECA program founded upon the theory of relieving the shortage in dollars and if that is not the case, why should not the money be spent where the dollars are needed?

Mr. KEEFE. Exactly. That is as sound a statement as was ever made. That is exactly the situation.

Mr. Chairman, I am going to vote for the Burleson amendment.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes.

Mr. WHITE of California. Mr. Chairman, I object.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes.

Mr. WHITE of California and Mr. DONDERO objected.

Mr. KEE. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 30 minutes.

The CHAIRMAN. The question is on the motion.

The question was taken; and on a division (demanded by Mr. DONDERO) there were—ayes 97, noes 113.

So the motion was rejected.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word.

Mr. FLOOD. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mr. COOLEY. I yield.

Mr. FLOOD. Mr. Chairman, I would like to know what procedure I must use to be able to speak against this amendment.

The CHAIRMAN. The gentleman will be recognized when the Chair can do so. The Chair is alternating recognition between the sides.

Mr. COOLEY. Mr. Chairman, this is the amendment which I mentioned day before yesterday. It is an amendment that the gentleman from Texas [Mr. POAGE], the gentleman from Texas [Mr. BURLESON], and I prepared. I am frank to say it was prompted by the Vorys amendment, which had been adopted in the Foreign Affairs Committee, and but for the Vorys amendment perhaps this amendment would not have been presented.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. AUGUST H. ANDRESEN. Is it not a fact that the Committee on Agriculture considered this amendment and we were virtually in unanimous agreement for it?

Mr. COOLEY. We called a special meeting of the Committee on Agriculture, and we did consider very thoroughly the implications of the Vorys amendment, and in connection with the Vorys amendment we considered the amendment which is now before the House, known as the Burleson amendment. The Committee on Agriculture was unanimous in its opposition to the Vorys amendment, and, for all practical purposes, I think unanimously in favor of this amendment. However, I will say that this amendment was intended to be used as a weapon with which to defeat the Vorys amendment, because we believe that this is a far better proposition than that which was presented by the gentleman from Ohio [Mr. VORYS]. If this amendment is adopted, normal trade channels and relationships will not be disturbed. The ECA can still continue to acquire agricultural commodities in the normal way. It does mean that \$1,000,000,000 of the money appropriated shall be available only for use within continental United States, its Territories, or possessions, in the acquisition and procurement of agricultural commodities, of which we have an ample supply in this country.

I, for one, have been very friendly to the ECA, as most of you know. I was on the Herter committee which went to Europe and studied the problem before we embarked upon the Marshall plan. I think that the Marshall plan is not only magnanimous but it has been magnificent in its achievements. I do not believe that ever before in human history has any government embarked upon a program of such magnitude as that which is embraced within the Marshall plan. I think we can justify our support not merely because we are trying to be charitable but we can justify it even on a selfish basis. I think it is an investment in the security of our Nation and in the financial stability of our own economy, and I think it is a contribution to the cause of world peace.

Now, let us come back to the amendment which is before us.

I am compelled to vote for the amendment because of my firm belief in the fact that our ECA missions abroad have lost all sight of the importance of American agriculture. I do not believe that our agricultural attachés at our foreign embassies have a full apprecia-

tion of the importance of the agriculture of this Nation. We must sustain a profitable agriculture if we are to maintain our national income, and we must maintain our national income if we are to maintain our place of leadership among the nations of this earth. If I thought that ECA abroad was even being fair to American agriculture I would not feel justified in voting for this amendment, but I actually believe that they have been leaning backward and I think they have yielded a little too much to the program of propaganda which has been spread by Russia throughout the earth in an effort to terrify the people of Europe and cause them to believe that we are trying to run their internal affairs and to use their countries as a dumping ground.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. GROSS. The gentleman speaks of this as being an agricultural amendment. If food products are bought in the United States we provide a market for American labor in processing, handling, and transportation.

Mr. COOLEY. Certainly. Perhaps those of us who are so vitally interested in agriculture and so aware of its importance will probably be accused of being actuated or motivated by some sort of selfish interest, but that is not the cause for this amendment. I think in all fairness we should use our dollars intelligently, and I do not think it is an intelligent use of dollars when ECA will take money from the taxpayers of America and spend it for beef in the Argentine, when we have \$60,000,000 worth of beef already bought and paid for now in Mexico which we acquired in connection with the broad program to prevent the spread of hoof-and-mouth disease there.

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. KEE. If I understood the gentleman's position yesterday with reference to the Burleson amendment it was that he was using the Burleson amendment as a weapon to defeat the Vorys amendment.

Mr. COOLEY. That is right.

Mr. KEE. The gentleman expected, if the Vorys amendment were not defeated but remained in the bill, to then offer the Burleson amendment to put it in as a substitute for the Vorys amendment.

Mr. COOLEY. Yes.

Mr. KEE. The gentleman would have been satisfied with that. We now have the Vorys amendment out of the bill but the gentleman still is not satisfied and still wants the Burleson amendment.

Mr. COOLEY. I say to my friend in all sincerity that when the Vorys amendment was eliminated I did lose my zeal

for the Burleson amendment. I am not trying now to influence the decision of a single Member of this House in voting for the Burleson amendment. Frankly, I know that the Burleson amendment has many objections; I know that it is objected to by ECA, by agriculture, and perhaps even by the farm organizations. But I do take the floor for this purpose and this purpose alone: To insist that ECA in its operations have some regard for the future welfare of American agriculture. I come back to the proposition that we had better lose 2 or 3 cents a pound on the beef we have in cans in Mexico than to try to save half a cent a pound by buying millions of dollars' worth of beef in the Argentine. That proposition is currently before the committee. Even though we have \$60,000,000 worth of beef in cans in Mexico they have recently placed one order for 1,500 tons and a second order for 4,000 tons, and still a third order for 2,000 tons of frozen beef in Mexico; and it appears now that unless something is done they will acquire beef in the Argentine.

The first order for 1,500 tons of frozen beef was negotiated and finally consummated at a price of about 18½ cents per pound. The second order for 4,000 tons was let only after competitive bidding. The lowest bid was received from some source in the Tampico area. ECA placed the third order with the Commodity Credit Corporation to acquire 2,000 tons of frozen beef in Mexico and apparently intended that the 2,000 tons additional should be purchased on competitive bidding. Apparently the Tampico area could furnish frozen beef at a price somewhat below that which the northern part of Mexico could furnish it but suppliers in the northern part of Mexico contend that the Tampico price was too low to be profitable and was so low that suppliers in other parts of Mexico could not compete. While discussions were in progress, although the third order had been sent over by ECA to the CCC, officials of ECA directed officials of CCC to hold the order and to take no action thereon. Thereafter information came to us to the effect that ECA intended to acquire the beef in world markets perhaps from the Argentine at a price slightly below that which it could be acquired in Mexico. I understand that at least a part of the beef to be acquired would be acquired for Greece. Now I wonder, since we have \$60,000,000 worth of beef already bought and paid for, why it would not be better for ECA to arrange for the Greeks to have some of this beef even at a substantially lower price than it would be to make the purchase in the Argentine or elsewhere in the world market. The ECA policy certainly in this transaction would appear to be "penny wise and pound foolish." What will we do with this Mexican beef if we are unable to dispose of it in countries to which we are making such great financial contributions and in which we are led to believe there is a great need for this vital food? If ECA is to follow strictly the policy of buying or directing other countries to buy or persuading

other countries to buy any place on earth where commodities can be bought cheapest, without regard to any other factor, the conceivable millions of dollars of ECA funds might go behind the iron curtain. Conceivably much of ECA funds might be used in trading with countries which are unfriendly to our Nation and very unfriendly to the Marshall plan.

While, as I have said, I dislike the idea of tying down or earmarking even a part of ECA funds I do feel justified in doing so for the reason that I do not believe that those in charge of the program appreciate fully the fact that we too have problems of our own and that the agricultural surplus problem is actually a problem of great and paramount importance. It seems to me that with dignity and propriety our ECA officials could very easily at least try to persuade ECA countries to purchase American agriculture surplus commodities. I frankly do not believe that we should be too greatly concerned about the views and comments and the programs of propaganda of the enemies of our form of government and of our program to help rehabilitate the shattered economies of other nations. While this amendment might be objectionable it certainly is not as objectionable as was the Vorys amendment. The billion dollars which will be set aside if this amendment is adopted will be used to purchase agriculture commodities in the open markets and such commodities will be handled in the normal course of business. If you do not believe that ECA funds should be earmarked then, of course, you will vote against this amendment.

Mr. Chairman, I have been intensely interested in all of the activities of the Economic Cooperation Administration. I was highly honored when I was selected by the distinguished gentleman from Massachusetts, our colleague, JOE MARTIN, who was then Speaker of the House during the Eightieth Congress, as a member of the Select Committee on Foreign Aid. There were 19 members of that committee and you will recall that the committee was appointed pursuant to a resolution which had been introduced by our colleague, the gentleman from Massachusetts, Mr. CHRISTIAN HERTER, and the committee was known as the Herter committee. We visited the countries of Europe which are now participating in this very great program. We also obtained information, of vital importance, from other nations. Much to my surprise and delight our recommendations were in accord with the recommendations of the Harriman committee which had been appointed by the President. All of this was, of course, preliminary to the final approval of the plan which was first suggested by Gen. George Marshall. As a member of the Herter committee, I had an opportunity, at first hand and on the spot, to see and to observe the devastation which had been wrought. Yes, I had an opportunity to discuss situations with people in many countries and in all walks of life. I have consistently supported the ECA program and have at all times believed that it was

thoroughly warranted, now that we are coming to the time when we must look forward to the end of all of these great gratuities—yes, to the time when the ECA program will be ended.

In January, soon after this Congress convened, I arranged a conference with officials of ECA, of the Department of Agriculture, of the Department of State, and of the Department of Commerce, and the progress and the prospects of the ECA program were thoroughly discussed and in the month of January I went to the White House and discussed the matter with the President. Following my conference at the White House I indicated that I intended to introduce a resolution the purpose of which would be to provide for the creation and appointment of a committee to be charged with the responsibility of making a survey and a study to determine what should be done by our Government in the economic affairs of the world when we reached the end of the ECA program. The following is a press report which appeared in the News and Observer following the White House conference to which I have referred:

COOLEY TALKS FUTURE TRADE—PRESENTS PLAN TO TRUMAN TO BOOST TRADE WHEN MARSHALL PLAN ENDS

WASHINGTON, January 31.—Chairman HAROLD D. COOLEY, Democrat, North Carolina, of the House Agricultural Committee today visited the White House and told President Truman about his plan for a special committee to study the problem of how to promote foreign trade after the Marshall plan ends.

The Tar Heel said Mr. Truman heard his proposals with sympathy and understanding. He said he told the President about a recent conference held in COOLEY's office on this problem, with experts from the Agriculture, State, and Commerce Departments and from the Economic Cooperation Administration present.

COOLEY pointed out that the Harriman committee and the Herter committee both played an important part in paving the way for the ECA program. And he suggested that a comparable committee—consisting of top-notch experts from industry, labor, and farm groups as well as the Congress—might perform a valuable function by studying and making recommendations regarding plans for building up United States international trade.

COOLEY has said that he is considering the possibilities of introducing a resolution that would authorize the creation of such a committee. He made it plain today that he will not do this, however, until the President has had time to consider and possibly take action on the suggestion made at today's White House conference.

On February 2, the Greensboro Daily News published the following news article:

COOLEY WANTS ECA POLICY STUDIED

WASHINGTON, February 2.—Representative HAROLD COOLEY said today the United States is losing foreign trade because ECA officials bend backward in administering the program.

He said funds that go to European countries are aiding in building up trade with countries other than the United States.

"Unless this trend is changed, United States trade with European countries will be permanently impaired," COOLEY said.

The chairman of the House Agriculture Committee says he plans to introduce a resolution to set up a committee to study the situation.

Norwegian manufacturers have been notified by their Government that American tobacco purchases during the first half of the year will be cut 30 percent, COOLEY pointed out.

This cuts tobacco exports, and tends to cultivate in Norway tastes for other than American tobacco.

In that respect, the ECA program is in part defeating its purpose, COOLEY contended.

I merely refer to these conferences and news reports for the purpose of indicating my interest in the problems with which we are now dealing, and to emphasize the fact that I am in accord with Senator ARTHUR VANDENBERG's recent suggestions concerning the creation and appointment of a committee to effectuate the achievements of the ECA program and to make plans concerning the future. I had planned to introduce the resolution which I have referred to, and as soon as time will permit, I intend to offer a resolution, the purpose of which will be to authorize the creation and the appointment of this important committee.

I have visited with most of our agricultural attachés in our embassies abroad, and I have likewise visited with the officials of most of our ECA missions abroad. I have also discussed the problems of foreign trade with the officials whom I have heretofore referred to and have also had the Director of the Office of Foreign Agricultural Relations and his assistants and associates to appear before our committee to discuss the vital problems involved. After all of these conferences and visits, I must confess that I am very apprehensive about our foreign trade in agricultural commodities. I am equally afraid that the policies now being pursued might result in a permanent impairment of our normal export trade in agricultural commodities. While we are being so generous, we should be a little bit just, and we should, while we are in a position to do so, try to expand our foreign trade. I certainly do not mean that we should use this program for the mere purpose of dumping our agricultural surpluses abroad. I hold to the belief that there is a need, somewhere in the world, for everything that can be produced, both in the fields and factories of America. If we can solve the great problems of distribution, we can easily solve the problems of the world.

It is unfortunate that we have paid so little attention to the many complex problems of world distribution and to the ever-perplexing problems of surpluses here and at home. Yet, I repeat again the words of the gentleman from Texas, who was chairman of my committee when I first came to Congress, Hon. Marvin Jones. He said time and again, "There is out yonder in the world somewhere a man, woman, or child that needs and wants every lock of cotton and every grain of wheat and corn, and every bit of the vital food and fiber that we can produce on the farms and ranches of this Nation."

Mr. Chairman, we must solve this problem of distribution. We need and want markets, and the world needs and wants food. The answer to our problem will not be found in reducing production but

rather in wide distribution. I therefore hope that our ECA missions and embassies abroad will try to help us find the true answer so that we can "true deliverance" make of the bountiful supply of the things that we have.

Mr. DONDERO. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I did not intend taking any time on this bill, but after listening to the very able gentleman from Texas [Mr. POAGE] a few moments ago in support of the pending amendment, I feel constrained to say to the Committee that he not only made a very compelling speech, but he also pointed out a very challenging situation; namely, when England took American dollars and bought Canadian wheat with it, while at the same time American wheat was spoiling on the ground because there was not room enough to store it, he said that situation did not make sense. I agree with him thoroughly. We have spent \$28,000,000,000 in Europe since the war, mostly to stop the spread of communism. Why spend money in Europe to stop communism and at the same time encourage it here at home? The President not only has belittled the efforts of a committee of Congress in its efforts to expose communism by calling it a red herring, but issued an order denying to the committee the right to see the files of Government employees suspected of disloyalty. Neither does that make sense. Earlier this month I read a letter to the House from a member of the British Parliament who said he doubted whether England could survive five more years of socialism.

He also said:

What an anomaly it is that the people in America, who believe thoroughly in the free-enterprise system, should tax her people to support a Socialist government in England.

That is exactly what we are doing in this ECA or Marshall plan bill before us for three and one-half billion more for foreign aid.

To my mind, neither does that make sense. I have consistently voted against this policy and shall vote against this bill.

There we have three examples. Yesterday an attempt was made to reduce the amount of this bill by a half billion dollars. The amendment was defeated by a few votes. The administration Democrats showed their eagerness to spend American dollars abroad without any thought of the American taxpayer, who is being further burdened by this bill. Later after that amendment was defeated by only a few votes, an amendment was offered by the gentleman from South Dakota [Mr. CASE] to reduce the bill by a quarter of a billion dollars, it was finally adopted by the narrow margin of two votes.

May I respectfully ask whether or not we are thinking of our own people and our own country? In sending our dollars abroad and in sending our material abroad, they are gone forever. We might very well take heed of what the member of the British Parliament had to say in his letter, which I read to the

House, when he said, "What an anomaly it is for you people in America, believing in the free-enterprise system as they do, to continue to tax their people to support a Socialist government in England."

Mr. Chairman, I am not anti-British. The English people are a gallant people. I respect and admire them. Of course, I do not respect their type and form of government, because I believe it is as dangerous and would wreck this country as certainly as it is wrecking England today. Yet in spite of that, we are quibbling over an amendment, the Bureson amendment, which would help the American people and lighten the load of taxation at least a little on the American taxpayer. This bill proposes to spend all over the world more than \$3,000,000,000 of the money of the people of the United States.

How much longer can the United States take the whole world on its lap and nurse it without destroying itself?

Mr. WHITE of California. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Substitute amendment offered by Mr. WHITE of California as a substitute for the amendment offered by Mr. BURESON: Page 8, line 13, insert after the word "sum" the following:

"a. any such sum which shall be spent for agricultural commodities and products thereof, shall be available solely for the procurement of agricultural commodities and products thereof produced in the United States, its Territories, and possessions when such products are available: *Provided*, That no part of such funds shall be available for the procurement of any agricultural commodity or product thereof in the United States, its Territories, and possessions with respect to which the Secretary of Agriculture determines that the supply thereof is inadequate to meet the needs of American consumers: *And provided further*, That this subsection shall not prohibit the authorization of any such funds for the procurement of canned agricultural products acquired by the United States in connection with the program for the control and eradication of foot-and-mouth disease conducted pursuant to the provisions of Public Law 8, Eightieth Congress, and b."

Mr. WHITE of California. Mr. Chairman, I provide in this substitute amendment that any agricultural products which ECA may buy must be American products, as long as such American products are available. It does not provide a \$1,000,000,000 limit; it makes no reference to the \$1,000,000,000 proposition at all. And, I might say this to the distinguished chairman: He mentioned a moment ago that this amendment would open the way for the people of manufacturing areas to come in and say, "Well, why not earmark for us, too." I welcome them all to come in; I think they should come in. Whenever any give-away dollars of our taxpayers are spent by these nations abroad under ECA, I think they should be forced to buy American products.

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. WHITE of California. Briefly.

Mr. KEE. Does the gentleman look upon this entire program as a give-away program, with no interest whatever to the United States?

Mr. WHITE of California. Let me answer the gentleman, and this is the last time I will yield to the gentleman, I am sorry—I felt that the program was entirely necessary and desirable up until it got to the point where the Dutch were dumping vegetables into the ocean, and where production figures in Europe came close to prewar levels. We can only help people so far. The same cause will always produce the same effect.

Mr. KEE. The gentleman does not believe that we are protecting our own national interest in carrying out this program?

Mr. WHITE of California. No; nor in the long run the best interests of the world, if I may say so. The issue is clear. I hope I have made it clear. Are there any questions? Is my amendment clear? It is just a question that if they buy agricultural commodities with these give-away dollars they have to be American as long as our American products are available.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. WHITE of California. I yield to the gentleman from Illinois.

Mr. YATES. Is the gentleman's amendment limited exclusively to agricultural products or does it include a requirement upon ECA to make purchases in this country of hardwoods, for instance, or typewriters or other commodities which are in surplus in this country as well?

Mr. WHITE of California. No; but the gentleman can introduce an amendment like that, if he wishes, and I will support it.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. WHITE of California. I yield to the gentleman from New York.

Mr. MULTER. Does the gentleman's amendment provide for surplus products only?

Mr. WHITE of California. No. It says that they shall buy them as long as they are available in this country, not necessarily in surplus.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. WHITE of California. I yield to the gentleman from Minnesota.

Mr. JUDD. Of course, the gentleman's amendment is strictly an agricultural amendment. Whenever a dollar is spent by ECA in Canada or Mexico or the Argentine it has to come back to the United States to buy something. The gentleman says the ECA countries have to buy agricultural and other products.

Mr. WHITE of California. No, I do not say they have to buy agricultural and other products. I say that if, and I repeat, if they do buy agricultural products they have to buy American, and I welcome the gentleman to put in an amendment protecting the industries in his district in a similar fashion.

Mr. JUDD. But if ECA countries buy American agricultural products and the dollar comes back to the United States directly, it just cuts off that many purchases in America from Canada or Mexico or the Argentine. The ECA dollar has to come back to the United States to buy something American, irrespective of who gets the dollar originally. There

is no way a dollar can be detached from the American economy. If it buys American agricultural products, it cannot buy other American products.

Mr. WHITE of California. This is not a Canadian and Mexican relief program. It is for the war-devastated countries. The dollars eventually come here after perhaps a year or several years, but in the meantime our agricultural prices are dropping and the farmers will go bankrupt and the manufacturers will go bankrupt waiting for the Canadian and Mexican dollars to get back to this country.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. WHITE of California. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Is it not a fact that the law provided that this money should be spent for food, when needed, in the United States, as long as we had a surplus, and is it not a fact that last fall orders were put out contrary to law to permit the purchase of \$175,000,000 of wheat in Canada?

Mr. WHITE of California. That is my understanding. The gentleman is so correct.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in connection with this amendment, I call attention to the sixth report to Congress of the Economic Cooperation Administration, wherein it is demonstrated that approximately a third of the billions of dollars the ECA is authorizing for commodities is being spent for products originating in foreign countries—page 116.

These foreign-produced products include wheat, rye, fats, oils, feed, fertilizer, cotton, iron, steel, lead, textiles, lumber, hides, tractors, tobacco, sugar, dairy products, fruits, vegetables, coffee, and many others.

In Washington, D. C., this week, housewives are paying from 84 to 93 cents a pound for top grade coffee. Yet the ECA, in its fifth report to Congress—page 106—revealed the authorization of \$17,600,000 for coffee through June 1949. I was amazed to discover, however, that this expensively-printed 141 page report contained no per unit cost of coffee or any other commodity, nor how much coffee the \$17,600,000 bought. Believing the taxpayers have a right to know how much they are paying, per pound, for coffee, I asked ECA. Strangely, I was told that no such figures were available; that it would take a week to compute them. Finally, on January 11, 8 days later, the ECA wrote me that \$16,500,000 had been authorized for coffee through November 1949, and that ECA had stopped all coffee authorizations after August 1949. The price paid, per pound, ranged from 15 to 34 cents. The amount of coffee, I was told, totaled 27,227 long tons. Converting that figure into understandable terms, the amount of coffee shipments paid for through ECA, as of October 31, 1949, totaled approximately 61,000,000 pounds.

That is a lot of coffee and a lot of money. ECA authorization of funds for coffee, grown in Latin America, obvious-

ly is no help to the American farmer, and the 61,000,000 pounds taken off the world market must have contributed to the coffee fleeing the American housewife took late in 1949, and is still taking. The ECA should never have authorized the purchase of a single pound of coffee.

But this is only one example of ECA betrayal of American consumers, farmers, businessmen, and labor.

I ask, Why are we permitting use of any ECA dollars for the purchase of coffee? You do not feed hungry people, especially children, with coffee, and there ought to be a specific provision in this bill to stop using American dollars for this purpose.

Mr. MULTER. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER to the amendment offered by Mr. BURLESON: On line 11 of the amendment strike out "canned."

Mr. MULTER. Mr. Chairman, I am going to leave further discussion of the Burleson amendment to others. I hope that when the time comes to vote on the amendment or the substitute and any other amendments that may be offered, it will be in such form that it will be agreeable to most of the Members of the House.

I am supporting this program, and I am in favor of the authorization in the amount as originally reported by the committee. I hope there will be no crippling amendments adopted which will affect the proper administration of the act. My amendment, however, is to clarify the Burleson amendment or any other that is offered of like tenor. We have been spending millions of dollars on the program for prevention of hoof-and-mouth disease in Mexico.

As part of that program we have bought canned beef and frozen beef in Mexico. Now as part of that program they have erected there large refrigerating plants and slaughter houses with the encouragement of the Department of Agriculture, hoping thereby to make available for export to countries other than our country, beef which is being raised there. Only last week the Mexican authorities made protestations to our Government that unless we help them to dispose of their beef, and by that they mean frozen and fresh beef, as well as canned beef, the whole foot-and-mouth-disease program is likely to collapse. The result will be that the disease will spread across the border again and we will suffer dire loss and great damage to our cattle and beef industry in this country. The proviso in the Burleson amendment, I think, is much too limited. If you strike out the word "canned" before the words "agricultural products" then it will read:

Provided further, That this subsection shall not prohibit the authorization of any such funds for the procurement of agricultural products acquired by the United States in connection with the program for the control and eradication of the foot-and-mouth disease conducted pursuant to the provisions of Public Law 8 of the Eightieth Congress.

That does not apply to Argentina beef or any other beef except Mexican beef.

It applies only to beef which is being produced and processed under Public Law 8, which covers the control of the hoof-and-mouth disease in Mexico.

Mr. Chairman, I urge that my amendment be adopted so as to strike out the word "canned" and make the proviso apply to all agricultural products which come under the program.

Mr. SCRIVNER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have asked for this time to see if I could not clear up some of my own thinking as it relates to the ECA. If I am correctly informed, and if I am wrong I hope some member of the committee will correct me; in this ECA pie, whether it is \$2,500,000,000 or \$3,000,000,000, the United States has little or nothing to say about the division or the size of the slice of pie.

In other words, the recipient nations decide among themselves how much each is going to get. Is that a correct understanding?

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. SCRIVNER. For an answer to my question; yes.

Mr. JAVITS. The United States does have everything to say about how the pie is divided, how the money is spent, and so on. The mechanics of the program are one thing.

Mr. SCRIVNER. The 17 recipient nations decide among themselves how the money is going to be divided and they say what they want; is that not right?

Mr. JAVITS. If the gentleman wants an answer, I will be glad to answer.

Mr. SCRIVNER. The gentleman can have his own time. The gentleman can tell me whether I am wrong or not.

Mr. JAVITS. I will try to get the gentleman more time. The gentleman is wrong.

Mr. SCRIVNER. No, I cannot yield further, because you are not answering the question.

Let me see if my understanding on this is correct—that these nations, the recipient nations, decide what it is they want to buy with our money; is that correct?

Mr. KEE. They have not the sole right of decision.

Mr. SCRIVNER. Who determines what they are going to buy?

Mr. KEE. It is determined by mutual agreement between the union of these nations and the ECA director.

Mr. SCRIVNER. As I understand it, the ECA director has very little to say about what they are going to get.

Mr. KEE. The ECA director has a great deal to say.

Mr. SCRIVNER. Let us go on to another point.

Mr. KEE. The gentleman evidently does not want an answer to his question.

Mr. SCRIVNER. I have read the debates on the floor of the House, and I have read the reports of the ECA as well as other material, and they do not seem to give the answers that I am getting here. Let me ask another question: If England buys a carload of flour with American dollars, what happens to the flour? Is it given to the hungry people in England?

Mr. KEE. It is sold in England, and the money goes into the counterpart fund.

Mr. SCRIVNER. After it is sold, what happens to that money that England gets for the flour that it has sold to the English people?

Mr. KEE. It goes into the counterpart fund.

Mr. SCRIVNER. In other words, it goes into the English treasury.

Mr. KEE. No; it goes into a special counterpart fund which can only be spent by mutual agreement between this country and England.

Mr. SCRIVNER. But England is one of the primary nations to do the determining.

Mr. KEE. I am trying to tell the gentleman.

Mr. SCRIVNER. I am trying to see if my understanding is correct.

Mr. JUDD. Well, it is wrong.

Mr. SCRIVNER. I am sure the gentleman from Minnesota can do a better job of explaining than the others.

Mr. JUDD. Going back to the first question: No one of those countries can buy anything until the requisition is approved by the American Chief of Mission in that country.

Mr. SCRIVNER. But that country determines what its requisition is going to be?

Mr. JUDD. Certainly that country determines what its requisition is going to be, but the American Mission approves or disapproves, and the country cannot buy unless the American Mission approves. Of course, they make the requisitions as to what they believe they need. We cannot run their country for them, but our mission frequently does and should turn down anything that it believes does not assist recovery of their economy.

Mr. SCRIVNER. I am glad you said "should turn down," because there has not been a great deal of turning down, according to the articles I have read.

Mr. JUDD. May I say a great many things have been turned down. Even after orders have gone in and during the process of delivery there have been cancellations by ECA officials when post-audit examinations indicated that was wise.

Now, to come to your second question about the counterpart funds. ECA goods are sold for the currency of the recipient country and the money goes into the counterpart fund which can be disposed of only by joint agreement between the United States and the country in question. These counterpart funds are used for different purposes. In some cases, where inflation was bad, they just set it aside, because to take the currency out of circulation was the most helpful thing to the economy of the country that could be done at the time.

Mr. SCRIVNER. In other cases did they not use some of those funds to pay their internal debts?

Mr. JUDD. Yes, in some cases, with the approval of ECA. They have used the funds for land reform and various other projects, which it was considered would be most useful to the particular country.

Mr. SCRIVNER. Including, for instance, in Italy the use of those funds to do what we called WPA stuff?

Mr. JUDD. That is right. That is exactly the sort of thing the fund should be used for where there is serious unemployment, because those people have to be taken care of somehow. Italy would have to print more currency to take care of them, unless they could be taken care of from this special fund. The more currency they printed, the more inflation there would be.

Mr. SCRIVNER. Unless the American taxpayer took care of them and helped them pay their debts?

Mr. JUDD. America does not get anything out of the fund in any case.

Mr. SCRIVNER. No. Of course, we do not, because none of those billions will ever be paid.

Mr. JUDD. I was incorrect when I said we did not get anything out of it. For instance, the living expenses of our missions abroad is paid out of them because they can be paid in the currency of Great Britain or France or Italy or the other countries. Again up to 5 percent is supposed to be used for the purchase of strategic materials where available. In the case of Belgium, England, or Holland, for example, which have some colonies with mineral resources, those materials can be purchased with their own currencies out of the counterpart funds and delivered to us.

Mr. SCRIVNER. The gentleman from Iowa [Mr. MARTIN] yesterday gave us the full picture of the strategic material program.

Mr. MORRIS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the other day I heard a story which I think is illustrative of the situation here. It seems that two fellows met and one was wearing a button on the lapel of his coat, which had on it the initials "IATK." The other fellow said to him, "My friend, I never saw a button like that. What kind of a lodge or organization is that?" He said, "That is an organization I belong to." The other fellow said, "What does that mean, IATK?" He said, "That means, I am thoroughly confused." The other fellow said, "Well, I can understand part of it. I get the first three letters, they evidently stand for 'I am thoroughly,' but what is the 'K' for?" The other fellow said, "Confused." He said, "Brother, you have 'confused' spelled incorrectly." "Maybe so," he said, "but you don't know how thoroughly confused I am."

I think there is so much confusion as to what these various provisions mean that we ought to be very, very careful about voting for them. As a matter of fact, I cannot vote for the whole bill at all. I have been against it from its very inception, and I am still against it. I think it is wrong in principle. I realize there is some good in it, but I think the bad in it greatly outweighs the good in it. I am very much opposed to it, and I shall vote against the bill. However, I recognize also that it will probably be enacted. If it is, I want it to be just as good as we can get it.

Let me call this to your attention; this is a significant thing, I believe. As long as we keep the purchasing power in the hands of the masses of our people we are going to have good times in America. That has been illustrated year after year in the last 12 or 15 years. That is why we have such a wonderful national income; the purchasing power has been distributed out to the four corners of the great United States into the hands of the masses of the people. The way to keep that purchasing power is to keep wages high, reasonably high, justifiably high; and to keep the price of farm products high, justifiably high. The way we are doing at the present time and the way we have been doing it for some time is by supporting the prices of farm products, controlling the prices on them. The Commodity Credit Corporation comes in and plays a big part in this. The thing that will destroy that program if it ever is destroyed—and God forbid that it should be—the thing that will destroy it if it is destroyed will be large surpluses. Why should we not earmark this money as provided in the Burleson amendment to take care of the agricultural surpluses in our country? It will help to carry on that program that has meant so much to all of America, meant so much for the economy of our whole Nation and helped the laboring man, helped the farmer, and helped the merchants, and helped everybody. And why should we not give a little thought to the welfare of the goose that lays the golden eggs for us? Unless we do earmark this money I am afraid that America will come up short, and I am afraid that many of these surpluses will continue to be surpluses and that the ECA will go into Canada and other places in the world and buy things that we need to sell in order to get rid of our surpluses here. If we do that, that is if ECA buys in foreign agricultural markets instead of our own, we will be doing it against the American people, against the farmer, and may destroy or at least retard the progress we have made during the past years, through a higher level of agricultural and farm prices.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MORRIS. I yield.

Mr. AUGUST H. ANDRESEN. I am informed that some people think it is such a good thing, particularly people in the recipient countries, but some in this country, that they want this program to continue after 1952.

Mr. MORRIS. Yes; some people I imagine would like to continue it forever. Those who are for this bill have as much right to their opinion, of course, as I have to mine, and I do not say that just to please, but because I believe it in my heart. I have some Irish in me and I must confess that I do not mind getting into a scrap; in fact, I rather enjoy a good clean scrap, but I always respect the opinions of those who honestly disagree with me. Yes; I am against the bill but I believe this Burleson amendment is a good amendment.

(Mr. MORRIS asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Chairman, in an effort to see if we cannot reach an agreement on closing debate on this amendment, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes.

Mr. SCRIVNER. Mr. Chairman, I object.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 40 minutes.

Mr. O'HARA of Minnesota. Mr. Chairman, I object.

Mr. KEE. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 40 minutes.

The CHAIRMAN. The question is on the motion.

The question was taken; and on a division (demanded by Mr. BROWN of Ohio) there were—ayes 108, noes 78.

Messrs. TABER, BROWN of Ohio, and EDWIN ARTHUR HALL demanded tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. MANSFIELD and Mr. TABER.

The Committee again divided; and the tellers reported that there were—ayes 131, noes 82.

So the motion was agreed to.

Mr. O'SULLIVAN. Mr. Chairman, I ask unanimous consent that the time allotted me be yielded to the gentleman from Utah [Mr. GRANGER] and that I may extend my remarks in the RECORD immediately following those of the gentleman from Utah.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Utah [Mr. GRANGER].

(Mr. GRANGER asked and was given permission to revise and extend his remarks.)

Mr. GRANGER. Mr. Chairman, I rise in support of the Burleson amendment for the reason that I think it will do no harm to the ECA program, inasmuch as we have been given the assurance that it is the intention of the administration to buy American. It seems a strange thing to me, however, that every time we try to do something under this program that is beneficial to our own people, we are always met with this sort of an argument, that it would destroy the program. We had a similar experience about a week ago when we were trying to do something to sustain and preserve the mining industry of this country. Many of the people who are for this amendment now, I am sorry to say, were opposed to that bill. We are now appropriating money which will do the very thing for the foreign countries that we were trying to do for our own mines.

This seems to me such a simple proposition that the Committee should accept the Burleson amendment without further controversy. It simply proposes to make sure that the agricultural commodities purchased will be purchased in our own country. I cannot see anything wrong about that. The only thing wrong

about the Burleson amendment is that it does not go far enough to suit me.

As has been said here, we have accumulated millions of pounds of canned beef in Mexico. We have all the evidence in the world that it is a good product. If those countries can use it, why should they not use it? After all, they are on the receiving end and our country is the benefactor. We had better look out some of these times if we are going to be magnanimous; we had better keep our country solvent so that we will have something left to be magnanimous with.

So I appeal to the Members not from the standpoint of the farm program but from the standpoint of the taxpayers of the country and for the good of all the segments of our population. As has been pointed out by the gentleman from Iowa, it is not only for the farmers, it is for the businessmen and for labor and for all our people who are paying taxes to further this program.

Mr. Chairman, I think it would be a mistake at this time if we do not take positive action to make sure that these funds are going to be spent for the relief of the world, and I am in favor of that. On the other hand, where it is possible certainly something should be done to ease the burden of the taxpayers of our country.

Mr. O'SULLIVAN. Mr. Chairman, in these few remarks of mine I wish to state for the record that I have supported, with a few exceptions, all phases of this bill, and shall vote for the passage of same. I feel that I am obligated for several very good reasons to so act, among them being that to do so is the most effective way of combatting communism in the cold war which we have had for some time now in Europe and other places. True it is a very large expenditure of money, but if a shooting war can thus be averted it will be a cheap price to pay for peace and will be money well spent. Other reasons are that the Democratic platform approves of such legislation; that in my campaign I promised the people that I would work for and support ECA legislation; and lastly the people in my congressional district who voted the Omaha World-Herald's economy ballots voted almost four to one in favor of adequate Marshall-plan aid.

I want this record to show clearly that I voted against the cutting down of the amount of money originally provided for in the bill.

I also voted against the so-called Vory's amendment, and for the prevailing Fulton-Cooley amendment. To my way of thinking the Vory's amendment was the brain child of frustrated reactionary Republicanism. It was the legislative right cross which follows a straight left. It was the right cross aimed at the jaw of the farmers' price-support program, just as the Cole amendment to the Commodity Credit Corporation's appropriation bill, passed by the House a few days ago, sans Cole of Kansas amendment, was the well-directed, stiff-left punch to the body of the farmers' price-support program.

This Cole amendment, in my opinion, would have pillaged the funds of the Commodity Credit Corporation by permitting the grain dealers of our Nation to charge prices for services never rendered, and would have shackled the farm program and brought about its entire destruction and abandonment. The Vory's amendment would have denied the grain dealers the right to serve the Marshall-plan countries in their agricultural purchases made in the United States. These old reactionary Republican one-two punches failed, however, and free enterprise received its just deserts in both instances.

I shall support the Burleson amendment which requires that Marshall-plan countries must purchase at least a billion dollars worth of agricultural commodities and products in the United States if they are available for purchase under this law. This will help the grain dealers also.

There is another amendment which I shall support and vote for and that is the Fogarty amendment. It is high time that the Government of Great Britain wakes up to the fact that there must be an united Ireland, and that England's bloody, vicious, and depraved hand of oppression must be removed from all of Ireland. This amendment might wake old England up and make her more justice conscious now than she has ever been in the past.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, a few moments ago the gentleman from Kansas [Mr. SCRIVNER] and the gentleman from Minnesota [Mr. JUDD] carried on a discussion concerning the use of what are called counterpart funds.

I was reading some of the testimony of Mr. Kennan before the Committee on Foreign Affairs. In one place I ran across the fact that the British Government had been able to pay off £200,000,000 of its internal debt out of counterpart funds. If one multiplies £200,000,000 by the current rate of exchange it is equivalent to over \$500,000,000.

I would have no particular objection if the British Government were to use the counterpart funds for helping rebuild the bombed and burned homes of the British people, but when it comes to paying off the British internal public debt, it seems to me we have at least as much right to pay off our own internal debt as she has. If she can pay off £200,000,000 or \$500,000,000 worth of her public debt out of counterpart funds, she probably does not need that money from us, and our taxpayers certainly need to keep it as we here have the biggest public debt in the world.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Illinois.

Mr. MASON. We go in debt more in order to pay their debt.

Mr. HINSHAW. I just cannot understand it at all. I do not see why we should be called upon to pay the internal debt of any foreign country.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Minnesota.

Mr. JUDD. I think the answer is very simple. The British can pay off their internal debt in pounds sterling. They are not getting any dollars from us with which to pay off their debt.

Mr. HINSHAW. No; all they are doing is getting a lot of goods from us for nothing, which they sell to their own people over there. Then they take that money which they get from their own people—called the counterpart fund—and pay off their Government's internal debt.

Mr. JUDD. That is right.

Mr. HINSHAW. I do not argue with the gentleman as to definitions.

Mr. JUDD. It was approved by ECA to help them check inflation and to help them keep their budget in balance so that they would not go into bankruptcy. It does not cost the United States a cent more for the counterpart funds to be used for such a purpose and if that helps the country's money, it seems to be the proper thing to do.

Mr. HINSHAW. How about them helping us to keep our budget in balance? That is what I would like to see.

Mr. JUDD. But dollars are necessary in our case, and not in the case of Great Britain's internal debt.

Mr. HINSHAW. I think we ought to look at our own budget here a little more. I do not mind giving them the means to get the money to rebuild their homes, but not for them to pay off their own national debt or to meet their budget deficits. We have debts and deficits too, and \$500,000,000 amounts to 10 percent of our current deficit.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. LARCADE].

Mr. LARCADE. Mr. Chairman, it is the same old story—every time one of the appropriations or authorizations come up for foreign spending—an emergency or crisis immediately comes up, and the Congress is told that unless these funds are made available to the full amount without any reduction, amendment or change, something dire is going to happen.

In the bill under consideration we are told that unless we make available \$3,375,000,000, we might precipitate a third world war.

Mr. Chairman, all of this propaganda does not scare me.

I have taken my position in regard to giving away the resources of this country since the beginning of these programs, I have been consistent. I have voted against all of these give away America programs from the inception of UNRRA, and I am of the same opinion now, and as long as I am a Member of this House, unless some one can prove to my satisfaction that I am wrong, I shall continue to do so. Reference to my record will disclose that I have not only voted against these fabulous, outrageous, unprecedented and unbelievable squandering of the money of the overburdened, overtaxed and over-

regimented taxpayers of this country but I have given my reasons therefor. We are continuing these programs, and to be certain that this will continue beyond the obligated time of the year 1952, there is included in the pending bill a provision for a so-called point 4 program which will assure that we will be able to continue to further give away the resources and substance of these great United States without any thought to the welfare and sustenance of our own people, or to the economy or the impact upon our own country.

Mr. Chairman, I respect the opinion of my colleagues who take an opposite view in regard to this matter, and I do not question their sincerity; however, I am afraid that many of those who visited European and Asiatic countries since the war had not visited these countries before the war, and naturally they came to the conclusion that the conditions which existed after the war were due to the ravages of war, and not due to the fact that these countries were 50 to 100 years behind this country in their appearance, progress, economy and standard of living, nor do they realize that this country does not have the resources to bring the standard of living of the balance of the world to a comparable position with ours, and in my opinion, if we continue to endeavor to do this under the programs now in progress, and inaugurate the point 4 program contained in this legislation, we will wreck and ruin this country beyond any measure of recovery or rehabilitation, and we will weaken our country beyond any hope of defense and will be easy prey to any country which might desire to take us into slavery.

Mr. Chairman, I was one of those who advocated the utilization of our farm surpluses in the programs of so-called relief, and under the ECA program I made every effort to urge and demand that American farm surpluses be used instead of our precious dollars, and, in fact, I was successful in having an amendment adopted in the House to so provide; however the amendment was stricken from the bill in conference with the Senate.

I recall at a meeting held in the office of Senator ELLENDER, of Louisiana, which was attended by Senators and House Members when a demand was made upon one of the administrators of the ECA program for the use of American farm surpluses in the program, notwithstanding the provisions of the bill, we were told that "to do this would displease Russia. That Russia would accuse the United States of dumping its farm surpluses on Europe." Such a position, in my opinion was untenable and unbelievable.

I was always in favor of utilizing our farm surpluses in these programs, and even give the same gratuitously where the need existed, and I maintain this position; however, I also felt that we should take into consideration the needs of our own people.

Recently, when it was disclosed that we had millions of dollars of farm surpluses which had been purchased by the CCC and which were perishable, I introduced bills to distribute this food free to our people; however, since this has not been

done, I support the amendment offered on the floor to use these farm surpluses in the ECA program rather than waste same by spoilage and deterioration. It would be sinful to permit this valuable food to waste.

Mr. Chairman, I was astounded to read some of the testimony in the Senate hearings on the legislation under consideration. It seems that the Administrator was unaware of the spending of such sums as \$600,000,000 and \$800,000,000 appropriated for the ECA?

From an Associated Press article discussing the hearings on the ECA bill at the latter part of February it was stated that—

The main issue appeared to be ECA's policy of encouraging European imports. ECA Chief Paul Hoffman has upheld this plan as the only way to give Europe a chance to earn dollars and return to a solid recovery base.

Mr. Hoffman concedes that some United States concerns may be pinched or even thrown out of business by stepped-up European competition. He argues, however, that American operators must adjust themselves to the chances and find new ways to meet competition.

Mr. Chairman, I wonder where Mr. Hoffman and his associates will get the money to carry on these give-away programs if American business which pays the taxes is destroyed?

Mr. Chairman, it has been brought out in the argument on this bill that those countries which have not had the benefit of the largess of the ECA have recovered more rapidly than those countries where the money is supposed to have been spent, and I think that it is past time for the peoples of other countries to go to work and help themselves. It will take generations of American taxpayers to pay the cost of these give-away programs, and while it is admitted that as a result of these programs we have inflation in this country, and that some of the money is spent in the United States, and that since I come from an agricultural section of the country my people are enjoying the benefit of some of the purchases made by the ECA in this program.

Such an argument can easily be discounted for the only reason that some of the products of the South were purchased, in my opinion, was because the ECA could not purchase these commodities elsewhere. For instance, all the rice available was purchased from Burma, Siam, and Indochina. Cotton was purchased from Egypt, and other commodities were purchased from England, South America, and other countries.

It will require this generation and future generations to pay taxes to pay for these programs, and while it is true that the South has sold some of its agricultural commodities which could not be purchased elsewhere, we will pay taxes "through the nose" for this small temporary benefit.

(Mr. LARCADE, Mr. GROSS, and Mr. DONDERO asked and were given permission to revise and extend their remarks.)

[Mr. HILL addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. ANGELL. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ANGELL. Mr. Chairman, I will vote for the Burleson amendment.

The operations under the Economic Cooperation Administration program have been very disastrous to many of the major industries of the Pacific Northwest and my congressional district in Oregon. I have had rather extensive correspondence with Administrator Hoffman of the ECA, Secretary Brannan of the Department of Agriculture and Chairman of the Board of the Commodity Credit Corporation, and with Dean Acheson, Secretary of State, in an endeavor to secure some modification of the programs as they are being administered by ECA, the Secretary of State, and the Department of Agriculture, as they affect these major industries. I refer particularly to the lumber industry, agriculture, flour milling, and fisheries. The nut industry, which is of considerable importance to us in Oregon, is also adversely affected. The three major industries of Oregon are lumber, agriculture, and fisheries, all of which are vitally affected adversely by ECA operations in cooperation with the Federal agencies that I have mentioned.

The result of the ECA program as it is being administered with respect to these industries is to liquidate our Northwest industries in favor of building up the Marshall plan countries and permitting similar products produced or manufactured there to undermine our own American industries. As a result the export trade for lumber and flour has already been liquidated with thousands of workmen being thrown out of employment and ultimately some of these industries will completely collapse if this program is continued. The end result is the lowering of the standards of living of our people in America in order to bring the level in uniformity with that of the Marshall plan countries. In other words our standard of living is to be lowered and Marshall plan countries to be raised, resulting in a uniform standard with a disastrous result, jeopardizing our own high standards. There seems to be no sound reason why major industries which have existed for decades here in America should be liquidated as is now being done, by the use of American tax dollars under the ECA program and the reciprocal tax program in order to build up the same or similar industries in the Marshall plan countries. Vigorous protests to the ECA and other Federal agencies have resulted in no assurance that any change will be made in the program. If we adopt this bill providing some \$2,700,000,000 additional funds to the ECA it will, I fear, permit that agency to completely wreck our Northwest industries.

The Northwest milling industry has enjoyed a heavy export business in flour throughout the years which is essential to round out its domestic business. Long haul freight rates deprive it of much of the market of the middle and eastern

portion of the United States. The ECA of the State Department and the Commodity Credit Corporation with the use of Marshall plan dollars and an apparent disinterestedness in protecting American flour producers in their offshore trade have permitted Marshall plan countries to use American dollars to undermine the economy of the American flour millers. They have not only deprived these millers of the foreign markets but they have permitted Canada and other countries benefitting through depreciated currencies and the manipulations of the Marshall plan countries to flood the American markets with imported products, underselling American products which are in oversupply.

The administration has authority under existing laws to protect these American producers but refuses to do so.

Mr. Chairman, not only is the export market for the Pacific Northwest lumber being demoralized and in many cases completely destroyed and the export flour milling industry put on the skids so that the industry is rapidly disintegrating but the Pacific Northwest is also hard hit by the operations of ECA and other Federal agencies with respect to the fishing industry. The fishing industry is a very important one to my State and to the Pacific Northwest and affords employment for a large number of people engaged in that work. During the last 2 years, foreign fishermen sold 50,000,000 pounds of fillets a year in the American market. The canned crab market has been ruined by imports from Russia. Prior to the war these importations amounted to less than 10,000,000 pounds per year. As a result of these foreign importations under-selling the American produced product the industry has been hard hit in my State. It is reported that 15 Oregon boats valued at \$300,000 which in the past have fished only for soupfin sharks for oil are forced to quit by reason of the slashing of the prices through foreign importations, soupfin shark livers having dropped in price from \$11.50 per pound to \$3.50 per pound in 1 year. Nets for catching these fish cost from \$6,000 to \$10,000 a piece and often are lost at sea. A heavy investment is maintained in the Pacific Northwest in this great industry. The Astoria community in Oregon estimates that income from the local fishing fleet there amounts to \$2,100,000 a year. Dog shark livers which made up 40 to 50 percent of the income, by reason of this foreign competition were reduced in price from 80 cents to 10 cents a pound. Canada, according to these fishermen, supplies 80 percent of the imported fillets prepared by workers receiving 83 cents an hour, equivalent in United States money to 73 cents, whereas American workers' wage rate at Astoria is \$1.18 per hour. Many of these fishery concerns in my State have been compelled to close down by reason of the State Department, the ECA, the Department of Agriculture, and other Federal agencies of this Administration letting down the bars to unrestricted foreign importations of these fishery products produced under low wage conditions.

Mr. Chairman, in order to present this issue clearly to the committee and to the

Congress, I am including in these remarks some of the correspondence with ECA and other Federal agencies and from some of the principal industries to which I have referred, showing the critical situation that exists under ECA and reciprocal trade program operations:

FEBRUARY 23, 1950.

Mr. PAUL G. HOFFMAN,
Administrator, Economic Cooperation
Administration, Washington, D. C.

DEAR MR. HOFFMAN: I represent the Third Congressional District of Oregon in the National Congress, which is the area in which the city of Portland is situated and many of my constituents are engaged in the flour-milling industry and all of us in the Northwest, as well as throughout the United States generally, are deeply interested in the critical problem facing these millers by reason of the destruction of their export trade as well as the serious inroads in the domestic trade. The operations of the Federal Government are such that they are materially contributing to this serious problem facing the millers and I am calling it to your attention in the hope that through the activities of your office, which are contributing to the difficulties of millers, you may be able to modify existing programs or put into effect new programs that will give these American millers the opportunity to participate in the export trade of their products which they formerly enjoyed; much of their competition comes from the use of American dollars supplied through ECA and other United States contributions to foreign countries.

What I have said with reference to the flour-milling industry is equally applicable to the lumber industry which is so important in my own district in the Northwest. I have been advised that the Commercial Bulletin of Boston in its last Saturday's report states that the production of Canadian lumber for the year 1949 is estimated to be 5,250,000,000 board feet of which 31 percent or 1,627,500,000 board feet was exported to the United States. This points up the problem to which I have referred. In reverse, American lumber exporters are finding their export market absorbed by competition from purchases made with American tax dollars and in addition are having the domestic market flooded by importations from abroad. This same program is likewise helping to bring about the unfortunate potato-surplus situation facing us. Importation of Canadian potatoes are underselling the American-grown products resulting in heavy expenditures by the United States in the support program.

I will appreciate it if you will advise me with respect to the problems facing our millers and lumbermen and what remedies you have to suggest.

Sincerely yours,

HOMER D. ANGELL,
Member of Congress.

ECONOMIC COOPERATION ADMINISTRATION,
Washington, D. C., March 16, 1950.

HON. HOMER D. ANGELL,
House of Representatives,
Washington, D. C.

DEAR MR. ANGELL: This is further in reply to your letter of February 23, 1950, regarding problems of the flour-milling and lumber industries of the Pacific Northwest. You noted in your letter that loss of export markets is a primary cause of the problems of the flour-milling and lumber industries and that operations of the United States Government, including those of ECA, have contributed to the difficulty.

Flour millers in the Pacific Northwest have lost a substantial part of the export business which they enjoyed in recent years. Total United States flour exports have

dropped markedly with the percentage of decrease probably being larger in the Pacific Northwest than in other United States areas. Reasons for the heavy decline in exports from the Pacific Northwest include:

1. The Canadian Class II wheat price is substantially lower than the United States market price for wheat. As a consequence, Canadian millers are in a better competitive position than are United States millers with respect to foreign flour markets outside the International Wheat Agreement. The Canadians, therefore, have been selling more flour and United States millers less flour to such markets as the Philippines than was the case in earlier years. The market in the Philippines has always been of principal importance to United States millers in the Pacific Northwest.

2. ECA financed shipments of United States wheat and wheat flour to China ceased with the Communist capture of most of that country. The Pacific Northwest supplied much of the wheat flour which previously had been financed for China.

3. In the years immediately following World War II, Japan imported wheat flour from the United States, much of which was procured in the Pacific Northwest. This, however, was an unusual situation caused by the world scarcity of bread grain. We understand that Japan ceased to procure wheat flour when wheat became freely available.

Each of the three foregoing items is a matter which is not within the control of ECA. Financing by ECA has been involved only in the case of item 2, which pertains to China. There is no prospect in the foreseeable future that we shall finance wheat flour for the mainland of China, since the legislation under which we operate prohibits ECA financial assistance to Communist-held areas. There is a remote possibility that some flour might be financed in the coming months for Formosa, but should this transpire the quantity will be so small that benefits to the Pacific Northwest will be negligible. Korea, the only other country in the Pacific receiving ECA aid, does not require imports of wheat or wheat flour. Hence, in future months ECA financed flour procurement will be confined almost exclusively to European countries. Because of transportation costs, West coast millers have found it difficult to compete in the European market with east coast and Gulf flour. Recently, however, we have noted some interest on the part of European countries in the west coast market.

With respect to item 1, the Philippine Government officially filed its acceptance of the International Wheat Agreement on February 27. The Philippines thereby became eligible for wheat-agreement prices and United States millers can now compete equally with Canadian millers for much of that business. It is probable, however, that Canadian millers may still be able to under bid United States millers on hard spring wheat flour.

We note your statement that much of the competition of Pacific Northwest mills comes from dollars supplied through ECA to foreign countries. As you know, because of the British dollar crisis ECA agreed to finance during this fiscal year \$175,000,000 of United Kingdom wheat purchases in Canada. All ECA financed procurement, however, of wheat and wheat flour for other countries has been limited this year to the United States. Within the agreed \$175,000,000 for the United Kingdom, procurement totaling \$140,000,000 has been authorized to date, \$11,200,000 being for wheat flour. Most of the latter was authorized last September and none has been authorized since November. We expect to authorize the balance of \$35,000,000 for wheat only.

The problem involved in Canadian exports of potatoes to the United States does not

fall within the purview of ECA. The Department of Agriculture and the Department of State are more directly concerned, and we believe any information desired should come directly from those Departments. Reply will be made in a few days to that portion of your letter which pertains to lumber.

Sincerely yours,

WILLIAM FOSTER,
Deputy Administrator.

FEBRUARY 23, 1950.

HON. DEAN G. ACHESON,
Secretary of State,
Washington, D. C.

DEAR MR. SECRETARY: I represent the Third Congressional District of Oregon in the National Congress, which is the area in which the city of Portland is situated and many of my constituents are engaged in the flour-milling industry and all of us in the Northwest, as well as throughout the United States generally, are deeply interested in the critical problem facing these millers by reason of the destruction of their export trade as well as the serious inroads in the domestic trade. The operations of the Federal Government are such that they are materially contributing to this serious problem facing the millers and I am calling it to your attention in the hope that through the activities of your office, which are contributing to the difficulties of millers, you may be able to modify existing programs or put into effect new programs that will give these American millers the opportunity to participate in the export trade of their products which they formerly enjoyed; much of their competition comes from the use of American dollars supplied through ECA and other United States contributions to foreign countries.

What I have said with reference to the flour-milling industry is equally applicable to the lumber industry which is so important in my own district in the Northwest. I have been advised that the Commercial Bulletin of Boston in its last Saturday's report states that the production of Canadian lumber for the year 1949 is estimated to be 5,250,000,000 board feet, of which 31 percent, or 1,627,500,000 board feet was exported to the United States. This points up the problem to which I have referred. In reverse, American lumber exporters are finding their export market absorbed by competition from purchases made with American tax dollars and in addition are having the domestic market flooded by importations from abroad. This same program is likewise helping to bring about the unfortunate potato surplus situation facing us. Importation of Canadian potatoes are underselling the American-grown products resulting in heavy expenditures by the United States in the support program.

I will appreciate it if you will advise me with respect to the problems facing our millers and lumbermen and what remedies you have to suggest.

Sincerely yours,

HOMER D. ANGELL,
Member of Congress.

DEPARTMENT OF STATE,
March 15, 1950.

The Honorable HOMER D. ANGELL,
House of Representatives.

MY DEAR MR. ANGELL: I refer to your letter of February 23, 1950, regarding foreign trade in wheat flour, lumber, and potatoes, with particular reference to Canadian competition.

You state that American producers should have the opportunity to participate in exporting their products, and that much of their competition comes from the use of American dollars supplied through Economic Cooperation Administration and other foreign aid. In this connection I may point out that the Economic Cooperation Administration

is expected to carry on its programs as economically as possible, that the participating countries are expected to award contracts to the lowest bidders, which is in any case to their interest, and that United States producers have therefore the same opportunities to compete as producers in Canada and elsewhere.

You refer to a critical problem facing American flour millers by reason of the destruction of their export trade, as well as the serious inroads in the domestic trade. Exports of flour milled wholly of United States wheat averaged 8,000,000 100-pound sacks annually from 1937 to 1941. Due to conditions abroad during the war, United States exports reached high levels, averaging 19,000,000 sacks from 1942 to 1948; and increasing further in 1947 and 1948 to 75,000,000 sacks annually. Exports during the first 9 months of 1949 amounted to 25,000,000 sacks. United States imports of wheat flour and related products, exclusive of quantities imported for milling in bond and export, are limited by quota to the very nominal amount of 40,000 sacks per year.

As to softwood lumber, annual imports average only about 5 percent of production. Imports in 1947 amounted to 1,092,000,000 board feet, in 1948 to 1,652,000,000 board feet, and in 1949 to 1,425,000,000 board feet. Exports have almost equaled imports. In 1947, for example, exports amounted to 968,000,000 board feet, compared with imports of 1,092,000,000 board feet.

You state further that importations of Canadian potatoes are underselling the American-grown product, resulting in heavy expenditures by the United States in the price-support program. It is true that imports of potatoes add to the public expenditures required to maintain a given price-support level. The real difficulty is that the high level of price supports maintained under existing legislation creates a profitable market for imports of Canadian potatoes, despite the existence of a relatively high import duty. These prices were sufficient to attract imports valued at \$9,000,000 in 1948 and \$13,000,000 in 1949. The value of United States production in 1948 was \$690,000,000; the value of the 1949 crop is not yet available, but the estimated cost of \$100,000,000 for the surplus only is many times the value of imports and even had there been no imports whatever the United States would be faced with an acute problem of over-production at present price-support levels. Despite the increase in imports in recent years, the quantity imported in 1949 was only 2.4 percent of production.

Your attention is called to the fact that the value of exports to Canada considerably exceeds that of imports from Canada. Total exports from the United States to Canada in 1948 amounted to \$1,900,000,000, compared with imports from Canada of \$1,500,000,000. It would certainly be a mistake for this country to take any action which might provoke retaliation on the part of Canada or other nations, or be incompatible with United States foreign trade policy, under which we are cooperating with other nations of the world to bring about the revival and expansion of world trade by reducing barriers and promoting mutual understanding and cooperation in the solution of problems relating to international trade.

Your letter has been referred to the Committee for Reciprocity Information which in turn will bring it to the attention of the interested officers in all of the eight agencies concerned with trade-agreement matters for consideration in possible future negotiations with Canada. I am also sending a copy of your letter and of this reply directly to the Economic Cooperation Administration.

Sincerely yours,

JACK K. McFALL,
Assistant Secretary
(For the Secretary of State).

FEBRUARY 16, 1950.

CHARLES F. BRANNAN,
Chairman, Commodity Credit Corporation,
United States Department of
Agriculture, Washington, D. C.

DEAR MR. BRANNAN: A number of flour-milling concerns in the Northwest and particularly in my congressional district, which includes Portland, Oreg., are deeply concerned and aroused over the conditions that exist with reference to the flour exports of the United States and the low percent of the American flour finding export market by reason of the heavy shipment from Australia and Canada with which American flour exporters cannot compete under existing conditions. As a result many of these mills have had to curtail their operations. A notable instance is the Pillsbury mills at Astoria, Oreg., which has run two units, 6,000 hundredweight for over 20 years but now has had to close 1 unit by reason of lack of export business. In view of the fact that the United States is furnishing American dollars for much of the flour that is being purchased from competitors of American flour mills, it would seem to be indefensible that a program is not put into effect that would save the American flour-milling industry.

I will be obliged if you will advise me if the Department of Agriculture and particularly the Commodity Credit Corporation will not meet this problem in a forthright manner and save this great industry.

Sincerely yours,

HOMER D. ANGELL,
Member of Congress.

DEPARTMENT OF AGRICULTURE,
March 22, 1950.

HON. HOMER D. ANGELL,
House of Representatives.

DEAR MR. ANGELL: This is in reply to your letters of February 16 and 23, pertaining to the difficulties which Pacific Northwest flour millers are having in exporting flour, due to competition from Canadian and Australian exporters, and your suggestion that some program should be put into effect to help the milling industry.

As a solution to this problem, representatives of the flour-milling industry have urged that export subsidies be provided on shipments of wheat and flour outside of the International Wheat Agreement.

It must be recognized that consideration of possible export subsidy payments for wheat and flour is not limited to the Department of Agriculture. The relationship of such a program to United States foreign-trade policies, and the implications it would carry with respect to other commodities, are matters of wide interest and extreme importance.

We note your statement " * * * the United States is furnishing American dollars for much of the flour that is being purchased from competitors of American flour mills. * * * " There is only one case in which the United States is supplying money to any foreign country for the purchase of either wheat or flour outside of the United States during this fiscal year. This pertains to the \$175,000,000 which the Economic Cooperation Administration earmarked for the purchase of wheat and flour from Canada for shipment to the United Kingdom. We are informed by the ECA that authorizations totaling \$11,200,000 were approved last fall for the purchase of flour in Canada for the British. All the remainder of the appropriation, namely, \$163,800,000, will be used for the purchase of Canadian wheat for the United Kingdom. There have been no foreign purchases of wheat or flour by the Army for its areas of responsibility. It is our understanding that no other foreign supply program involving procurement of wheat or flour with United States funds from any source except the United States has been or will be authorized for the current year.

You may be interested in knowing that the ECA has issued procurement authorizations to the British totaling \$30,000,000 for the purchase of wheat and flour in the United States during this year, of which \$3,406,000, or 11.35 percent, was for flour.

We believe that the chief difficulty which has been experienced by millers in the Northwest, the loss of part of the Philippine market, will be rapidly corrected since the Philippine Commonwealth became a party to the International Wheat Agreement on February 27, 1950.

Sincerely yours,

K. T. HUTCHINSON,
Assistant Secretary.

FEBRUARY 14, 1950.

Mr. M. M. BENIDT,

Commodity Credit Corporation, United
States Department of Agriculture,
Washington, D. C.

DEAR SIR: Hongkong arrivals in 50-pound bags:

November:

Australia.....	332,000
Canada.....	46,000
United States.....	98,000

December:

Australia.....	72,000
Canada.....	134,000
United States.....	55,000

Manila, Cebu, Iloilo arrivals in 50-pound bags:

December:

Australia.....	27,221
Canada.....	352,198
United States.....	225,495

January arrivals will be forwarded when received.

A subsidy for other than IWA countries or local wheat for export grinding at levels equal to Australian and Canadian seems to be our only salvation.

Due to lack of export business, one unit, 3,000 hundredweight daily, of our Astoria, Oreg., plant was idled last week and the crew of that unit terminated. Astoria had run both units, 6,000 hundredweight, for over 20 years until last week.

Yours very truly,

PILLSBURY MILLS, INC.

DANT & RUSSELL, INC.,

Portland, Oreg., February 17, 1950.

Mr. E. C. PARKER,

Chief, Forest Products Branch, Industry
Division, Economic Cooperation Ad-
ministration, Washington, D. C.

DEAR MR. PARKER: While it appears from previous correspondence that it is probably useless to point out to you the ways in which the British are discriminating against Americans in their lumber purchases, for the sake of the record, we are noting below concerning some of the obvious discriminations against American lumber suppliers in the current British inquiry No. 5 (revised by British Timber Control February 2, 1950).

Item 509 is obviously arranged to favor British Columbia production. This specification allows 25 percent hemlock or balsam, and calls for lengths 8 feet and longer, minimum average 15 feet, 30 percent to be odd lengths. Most American mills are not in a position to supply odd lengths on account of trimmer limitations. In normal times American mills have supplied hundreds of millions of feet to England without this stipulation having been included. The first postwar British inquiries did not require this. Only when it became desirable that the Canadians obtain the entire business were these stipulations included in the schedules.

In item 509A, where it is possible for American mills to compete, no hemlock or

balsam is permitted, and the lengths in the merchantable and selected merchantable must be 16 to 32 feet, allowing 10 percent 10 to 15 feet. This means that in order for American mills to compete they must supply unusually long lengths. The Canadians, however, may supply all their short lengths in item 509 and all their long lengths in 509A. They thus have a double advantage.

The same conditions are repeated in items 513 and 513A and in 515 and 515A. In item 518 there is no restriction on lengths, merely different group prices for 41 to 50 feet, 51 to 60 feet, and 61 to 70 feet. It is impossible to average out different suppliers' prices on this basis. The Canadian prices on long timbers have consistently been low. The specification as supplied, however, is unknown to American mills. We definitely feel that the lengths supplied were not a reasonable assortment of all lengths.

While it is difficult to persuade you that these specifications were made up with the above-mentioned aim in view, it is obvious to practical lumbermen that this is the case.

As for the conditions of sale, on previous occasions the British Timber Control denied that the Canadian cartel had an opportunity to negotiate contracts. In each instance, however, just before closing the orders, representatives of this cartel have flown to London. In the current schedule, however, among the terms included, in No. 7 the words appear "when negotiating contracts," and also "when contracts are negotiated." No. 8 states that "buyers do not engage to accept the lowest or any tender." From this it is obvious that American bids will have little consideration.

The British have refused to consider bids from certain ports in the United States of America; for example, Newport and Eureka, and in some instances Coos Bay. These are perfectly satisfactory ports of call for American ships and for many vessels of the Pacific Coast European Conference serving in the same trades as the British, and of size equivalent to those used by the British regularly.

ECA regulations specifically state that 50 percent of ECA products should be moved by American ships; yet no American ships were chartered for the recent British Timber Control purchases, nor, as far as we can find, have ships of other nationalities than British. The result is that we are subsidizing the British merchant marine, as well as providing funds for England to advance the interests of her colonies and dominions. We are being taxed to death to support the British Empire with absolutely nothing given in return, or even an honest opportunity to supply our goods.

As a result, it has reached a point where it is almost impossible to get American mills interested in quoting, as they feel it is hopeless to attempt to compete with the Canadians' depreciated exchange, lower wages, and lower stumpage, unfair manipulations by the British Timber Control, and the failure of the ECA to be of any assistance.

Yours very truly,

R. J. DARLING.

DANT & RUSSELL, INC.,

Portland, Oreg., January 12, 1950.

Representative HOMER ANGELL,
The House of Representatives,
Washington, D. C.

DEAR MR. ANGELL: I am enclosing copy of a letter I have addressed to Mr. Paul M. Green, comptroller of the ECA, in reference to the British Timber Control purchases of lumber. If these purchases were made strictly on the basis of lowest prices *f. a. s.*, there would be no reason to conceal the complete summary from United States bidders.

We feel no further funds should be allocated through the ECA to England or other

countries until the American producers, manufacturers, shippers, exporters, and steamship companies are fully safeguarded and assured a square deal. Buyers, manipulations and pricing condition, failures to ship a proper proportion by American ships, the impossibility for American suppliers to compete with depreciated currencies, and the lower wage rates in foreign countries all make it absolutely essential that consideration be given these factors when this ECA money is spent. The ECA people should act like they work for the United States of America instead of the Europeans. At present they are in another world and give no consideration to American interests. The European governments are very much more practical in their approach to these matters. They work in close cooperation with the industries affected, while in the United States of America it is impossible for industry to get information, even months after the business has been closed.

Too much of the ECA business, not only for England, but for Europe and Africa is routed through England and Canada. When in Europe I found that practically all the Italian lumber business financed by the ECA is routed through Price & Pierce, in London, and H. R. MacMillan Export Co., in Vancouver, British Columbia, then purchased in the United States of America. I understand that this is also true of caterpillar tractors and many other commodities. England stands as the middleman between the ECA and the other countries of Europe and Africa. France buys all ECA lumber exclusively through a Mr. Charles, who has a set-up in New York through a relative of his.

We can no longer afford to be taxed to death to provide for countries whose fiscal position is in some cases even better than our own, nor can we continue to bolster up socialistic countries at the expense of our taxpayers. The sooner this is brought to a head, the better.

Yours very truly,

R. J. DARLING.

DANT & RUSSELL, INC.,

Portland Oreg., December 30, 1949.

PAUL M. GREEN,

Comptroller, Economic Cooperation
Administration, Washington, D. C.

DEAR SIR: The British Timber Control have just purchased approximately 100,000,000 board feet of lumber financed by the ECA. Only about 5 percent was placed in the United States, the balance in Canada. Our agents in London inform us that the difference between the United States and Canadian rates of exchange, and the difference between the respective rates of freight from the two countries confer on the Canadians an advantage with which the United States exporters have found it impossible to compete.

We understand that 50 percent of ECA products are to be transported by American tonnage; that it is possible to charter from the United States to England at the same cost as from Canada; that the Conference lines maintain the same rates of freight from Canadian west coast ports as from United States west coast ports; that prices *f. o. b.* usually govern; therefore the arguments mentioned above do not appear valid. The last purchase was not a tender in any sense of the word. The representatives of the Canadian cartel who quoted single prices for their members were present in London during the time this business was being closed, and undoubtedly the awarding to them was by negotiation instead of by clean-cut tender. It appears obvious that the British favor the British Columbia cartel to a point where offers by other responsible British Columbia shippers are not considered. It is becoming increasingly evident that the British are using ECA funds to promote the

interests of the British Empire instead of using ECA funds economically, and they purchase specifications intended to limit the suppliers to British Empire countries. They have absolutely no interest in the American taxpayers and will continue to bleed us to death unless they are called to a quick halt.

The preceding order for lumber purchased by the British Timber Control in June of this year was closed under similar conditions, and information I obtained from confidential sources in Europe indicates that prices paid to the Canadian cartel were higher than offers made by American exporters for the same goods. I do not have all the exact prices quoted by Americans, but I do have a copy of the report by the British Timber Control to Mr. Matt Niewenhaus of the ECA Forest Products Branch, showing what are apparently average prices quoted by the American suppliers, which seems to confirm this. You can no doubt obtain a copy of this from Mr. Matt Niewenhaus.

We are attaching a schedule showing in United States funds the prices paid the Canadians, according to our information, and the prices offered by various American suppliers who submitted low bids, so that you can obtain from them complete information regarding prices, grades, and specifications for comparison. I realize that the information given you is somewhat sketchy, but before payment is made you will know the Canadian prices.

You will no doubt wish to ascertain whether the conditions under which Congress appropriated funds for the ECA have been lived up to, and withhold approval for payment to the British on this order until you have made an investigation and satisfied yourself that this has been done.

We also object to paying the Canadians in American funds. The Canadian exchange is at a substantial discount, and there is no reason why the Canadians should be paid in United States funds any more than Sweden, Poland, and other lumber-supplying countries are paid in American funds. They should be paid in their own currency, and the profit from the transactions should revert to the United States Treasury. It is rumored here that Canadian funds are going to be discounted even further, and there is no doubt that any clever exchange man could find a substantial advantage in paying in Canadian funds instead of in American.

The ECA is making millionaires in Canada, Sweden, and other countries while taxing American industry to death and refusing our United States industry sufficient protection to offset the exchange and labor advantages in foreign countries. We know the ECA was not arranged for the relief of American industry; however, we cannot afford this burden unless it produces business for American industry and agriculture. We realize, of course, that this is something for Congress to consider, and I am taking the matter up with our Senators to try to obtain some protection.

The same complaint applies to the requirement of the 50 percent division of freighting with American shipping. As far as we know, not one single foot of the lumber purchased by the British Timber Control on their last order was carried by American tonnage. An investigation into the freighting of this lumber should also be made to see if the requirements of the law have been met before payment is made.

If I can be of any assistance to you in clarifying any part of the foregoing, I will be glad to do so, and please do not hesitate to call on the writer for any additional information that I might be able to supply.

Yours very truly,

R. J. DARLING.

PORTLAND, OREG., March 18, 1950.
Representative HOMER ANGELL,
House of Representatives
Washington, D. C.

MY DEAR REPRESENTATIVE: The economy of Oregon, Washington, and northern California is in extreme jeopardy. An influx of Canadian lumber which is being brought into the United States is going to have severe reactions to be felt within 1 year. The people of these States are in for a depression which may eventually lead the entire country into the dark days of 1930.

Canadian mills have an advantage of \$15 per thousand on cargo shipments to the east coast. Their labor costs are one-third less than the American mills. Their freight is \$4 to \$8 per thousand less on tramp steamers, which the Americans cannot use as they must use American boats. The Canadians also have a 10-percent advantage on exchange of American dollars. This alone amounts to \$5 to \$6 per thousand feet of lumber.

This problem has to be solved by Congress immediately. Legislation must be devised to protect American labor, capital, and merchant marine.

Next year may be too late. By 1951 most American mills may have to shut down unless Congress acts now. The Canadians have shipped approximately 300 percent more lumber into the United States in 1949 than 1948. Canadian lumber is jamming the docks of New York harbor whereby the price has been depressed \$2 to \$3 in the past few weeks. The docks there are loaded to capacity and many boats are being forced to discharge cargo in Newark, N. J., and Philadelphia, Pa.

With lumber in the greatest demand since 1946, what is going to happen in the fall and winter of this year when the demand for lumber is going to be far less than at present?

The answer is that the Canadians can lower their prices as much as \$15 per thousand or approximately 25 percent less than the United States mills and still operate profitably. The Canadian mills can operate while the Northwest competitors are idle, while our loggers, millmen, longshoremen, and merchant marine go on relief. We must realize that the day of reckoning in the Northwest is coming soon unless we can curb this threat by legislation now. Anything that depresses the lumber industry in the Northwest will have its reaction on all the people where lumber is the backbone.

Therefore, Representative, we need your immediate help in seeing that favorable legislation is passed to prevent this calamity to the Northwest.

Sincerely yours,

JACOB J. WEINSTEIN.

HEIDNER & Co.,
Tacoma, Wash., March 24, 1950.
The Honorable HOMER D. ANGELL,
Member of Congress,
House Office Building,
Washington, D. C.

DEAR MR. ANGELL: Referring to your letter of January 6 and our letter of December 31 with regard to the purchase of Canadian lumber with ECA funds, we have just received an advice from the Economic Cooperative Administration that they could not restrict purchases to those for the product of American labor and industry. It is, therefore, evident that the only way to correct this situation is to amend the legislation under which the Economic Cooperation Administration operates so that purchases with these funds will be limited to the products of American labor and industry. We feel that in these days of growing unemployment it is vitally necessary to keep the American economy strong in order to be able to pay for the tremendous load that is being placed on it in the way of taxes. First consideration

must be given to employment of American labor.

The ineffectiveness of the present operations under the ECA is brought out clearly by the fact that on the recent tender for the British Timber Control, all bids were thrown out and new bids were called for despite the fact that many American exporters had quoted on this business strictly in accordance with the way it was called for. One exporter offered 33,000,000,000 feet for shipment by the end of June. The bids were apparently thrown out because the Canadians were unable to quote for a very large quantity and there was no way that the Timber Control could have prevented placing much of the business with American shippers.

The only way to protect American labor and industry is to amend the ECA legislation making it mandatory to purchase the products of American labor and industry with ECA funds.

We also feel that Congress should insist that ECA funds be used only for purchases made through private trade channels as steady purchases through the regular trade channels throughout the year will have less unfavorable impact on the market than quarterly purchases of 100,000,000 to 130,000,000 feet at one time as are made by the British Timber Control.

We hope that we may count on your support of changes in this ECA legislation.

Very truly yours,

HEIDNER & Co.,
By W. G. HELLAR.

PACIFIC LUMBER EXPORTERS ASSOCIATION,
Seattle, Wash., March 22, 1950.
The Honorable HOMER D. ANGELL,
House of Representatives,
Washington, D. C.

DEAR MR. ANGELL: We are attaching copy of a wire sent to Senator WARREN G. MAGNUSON in connection with the recent tariff increase on American lumber in Australia, and copy of the wire sent to Congressman RUSSELL V. MACK protesting the expenditure of ECA funds for Canadian lumber, as well as the practice of Government purchasing by the British Timber Control.

We sincerely urge your effort in trying to overcome these problems, and we would particularly emphasize efforts on your part to insist on a change in the purchasing practices of the United Kingdom. Other European countries long ago abolished purchasing commissions, and turned the business back to private trade channels. Only the British insist on a purchasing commission, channeling their lumber buying through the British Timber Control. We feel certain if the present purchasing practices of the United Kingdom were changed it would solve most of our difficulties here on the west coast and permit a better distribution of the United Kingdom business amongst American and Canadian mills.

We also feel too much emphasis has been placed on supporting the Canadian buying power in the American market. It is suggested more consideration should be given to the buying power of the citizens of Washington and Oregon, which no doubt nearly equals the buying power of all of Canada.

The lumber, fruit, and flour interests of this country are very insistent that these facts be recognized and that a change in policy of our State Department be made in the expenditure of ECA funds so that more of this money will be spent in this country rather than trying to throw so much support to Canada.

We sincerely urge your support and attention to such a program.

Very truly yours,

PACIFIC LUMBER EXPORTERS ASSOCIATION,
C. W. SPENCE, President.

PORTLAND LABOR-MANAGEMENT

COMMITTEE,

Portland, Oreg., January 13, 1950.

The Honorable HOMER D. ANGELL,
United States Representative,
House Office Building,
Washington, D. C.

DEAR MR. ANGELL: It is desired to call to your attention the very unsatisfactory condition now existing in the northwestern flour-milling industry and to the trend over the last several months which indicate a further rapid deterioration.

Statistical reports indicate that on a national basis the export of flour has declined about 54 percent during the first 9 months of 1949, and this is of course a serious matter when considered on a Nation-wide basis. However, to the Pacific Northwest this decline is particularly serious because of the fact that it represents so large a percentage of our total business. To intensify the problem, the increase in railroad freight rates has almost completely closed eastern United States markets to Northwest milling products.

As a result of these conditions, the mills in the Northwest are operating at a low percentage of capacity, or indeed closed entirely. The attached exhibit A lists the present operating schedules of such mills from which it will be observed that for the area operation in percentage of mill capacity has fallen from 105.8 percent as of December 1946 to 53.7 percent as of December in 1949. This fall in production necessarily results in loss of employment and this point is graphically presented in a letter from the grain millers' union, exhibit B.

While it may appear that the number of workmen involved, something under 5,000, is not a controlling factor in our employment problem, it must be remembered that in the past this industry has furnished stable year-around employment and as such has acted as an important balance to other industries which are highly seasonal in character. This seasonal feature applies especially to lumbering, food processing, and agriculture, which are at a practical standstill during the winter months and at a time when living costs and need for employment are at peak. Exhibit C illustrates the present condition and the trend of employment in Oregon.

A number of suggestions have been made as a means of relieving this distressed condition, among others:

1. A general export subsidy to apply outside international wheat-agreement countries.

2. Make wheat from Government-owned surpluses available to export millers at a price comparable to that current in Canada and Australia.

That indicated in item 2 would perhaps serve as well as any and be that most easily put into being.

In any event, it cannot be questioned that the case requires some positive treatment in the very near future if the industry is to remain one of consequence in the area.

The exhibits attached, A to I, explain in more detail the points that have been raised, and it is hoped they will convince you that the problem is a real and serious one.

Very truly yours,

PORTLAND LABOR-MANAGEMENT
COMMITTEE,

J. L. JENNINGS, Chairman.

AMERICAN FEDERATION OF GRAIN

MILLERS, A. F. OF L.,

Portland, Oreg., January 12, 1950.

J. L. JENNINGS,

Chairman, Portland Labor Management
Committee,

Portland, Oreg.

DEAR MR. JENNINGS: To supplement the information previously submitted to your committee on production records for the

grain mill products industry, we are forwarding employment data for the same period and occupation.

The figures below designate employment covering:

Oregon:	
1945.....	-----
1946.....	1,865
1947.....	1,674
1948.....	1,464
Washington:	
1945.....	3,103
1946.....	2,473
1947.....	2,411
1948.....	2,347

Based on a 40-hour workweek, the above shows a total of 832,000 man-hours lost for 1948 in comparison with the 1946 estimate for the State of Oregon alone.

While 1949 statistics are not available, it is to be assumed from union records and increased unemployment compensation benefits for both Oregon and Washington that a greater decrease will be shown for last year.

In checking further with individual mills throughout this area, we found that one flour mill by segregating a group of 11 employees records 24,667 hours in 1947, 24,209 hours in 1948, and 21,049 hours in 1949, indicating a 14.4-percent reduction during those years.

Another flour mill reported the below total of man-hours as 704,760 for 1947, 648,036 for 1948, and 602,506 for 1949, with a capacity percentage of 88 for the crop year 1947-48, 83.5 for the crop year 1948-49, and 66 percent for the current crop year to date.

A communication just received from a Washington mill informs us that from July 1945 to July 1946 it operated 5,258 hours, while from July 1948 to July 1949 only 3,289 production hours were utilized.

One of the mills in this immediate vicinity was forced to make a personnel reduction with the exception of a small maintenance crew 2 days ago, and no information could be obtained as to the anticipated resumption of operations.

Trusting this information will assist in providing a more complete scope of the extreme needs for the milling industry in this territory, I am

Very truly yours,

A. L. STEVENS,
Secretary AFGM, Local No. 61.

SEATTLE, March 21, 1950.

Hon. RUSSELL V. MACK,

House Office Building,

Washington, D. C.:

We understand Northwest delegation meeting this week. Request you to please submit the following: "Considering the reported progress which has been made by the ECA countries and growing unemployment in this country. We believe the time has been reached when all expenditures should be weighed as to how these affect our own economy as well as drain on our taxpayers. The primary goal of recovery in Europe should not be carried to extent it weakens economy of United States. It is our considered opinion the point has been reached where all expenditures under ECA program should be restricted to products of and from United States. If cost of any scarce product is too high in value to be supplied then confine expenditures to goods in surplus and obtainable at prices where greatest amount of good can be accomplished. Any industry with exportable surplus or need for outlet to maintain low-cost production for domestic consumption should not be penalized by competition from countries with devalued currency or advantages they might have in foreign tonnage freight rates."

We cannot maintain our standard of living, full employment, wage rates encouraged

by our Government, and unemployment bounties unless there is an outlet for the goods produced by the industries.

Mr. Hoffman is reported as saying his Agency wishes to protect and promote best interests of lumber industry insofar as they are not inconsistent with the purposes of the ECA program. We see no reason why program and interests of industry could not be synchronized and accomplish the over-all purposes. We feel ECA should insist ERP countries make purchases through private trade channels and not through Government boards such as British timber control where continuing discriminations against American products are working to our detriment. We hope you will endeavor to amend ECA legislation to require that only products of American labor and industry be purchased with ECA funds.

PACIFIC LUMBER EXPORTERS ASSOCIATION,
C. W. SPENCE, President.

Production records for Pacific Northwest
mills, months of December 1946 to 1949,
inclusive

	Per- cent	Capacity	Produc- tion
1949			
Tidewater Mills.....	59.2	1,086,800	642,894
Washington Int.....	38.4	457,600	175,772
Oregon Int.....	59.2	205,400	121,542.85
Total.....	53.7	1,749,800	940,208.85
1948			
Tidewater Mills.....	94.2	1,016,600	958,081
Washington Int.....	67	430,300	288,441.2
Oregon Int.....	103	191,100	195,991
Total.....	88.07	1,638,000	1,442,513.2
1947			
Tidewater Mills.....	90	975,000	877,793
Washington Int.....	78.8	408,200	321,781.2
Oregon Int.....	86.8	166,400	144,524
Total.....	86.7	1,549,600	1,344,098.2
1946			
Tidewater Mills.....	103.12	1,098,300	1,132,564
Washington Int.....	115.36	345,000	397,993
Oregon Int.....	104.76	224,000	234,670.9
Total.....	105.88	1,667,300	1,765,227.9

STATE UNEMPLOYMENT

COMPENSATION COMMISSION,

Salem, Oreg., December 2, 1949.

November established another seasonal peak in unemployment compensation for Oregon with payments of \$1,933,327—highest on record for any month in the last half of the year. This brought the 1949 total of State benefits to \$16,622,325, almost up to the \$16,669,748 all-time high for the entire year of 1946. With December payments expected to pass two millions, the 1949 total may be close to \$19,000,000, according to the State unemployment compensation commission.

Last month's total was over three times the November, 1948, figure and more than was paid out during the entire fourth quarter of 1946 or 1947. Last year November benefits of \$535,365 more than doubled in December to reach \$1,113,109, but officials do not expect the same rate of increase this year. The seasonal peak usually is reached in February or March.

The Portland office accounted for \$830,997 in November benefits or about 43 percent of the total, while the addition of the Oregon City and Hillsboro District would bring the total to \$930,388 or more than 48 percent of the checks. Since the beginning of the year \$7,817,040 has been distributed to unemployed workers in the metropolitan area,

including Multnomah, Columbia, Clackamas and Washington Counties.

Eugene and Lane Counties were second in payments with \$124,397 for the month and \$1,118,618 so far in 1949. Not far behind was Salem and the Marion-Polk County section with \$112,850 for November and \$990,596 for the year to date.

Local offices reported 28,342 claimants in the last week of November as compared with 18,610 a year ago. Last year's figure included many veterans' claims, however, while only a few hundred now are being paid under the GI bill. November allowances to former servicemen were \$56,486 against \$229,567 last year.

Since the 1949-50 benefit year started last July, 74,909 unemployed have filed claims under State law. A year ago 37,440 were on the commission's books, while by June, 1949, the number reached 101,000.

ROSEBURG CHAMBER OF COMMERCE,
Roseburg, Oreg., March 9, 1950.

Hon. HOMER D. ANGELL,
Third District, Oregon,
House Office Building,
Washington, D.C.

DEAR MR. ANGELL: We have been informed that during 1949, more than 300,000,000 board feet of British Columbia lumber was sold and shipped to our east-coast markets and nearly 7,000,000 feet from the same source reached the California market. Our local lumbermen advise us that there is a differential of nearly \$11 per 1,000 board feet in costs, favoring the British Columbia producers. They also tell us that nothing can be done to correct this situation because of the attitude of our State Department.

Doubtless, you are better informed in these matters than most of the people in the timber capital of the Nation. We are also assuming that such a situation has your concern equally with ours. We therefore write, not to inform you in the matter, but rather to tell you that we don't like it. We believe something should and can be done about it, even to the extent of a congressional inquiry, or, better still, a complete housecleaning in our State Department.

In this connection, we recall that our Oregon delegation accomplished a magnificent job in the matter of Federal purchasing agencies' discrimination against the use of low-grade lumber in 1949, which resulted very beneficially to our lumber producers and our State as a whole. Hence, we have a measure of confidence that they have the ability to start a program that will result in the correction of a current evil which, if permitted to grow as it has in the last 3 years, will upset the basic economy of this and other States.

We don't know the answer but let us hope it can be found. Naturally, we look to you for leadership and guidance. We would like to learn your views on the matter, whether or not something can be done and what we, in your opinion, can do to cooperate.

Sincerely,
HAROLD J. HICKERSON,
Secretary-Manager, Roseburg Chamber of Commerce.

Mr. Chairman, I have in the past supported the objectives by ECA. However, I am not in favor of including our eyes and giving a blank check to ECA to spend with a lush hand billions of American tax dollars, particularly to liquidate old-established American industries, depriving American workers of employment. American workers with our high wages and standards of living cannot compete with slave labor wages in many Marshall Plan countries. Our industries cannot compete with Marshall Plan nations loaded down with free American tax dol-

lars and protected with debased currencies and cartel and other unfair manipulations. American industries are not only deprived of foreign markets under ECA but their American markets are scuttled under ECA and the State Department operations.

The ECA program if carried through to the end as proposed by the administration will cost the American taxpayers \$15,000,000,000 not included in indirect cost of wrecking many American industries. We have spent overseas over \$33,000,000,000 since the war ended. We have cut in the pending appropriation bill 25 percent off of the funds needed for projects for river and harbor and other internal improvements. We have an opportunity here to reduce this immense gift to foreign countries under this bill and still care for all ECA worthwhile needs. It will leave some money to spend here at home and let our taxpayers get their breath.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. CELLER].

ARAB REFUGEES

Mr. CELLER. Mr. Chairman, I hope the ardors of some of the contestants here may be cooled if instead of talking on the Bursleson amendment I use my time to speak briefly on title II of this act which deals with an appropriation of \$27,450,000 under UN auspices for the relief of Arab refugees. I believe this provision should be adopted and I hope it will be adopted without a dissenting vote. I ask this on purely humanitarian grounds. These refugees—there are probably half a million of them—are suffering. They fled from Palestine, although there was no real reason for them to flee, but they had been urged to do so by the emirs and the pashas and the absentee Arab landlords who were serving their selfish purposes in their war of aggression against little Israel. They were worsted in that war. But these fellahin (peasants) are the ones who are now suffering and we must lend a helping hand to them and set an example to the other nations of the earth to do likewise so they may be rescued from their squalor, their poverty, their travail, and their suffering.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield for a question?

Mr. CELLER. I yield.

Mr. WHITE of Idaho. Does the gentleman know that with all these metals coming in here, unless we cut them off and restore the tax rate we are not going to have the money with which to do the things the gentleman wants to do?

Mr. CELLER. That is hardly appropriate to the subject I have been discussing.

Mr. WHITE of Idaho. Money is not connected with it, tax revenue?

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. HARVEY. Can the gentleman inform me how this money that is proposed to be appropriated under title II is made up?

Mr. CELLER. I do not know what the total amount will be. But there should be no objection to this mission of mercy.

ARMS TO THE ARABS

Likewise title III of this bill, which is properly cited as the "Act for International Development," a so-called point 4 of President Truman's program merits approval. It would secure the growth of democratic ways in undernourished and undeveloped areas.

There is hardly an area in the world where the possibilities to attain democracy and a higher standard of living for the inhabitants are more favorable than the countries of the Middle East. It is here, therefore, that the United States can play a great role in hastening this process and in seeing that the process is not misdirected to undemocratic or nefarious ends.

But it is disturbing to find that in a country such as Egypt which, according to a report which appeared in the New York Times on March 19, and I quote, "is in a pitiful social state," a large part of the resources of the country should be spent not on productive purposes but for senseless militarism and wasteful armament. Egypt is a sample on a large scale of similar conditions in Syria, Lebanon, Iraq, and Transjordan. In all these countries there is need for greater expenditure of local resources and for the utilization of outside aid to help its citizens to democracy. Yet, in all these countries, resources are being squandered on an armament program. These resources are not used in the defense of democracy, but are used for one purpose alone: aggression and a war of conquest against a neighbor—Israel.

Most of the arms which are being bought by these countries come directly or indirectly from Great Britain. These arms can be of no possible benefit to either the security of the United States or even of Great Britain.

Democracy, in the Middle East in the sense in which we know it, exists in only one place, Israel.

Backward and underdeveloped countries should be aided, but not by being given swords by Britain. They should be taught, instead, to use the plow. To quote again from the New York Times in this connection:

Only 6,000,000 acres of land are cultivated in Egypt and of this the royal family owns 10 percent on which they pay no taxes. Forty percent is owned by less than one-half of 1 percent of the population.

It is here where American aid is needed to introduce modern farming methods and a more equitable land-holding system. Instead, we allow the Egyptian authorities to divert attention from the real problems of the country by concentrating on an armament program which, in a country where 80 percent of the population is illiterate, can easily be abused by propaganda to incite to war as the only way out of internal difficulties.

We must support democratic countries and bring democracy to countries where it does not exist. Democracy can live only where the people live in decent conditions; not where the only change from dismal and sordid everyday life is the prospect of a war of adventure. Our role in connection with the armament purchases by the Arab countries should reflect our higher aims.

I repeat, the kernel of democracy in the Near and Middle East lies in Israel and nowhere else. The barometer of peace there—in fact in the world—is democracy. Kill democracy in Israel and peace in the Near and Middle East is crushed.

The Arabs led by its rabble-rousing Effendi and smarting under their defeat by the Israeli are itching for a second round. A second round might kill democracy in Israel. Why then, should Britain ship arms to Arab nations? The answer that those arms are small arms and are sent in pursuance of treaty obligations is just so much hog wash. Britain desires confusion and war between Israelis and Arabs. Her nefarious rule of divide and conquer still prevails.

All armaments shipped to Israel's neighbors must be matched by Israel. She cannot leave to chance and bare knuckles the defense of her land. She has applications pending for purchase of arms from us. If Britain persists in her dangerous course, we must approve these purchase applications so that Israel may not be compelled to fight with her hands tied.

She desperately needs funds to receive and integrate into her economy thousands of refugees coming from all climes. She can ill afford to divert those funds for cannon and tanks.

We must bring strong pressure to bear upon the bedeviled Foreign Minister Bevan to drop his anti-Israel policy—a policy that stems from his desire to create havoc and confusion and then have Britain come in as benefactor. It is the old game of divide and conquer.

(Mr. CELLER asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. McCARTHY].

Mr. McCARTHY. Mr. Chairman, there are just one or two observations I want to make in the discussion on this bill. We all understand that in the ECA program we are proposing to give \$3,000,000,000 worth of American commodities to help the recovery of Europe. It is not a matter of sending them 3,000,000,000 printed dollars and expecting some magic to happen. When we give them \$3,000,000,000 we give them title to \$3,000,000,000 of American goods. The conception of trade and exchange that has been brought forth here today would discredit a medieval money changer. If Canada gets \$100,000,000 from England it is not going to put that \$100,000,000 of American money in a can and bury it. It is going to have to send it back to the United States to have it redeemed.

If you want to say that all of the commodities that go into the ECA program come from the farms, that is one thing, but let us not confuse the issue by saying that none of this \$3,000,000,000 is going to get back to the United States because all of it must be spent here, as the gentleman from Minnesota [Mr. JUDD], stated earlier in the debate. His

statement has been neglected by the Members who have spoken following him.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. McCARTHY. I yield to the gentleman from Montana.

Mr. MANSFIELD. I would like at this time to bring to the attention of the Committee what I tried to bring to the attention of the Members when the gentleman from Colorado had the floor on the matter of strategic materials. Let me tell you what strategic materials ECA is trying to purchase at this time. These are in extremely short supply in the United States as the gentleman from Iowa and the gentleman from Colorado well know.

Rubber, sisal, industrial diamonds, bauxite, of which we have a very small and limited supply in Arkansas, I may say to the gentleman from Colorado, palm oil, of which we have none, graphite, sperm oil, of which we have none and other materials of that type. That indicates, of course, that we are getting materials we do not have, materials that we are in short supply of and that we need very much.

Mr. McCARTHY. The American dollar is the best medium of exchange in the world today. What we are trying to do here is to put that medium of exchange into circulation. If you are going to tie every American loan, it simply means that European recovery will be greatly hampered. If we get this money in circulation, it is possible that there will be such recovery, that by 1952 we may be able to discontinue this program. If we are going to revert to a single giveaway program, and refuse to use modern techniques of finance and exchange, European recovery will be seriously impeded.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. BENNETT].

Mr. BENNETT of Florida. Mr. Chairman, I offer an amendment to the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. BENNETT of Florida to the White substitute: On page 1, line 15, after the word "Congress" strike out the comma, insert a colon and the following: "Provided, further, That any agricultural commodities bought by the Economic Cooperation Administration must be purchased from surpluses in the possession of the Commodity Credit Corporation whenever such surpluses exist."

Mr. BENNETT of Florida. Mr. Chairman, admittedly this amendment is very similar to the Vorys amendment in the original bill. However, there is one major difference in it. That is the fact that under the present manner of presentation, the amount of money is \$250,000,000 less than it would be under the Vorys amendment.

I am not going to take a lot of time to talk about the basic considerations because the matter has been thoroughly discussed, but I think it should be voted on in this manner because if we come up to the Vorys amendment again, the situation will be different then, by at least the \$250,000,000.

I very much favor reducing our surpluses, if we can. I think the people in this country want to use the surpluses as a method of economically carrying out the Marshall plan.

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. KEE] to close debate.

Mr. KEE. Mr. Chairman, I feel that I cannot add anything to what has been said in reference to this amendment. As I pointed out in the beginning, the amendment is entirely unnecessary. Under the provisions of the bill the Administrator of the Marshall program is obligated to buy in the United States all food and all agricultural commodities when they are not in short supply. Now, that is already in the act. I have already, during this debate, read to the members of this committee the provisions referred to. This amendment is entirely superfluous; it is not needed to insure that the Administrator will carry out a law already upon the statute books. I ask that this program be not encumbered by this useless and impossible amendment.

Mr. WHITE of California. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from California.

Mr. WHITE of California. I know the gentleman wants the correct facts to prevail in the matter. It has been shown that there has been over \$1,000,000,000 spent outside the United States for agricultural commodities since the inception of ECA; is that not correct?

Mr. KEE. I am not familiar with the figures.

Mr. WHITE of California. I can say to the gentleman that that is the figure they gave us in the Committee on Agriculture.

Mr. KEE. You will find that wherever that has been done, wherever purchases have been made of agricultural and food commodities, it has been authorized by the necessities in the case, and justifiably so. Take, for example, the wheat purchases made in Canada. That was explained by the gentleman from Minnesota [Mr. JUDD].

Mr. WHITE of California. I do not think that was an explanation.

Mr. KEE. That purchase of wheat was with the approval of the Secretary of Agriculture at the time the purchases were made. Those purchases were made for the benefit of the farmers and other agricultural people in the United States.

Mr. WHITE of California. I cannot see that.

Mr. KEE. In return for purchases by England of wheat, England agreed to purchase a quantity of other agricultural commodities from the United States. There were also other benefits derived by the United States which made the transaction one of value to this Nation.

Mr. WHITE of California. I hope the gentleman is right.

Mr. KEE. The gentleman is right.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from New York [Mr. MULTER] to the amendment offered by the gentleman from Texas [Mr. BURLESON].

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. BENNETT] to the substitute amendment offered by the gentleman from California [Mr. WHITE].

The amendment to the substitute amendment was rejected.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from California [Mr. WHITE].

Mr. WHITE of California. Mr. Chairman, I ask unanimous consent that the first paragraph of the substitute amendment be again read.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the first paragraph of the White of California substitute amendment.

The question was taken; and on a division (demanded by Mr. WHITE of California) there were—ayes 16, noes 80.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BURLESON].

The question was taken; and on a division (demanded by Mr. BURLESON) there were—ayes 90, noes 88.

Mr. KEE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. BURLESON and Mr. VORYS.

The Committee again divided; and the tellers reported that there were—ayes 119, noes 107.

So the amendment was agreed to.

Mr. JAVITS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JAVITS: On page 11, after line 18, insert the following new subsection (g), revising section 118 by adding thereto the following:

"The President may terminate the provision of assistance under this title to any participating country whenever he determines that the continuance of such assistance is not consistent with the foreign policy of the United States."

Mr. JAVITS. Mr. Chairman, we have a rather odd situation in the ECA with respect to the way in which it can be terminated as to any country. The particular amendment which I have proposed states that it may be terminated by the President whenever he decides that the continuance of assistance to any particular country—which makes it selective—is not consistent with the foreign policy of the United States. I believe that the House will be interested to know that there is no such specific provision now in the European recovery program legislation. There are two ways to terminate it: One is by the Administrator himself in various tests which are

prescribed in section 118, among which—and this is the one closest that comes to this particular provision—is when because of changed conditions in any recipient country assistance is no longer consistent with the national interests of the United States; but that is to be accomplished by the Administrator, not by the President; and the Administrator is not charged with the conduct of the general foreign policy of the country, whereas the President is. The only other provision for termination contained in the ECA is in section 122, which permits termination by concurrent resolution of both Houses of Congress. Again, the Congress is not charged directly with the conduct of the foreign policy of the United States.

Why have I offered this amendment at this time? I am sure that the House is well aware of the fact that there will be offered during the course of this debate amendments relating to the unification of Ireland, a proposition with which I am very sympathetic; and others with respect to taking the British to task for continued shipments of arms to the Near East states, especially to Egypt, Iraq, and Jordan, a situation which I have sharply criticized myself and which I feel urgently requires the interposition of American influence to bring about a correction of the British policy which they are pursuing and which I believe is seriously contributing to deterioration of the prospects for peace in the Near East.

All of the amendments of the type I have described will be incorporated by the passage of this amendment giving the President the power to terminate this foreign aid in case its use in any particular country is inconsistent with our foreign policy. By giving him the power to tie the ECA program to America's foreign policy and doing so in so many words as is done in this amendment, it will serve to satisfy the demands of a large group in the country, including myself, who feel that very serious things must be done with respect to policy on the shipment of arms to the Arab States or on unification of Ireland, which the United States is not pursuing in the foreign field in adequate measure.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. SMITH of Wisconsin. In looking at the law itself, it seems to me that the gentleman's amendment is already provided for. I read the following from section 105 (b) (2), subsection 2:

Whenever the Secretary of State believes that any action, proposed action, or failure to act on the part of the Administrator is inconsistent with the foreign-policy objectives of the United States he shall consult with the Administrator and if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

Wherein does the gentleman's amendment differ from the language of the act?

Mr. JAVITS. That is just the point, if my colleague please. What I am trying to do is to state the opinion of the Congress that the President shall tie the ECA aid to any particular country directly to the foreign policy of the United

States in an executive way; in other words, without relying on the Administrator or the Secretary of State, but doing it directly; and the reasons why in my view it is urgent that such power be given and that the intention of Congress be expressed on that subject is the reasons that I have just outlined. I was well aware of the section the gentleman has referred to when I first proposed the amendment, but what I am trying to do is to obviate a whole series of amendments which we know will be offered, such as one pertaining to the unification of Ireland, another to the situation in the Near East, the British shipments of arms to the Arab States; to state plainly and categorically the intent of Congress that the President directly shall tie the foreign policy of the United States in with ECA.

Mr. SMITH of Wisconsin. That is what the law already does.

Mr. JAVITS. As I have pointed out, it does not adequately because it leaves it in the hands primarily of the Secretary of State and the Administrator. We are asking now that Congress express its intent that the President tie ECA aid in directly with our foreign policy.

Mr. SMITH of Wisconsin. I think we are quibbling over terms.

Mr. KEE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York.

Mr. Chairman, the matter covered by the amendment just offered is fully and completely covered by section 105 (d) just read by the gentleman from Wisconsin. The amendment offered by the gentleman from New York is unnecessary and like some of the amendments that have been adopted today it simply encumbers the bill with unnecessary verbiage.

Mr. Chairman, I hope the amendment will be defeated.

Mr. HINSHAW. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in respect to the amendment offered by the gentleman from New York, it seems to me that if the United States wants to be accused of dollar diplomacy in the raw that kind of an amendment is going to make such accusation a valid one. Likewise it seems to me that the ECA program is for the reconstruction of Europe and not for shoving United States foreign policy down the throat of any foreign government.

Mr. Chairman, I would like to read at this time a paragraph from a letter written by a gentleman, an American citizen, who has spent a considerable number of years in England as a businessman from the United States. To those of you who are interested in a first-hand view of an American businessman I quote the following:

I regret to say that the longer I am here, the more doubt there is in my mind about the wisdom of the United States being a continual Santa Clause. Many thinking people in this country consider it would have been better if they had not received Marshall aid as the country would have had to depend on its own resources, and the people would really have gone to work. Our aid has kept the Socialist government in power, and the average man in the street hears little about, and does not appreciate,

the sacrifice of the people in the United States in permitting themselves to be taxed so heavily to give so much away. In addition to what the Government has done, the average citizen through Community Chest, Red Cross, and personal gifts has given away a tremendous amount of money, and I sometimes wonder how long even rich America can stand it.

I do think we should cooperate with all peace-loving, well-meaning people, and that we do need allies, but I think we have the right to say to any people, we are willing to help them if they are willing to help themselves by working as hard as we do and by at least using their best efforts to produce the most they can for themselves and not spend so much time on dog racing, horse racing, and gambling.

That is from an American citizen, who, for several years, has been engaged in business in England.

May I say that the distinguished Administrator of this program is a constituent of mine and I regard him and his abilities very highly indeed. I have supported his efforts and I hope to be able to continue to support them on behalf of the welfare of the people of Europe who have been so badly hurt in the last war. But I cannot stand for this business of the people of the United States helping these foreign governments reduce their internal debts and to balance their budgets at the expense of the people of the United States.

This entire bill of \$3,000,000,000, pretty nearly, is \$3,000,000,000 of the \$5,000,000,000 deficit that the United States is suffering at this time. I am willing to give them a reasonable amount of money and go along to help them out, but I want it understood, and I think we all ought to understand, that this \$3,000,000,000 is \$3,000,000,000 of the United States deficit right here in this bill and these people in foreign countries had better appreciate that while we are going in the red to the extent of \$5,000,000,000 they should go along at least by using the funds in those countries, the counterpart funds, for that necessary rehabilitation for which our people are paying the bill and not try to reduce their internal debts and balance their budgets at our expense.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Idaho.

Mr. WHITE of Idaho. If we had not been so liberal in our Marshall plan contribution, the people would have gone to work, and these bondholders in the Marshall plan countries would have scaled down their bonds.

Mr. HINSHAW. It seems to me that some of those people might have very well gone to work and worked as hard as we do to make the money to supply them with these funds. I hope they will soon begin to realize that and go to work. A number of countries have done so and they are in excellent shape today. Marshall aid, the ECA, has helped them out, but those are people who really want to work. Some of those people over there apparently do not want to work; they would rather go to football games and dog races and horse races than go back to work.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Iowa.

Mr. GROSS. Before this debate is over with, I wish someone on the Committee on Foreign Affairs would tell us what the foreign policy of the United States is.

Mr. HINSHAW. It would be very interesting to know what the foreign policy is. But I do not think we ought to use dollars meant for relief and rehabilitation to cram our foreign policy down their throats. At the same time I think we have a right to expect them to cooperate by not giving their aid and comfort to their and our potential enemies. That I believe firmly. Anything short of that policy is subversive of our mutual interests and should not be tolerated by our Government.

Mr. MULTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am one of those who intended to offer an amendment similar to that just offered by the gentleman from New York [Mr. JAVITS]. I do not believe that the language in the present law is sufficient for the purposes intended, and if this amendment carries, we will, at least, move one step closer to accomplishing a very desirable purpose.

In recent weeks we have heard that some of these countries that are being aided by ECA are sending strategic metals to countries behind the iron curtain. Now, that is certainly a violation of our foreign policy. This is one way to stop it.

We know that there are other countries that are sending arms to areas where they ought not to be going. That will only stir up turmoil and strife and make the possibility of an outbreak of war that much greater. This amendment is one way to stop that. I think it is a good amendment and it should prevail. If it does, it will put the burden where it belongs, upon our President, to make sure that those countries which are using our money and our facilities for their own economic recovery will use it for that purpose, and for no other purpose.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from New York.

Mr. JAVITS. Does the gentleman agree with me, as one who is interested in draftsmanship, that both section 105, to which my colleague referred, and section 118, to which I referred, would bind responsibility and power together and place them directly on the President? When they go through the Secretary of State and the Administrator, they dilute the purpose which I have in mind and which the gentleman has in mind.

Mr. MULTER. I am in entire agreement with the gentleman.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from New York.

Mr. KEATING. There are a great many of us who feel that under existing law the Administrator and the President

have the power and should have acted to cut off aid to those countries that were sending strategic material behind the iron curtain. In my opinion, he has the power now and should exercise it under existing law without any amendment.

Mr. MULTER. Then you should certainly have no objection to saying it again in so many words as this amendment attempts to do and putting the burden upon him explicitly. There is nothing in the statute that says it is the duty of the President. This amendment will make it his duty to see that it is carried out in that way.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Pennsylvania.

Mr. FULTON. May I point out that the people who are interested in making this the responsibility of the President would be interested to know that west Germany has been authorized by the Allied High Commission to sell Communist China \$7,000,000 worth of steel rails, and that the High Commission approved the order 3 months after it turned down Communist China's order for 100,000 tons of rail. The new order is for 15,000 tons, plus a small amount of additional parts, and the Chinese Communists will pay west Germany in dollars. Under this amendment it will be the responsibility of the President if that is done.

Mr. MULTER. Does not the gentleman agree that it is a good thing to try to stop such things by an amendment like this?

Mr. FULTON. I think the amendment should be adopted.

Mr. MULTER. I thank the gentleman.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. SMITH of Wisconsin. He already has the authority to do it under existing law. Has the gentleman read section 105 (b), subsection (2)?

Mr. MULTER. Yes, I have read it, and I say that this makes it more specific. There should be no objection to our putting in a few more words to say exactly what we mean. That is all this amendment does. The gentleman agrees that what we are trying to do is in the law and is the intent of the law. Then he should not object to saying it more explicitly if it can be said more explicitly.

Mr. SMITH of Wisconsin. The gentleman has been talking about this east-west trade and about strategic metals getting into Russia. Great Britain has a 20-year trade treaty with Russia, and all those materials are going in. Where are you going to stop?

Mr. MULTER. Does the gentleman believe Great Britain should use our facilities and our money to send strategic metals to those countries that should not be getting them?

Mr. SMITH of Wisconsin. Then you should stop that practice in this bill.

Mr. MULTER. That is what we are trying to do by this amendment.

Mr. SMITH of Wisconsin. You are not doing it.

Mr. MULTER. Then I suggest the gentleman offer another amendment that will make it even stronger. I think that this amendment strengthens the bill and makes it more likely that we will accomplish the desired purpose.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Iowa.

Mr. GROSS. Are we to understand that under existing law the President has not assumed his moral responsibilities?

Mr. MULTER. We are not talking now about moral responsibilities. We are talking about legal responsibilities and placing them where they belong.

Mr. GROSS. But there is a moral responsibility.

Mr. MULTER. We are talking about putting language into this bill which will accomplish the purpose that apparently everybody thinks should be accomplished.

Mr. STEFAN. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. STEFAN. Mr. Chairman, I take the floor at this time merely to interrogate the members of the Committee on Foreign Affairs on one particular item in this ECA bill, which will be found on page 11, beginning on line 12, item (J). This has to do with the Information Division of the ECA. Before discussing it, however, I wish the House to know that I have great admiration for the Director, Mr. Paul Hoffman, and his first assistant, Mr. Foster. When I was a member of the committee making appropriations for ECA, I called attention to this particular information department to both Mr. Hoffman and Mr. Foster because I felt that it in some way duplicates the information program of USIES, known to the membership of the House as the Voice of America. In this bill the item to which I refer states that the Administrator shall utilize such amounts of local currency as may be necessary to give full and continuous publicity to the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, purpose, source, and character furnished by the American taxpayer.

I made some inquiry in the Appropriations Committee, and I find that for this purpose the ECA is spending, or requesting, \$6,000,000 in block currency and \$800,000 in direct appropriations for this very same purpose. The State Department, in the appropriation bill which we will bring before you very soon, is requesting over \$34,000,000.

Now, the question which I want to propound to the members of the Committee is, Why should we have two information services? Why should we not concentrate and coordinate our information program? If you want to make the Voice of America effective, emphasis should be placed on coordination in order to bring about effectiveness, because unless that is done we will never be able

to evaluate the results of our information efforts.

I am surprised to note upon discussing this matter with many Members of the House that they do not know that we in reality have three information services endeavoring to tell the story about the United States. Here we have the information in the Department of State, costing approximately \$34,000,000; the information service in ECA, costing nearly \$7,000,000; and the elaborate information service conducted by the army of occupation in the occupied areas. I am sure that there is a large amount of duplication in this program of information which should be coordinated for the sake of efficiency, economy, and effectiveness. Over a period of years I have complained about this duplication in this particular service, and I feel doubly right about my stand on this problem due to the fact that only a few days ago the Honorable WILLIAM BENTON, a Senator from the State of Connecticut, in his maiden speech on the Senate floor, gave a most interesting word picture of the ineffectiveness of the present information program because of lack of coordination and suggested a coordination of all the Marshall-plan countries in one centralized program of spreading the word of democracy in order that the entire world may know of our unselfish efforts to bring peace on earth and good will toward all mankind. Mr. BENTON was at one time Assistant Secretary of State in charge of the information service in the Department of State, and he is well qualified to speak on the effectiveness of coordination of effort due to his great success in the field of publicity and advertising.

So I ask the members of the committee if you can do something here to eliminate this duplication and bring about efficiency, economy, and reach our objective more effectively?

At another time, I plan to take the floor to discuss at some length—should the Marshall plan become a permanent program—of coordinating it with our regular Foreign Service organization, which I find is today very much disturbed because it feels it is handicapped and relegated to a secondary position in the diplomatic world because officials of ECA armed with diplomatic status and armed with billions of dollars, get preferred attention over the chiefs of our regular diplomatic missions abroad. Foreign officials tell me that now instead of dealing diplomatically with our regular Foreign Service officials, they would rather deal with the officials of ECA because of the attraction of American dollars. This problem is a serious one, and is of great concern to our chiefs of missions and their assistants in the foreign fields.

Mr. CANFIELD. Mr. Chairman, if the gentleman will yield, I think that is a very important statement, coming from the gentleman who is a member of the Subcommittee on Appropriations dealing with appropriations for the Department of State.

It is not only important, it is startling. Does the gentleman feel there is a bit-terness and a jealousy and misunder-

standing between these two American groups that have so much to do with our diplomatic relations abroad?

Mr. STEFAN. I am sure that an effort is made toward coordination and cooperation, but when you lift the curtain and talk to the chiefs of American foreign missions they are frank to tell you that the people in the countries where they are representing the United States would rather talk to a man clothed with diplomatic status, plus American money. All of this should be clear to the chief of the American mission, wherever he may be.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. SMITH of Wisconsin. The gentleman has made a very interesting statement. In line with what you have said regarding the information service, I would like to offer this contribution: I have in my hand a memo prepared by a staff member showing just how the information services overseas are extending. The program for fiscal 1950 called for the expenditure of \$6,733,300. For fiscal 1951 it is up to \$12,502,950.

Mr. STEFAN. I thank the gentleman for his contribution. That is one reason why I told you that you could not evaluate properly, we cannot have efficiency and effectiveness unless we coordinate this information service in one organization which you have set up in the State Department.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. COOLEY. While we may have offended some of the tender sensibilities of our diplomats abroad by bringing this ECA program into existence, did not Congress do it deliberately, with the idea in mind of keeping it separated from too much diplomatic red tape, and entrusted our business transactions abroad in the hands of businessmen rather than in the hands of top-hat diplomats?

Mr. STEFAN. I disagree with the gentleman. We should not have done anything in any foreign country where we bypass the United States of America, which is represented by one man, the chief of mission.

Mr. COOLEY. That is the trouble now; we have been represented by top-hat diplomats rather than businessmen.

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. STEFAN] has expired.

Mr. STEFAN. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. STEFAN. Our experience in Greece is in point. When the relief mission went there Greek officials undertook to deal so completely and so directly with the chief of the relief mission—the man with the money—that clearance of diplomatic and political problems through our Ambassador in Greece failed. We realized that that development was bad and change was made so that matters generally thereafter cleared

through the chief of the diplomatic mission. I hope that the Committee on Foreign Affairs will correct the situation that is developing. I have always hoped that our Foreign Service would be our strong first line of defense. We cannot keep that personnel strong and respected throughout the world by permitting our chiefs of diplomatic missions to be relegated to inferior positions.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. JUDD. But is not this the hard fact: That the Congress had so little confidence in the Foreign Service of the United States, and even less in the people who run it from the State Department, that it was unwilling to entrust this enormous project to their control and operation? We did not create that situation; we merely recognize it.

Mr. STEFAN. Then correct your Foreign Service, because confidence is being lost every day.

Mr. JUDD. That will require changes at the top levels. They have done such a poor job in many respects that Congress lost confidence in them.

Mr. STEFAN. Then let them correct it.

Mr. ROOSEVELT. Mr. Chairman, I rise in opposition to the pro forma amendment.

(Mr. ROOSEVELT asked and was given permission to revise and extend his remarks.)

Mr. ROOSEVELT. Mr. Chairman, yesterday my good friend and colleague, the gentleman from Wisconsin [Mr. KEEFE], made a speech in which he referred to our ambassador at large, Dr. Philip Jessup, and an organization known as the American Council, Institute of Pacific Relations. The inference, in fact, the very strong implication, of the gentleman from Wisconsin was that the Institute of Pacific Relations is a Communist-front organization and that therefore, Dr. Jessup is, to put it mildly, a Communist sympathizer. The specific words used by the gentleman from Wisconsin, and I refer to page 4296 of the CONGRESSIONAL RECORD of March 28, were these:

The House Committee on Un-American Activities in its report of December 6, 1947, entitled "Citations"—

And he held up the book Citations—

lists the American Council, Institute of Pacific Relations as a Communist-front organization.

I know that my good friend from Wisconsin as well as the membership do not want any misinformation to remain unclarified in the RECORD; I, therefore, rise to point out that the report of the House Committee on Un-American Activities on December 18, 1948, listing the IPR or Institute of Pacific Relations, did so in what amounted to a direct quote from the famous and sometimes-referred-to as infamous Tenney Commission of California. It is of interest to note that the Tenney Commission of California subsequently struck off of its list the Institute of Pacific Relations. The House Committee on Un-American Activities failed to keep up with the Tenney Com-

mittee and to date has failed to strike the IPR from its quoted list of citations.

I believe that the next fact stated by the gentleman from Wisconsin was that this organization received funds from the American People's Fund, another Communist-front organization cited as such by the House Committee on Un-American Activities. Let me tell you just a little about the funds of the IPR, and then ask you to judge for yourselves. Its annual budget from 1942 to 1947 averaged about \$150,000. I have the information here if you care to see it.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I will yield in a moment when I have finished with the fund.

Mr. KEEFE. But I wish to ask the gentleman a question in connection with the fund.

Mr. ROOSEVELT. I yield.

Mr. KEEFE. Will the gentleman concede that the American People's Fund—

Mr. ROOSEVELT. The American People's Fund is listed on the Attorney General's list.

Mr. KEEFE. Is listed as a subversive organization by Attorney General Tom Clark. Is not that the fact?

Mr. ROOSEVELT. That is correct. The implication of that is, however, that by contributing funds to another organization, ipso facto, the other organization is a Communist-front organization. If that is not guilt by association, then I just do not know what guilt by association means.

Out of an annual budget of about \$150,000, the American people's fund contributed for 5 years an average of about \$1,250—less than 1 percent. At the same time the American People's Fund, incidentally, was contributing to the American Red Cross. If guilt by association is going to be the criterion, then, by that standard, the Red Cross itself must be a Communist-front organization. Furthermore, the American People's Fund in that same period of time contributed to the Community Chest Fund of New York City. I know of nobody who tries to impute guilt by association to the community chest.

During this same period of time while the American People's Fund was contributing \$1,250 as an annual average for 5 years, the Rockefeller Fund and the Carnegie Fund were together contributing each year an average of about \$70,000. I do not observe that they are being accused of being Communist-front organizations through this guilt-by-association process.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. ROOSEVELT. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ROOSEVELT. Mr. Chairman, for just a minute I want to go into the kind of people who are connected with this organization.

The chairman of the board at this moment is none other than the highly respected former president of the General Electric Corp., Gerard Swope.

Among the directors are some of the following: Mr. Louis Lapham, president of the American-Hawaiian Steamship Co.; Donald Straus, of the Macy stores; Mr. Charles Gamble, director of the Standard Vacuum Oil Co.; W. R. Herford, president of the International General Electric; Dr. Hugh Borton, who is director of the East Asian Institute of Columbia University, of which General Eisenhower happens to be president. Others happen to be Gen. George Marshall; Mr. Walter Dillingham, president of the Oahu Railroad Co., of Honolulu; and Lincoln C. Brownell, assistant president of the American Banknote Co.

These people have been connected with this institute since its inception many years ago, all during the time Dr. Jessup has been associated with it. I suggest that no one has yet risen, Senator McCarthy or anyone else, and made the charge that these eminent leaders of the American business and Hawaiian business world are guilty by association of being Communist sympathizers or pro-Communists.

I think it is unfair, unjust, and, yes, un-American to suggest that Dr. Jessup is anything but one of our prominent and useful statesmen and one of our most loyal Americans.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. JUDD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, with regard to the statement just made by the gentleman from New York [Mr. ROOSEVELT], may I say that the fact that there are on the board of directors and among the high officials of the American Institute of Pacific Relations some very eminent, distinguished, and patriotic Americans, does not change the fact that the organization may still be a Communist front. That is what a front is. Its whole intent and method of operation is to get high-grade people who are completely above suspicion or reproach themselves, but who may be misled into allowing their names and their influence to be used to give respectability and public confidence to the organization while it indoctrinates our people with its philosophy.

Recently a certain man was convicted after trial by jury in our country. A great many Americans, including some relatives of the gentleman from New York and members of the Supreme Court and other high officials of our Government and many prominent citizens, vouched for this individual; they were sure he could not possibly be connected with the Communists, but 12 good men and true, on the basis of the evidence presented in open court, found that he had lied in regard to matters having to do with acts of treason—taking secret American documents and putting them into the hands of people who would forward them to the Soviet Union.

I am not bringing any Communist charge against the IPR, but the fact that these eminent individuals are on its board

certainly does not clear it. As a matter of fact, if you will investigate you will find that most of the pro-leftist American writers on Asia have been at some time during the last decade or so, on the staff or writers of the Institute of Pacific Relations, the organization that first announced and has assiduously spread the utterly false line that the Chinese Communists were not Communists, they were just agrarian reformers leading a spontaneous peasant revolution, not in the least connected with or subservient to the Soviet Union. These included Mr. and Mrs. Edgar Snow, Guenther Stein, Philip Jaffe and Kate Mitchell of Amerasia also, Anna Louise Strong, and on and on. You can go right down the list and you will find that IPR publications were the chief transmission belt by which the Moscow line with regard to the Communists in China was put before the American public, especially the intelligentsia. I make no charge as to their memberships. I have no idea whether they are members of the Communist Party or not, but the fact remains that the IPR was the chief spokesman for pro-Communist forces in this country with respect to the Communist movement in China.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from New York.

Mr. ROOSEVELT. Can the gentleman give me the name of anybody on the staff he considers to be pro-Communist?

Mr. JUDD. Well, I just mentioned three or four, and if the gentleman cares to, I can go to my office and get about 20.

Mr. ROOSEVELT. Are they staff members?

Mr. JUDD. They were. Frederick Vanderbilt Field is a member of the Communist Party.

Mr. ROOSEVELT. He is on the board of directors of the American Peoples Fund. I am not defending them at all; I am talking about IPR at this point.

Mr. JUDD. I will add that the IPR, under new management, has recently had considerable housecleaning.

Mr. ROOSEVELT. That is not housecleaning.

Mr. JUDD. E. C. Carter, who was for years the head, has resigned and there is a new staff, but Frederick Vanderbilt Field is one of the admitted Communists, not just pro-Communist.

Mr. ROOSEVELT. He has nothing to do with the organization.

Mr. JUDD. Why, he was the vice president or the secretary of the Institute of Pacific Relations for years—a trustee and member of the executive committee of eight which ran the outfit.

Mr. RANKIN. Mr. Chairman, it is not my intention at this time to engage in this belated controversy between the gentleman from New York [Mr. ROOSEVELT] and the gentleman from Minnesota [Mr. JUDD] about these Communist front organizations that we have exposed for many years. It is my intention to discuss for a short time the bill before the House, and to give to the Congress the reasons why I cannot support it.

Let me say that if the gentleman from New York [Mr. ROOSEVELT] is really interested, and if the gentleman from Minnesota [Mr. JUDD] is really interested, in the Communist influence in America, they might both investigate the greatest victory that Stalin has won since Yalta, and that was this order wiping out segregation in our armed forces. Nothing has ever crippled the armed forces of America as much as has that crazy order since this Government was organized; and whoever is responsible for it ought to be removed from office at once. I say that advisedly, because in this day and time, when we are threatened with an atomic war, we need the highest possible morale among our armed forces, and that morale has been destroyed by this crazy order.

Let me give you the reasons why I am unable to support this give-away money to European, African, and Asiatic countries. America owes more money today than all the rest of the world put together. Let me repeat that. The United States Government owes more money than all the rest of the world put together. Let me bring that down home to you by showing you what it means to the people of Mississippi. Now, do not get the idea that a few fellows at the top are going to pay the taxes; the taxes come out of the American people. The amount of war debt, the amount of the debt that this Government now owes, that the people of Mississippi will have to pay, will amount to more than six times the assessed valuation of every county in that great State. Now, think of that as applying to your State and to practically every other State in the Union.

What are you going to do? Why not let these foreign governments float their own bonds? Why not let them borrow on their own credit? Why burden the American people for generations to come with these so-called ECA loans or gifts?

It used to be called ERP, you know. Some fellow went down here on the coast to get away from it, to try to get some rest—he had voted for this thing—and he was just settling down going to sleep when a tree frog opened up just outside of his window saying, "Erp, erp, erp." He stayed there 3 days and nights and never closed his eyes. It was ERP at that time, but they changed it to ECA.

What are you doing? You are financing the international bankers; you are financing the international oil interests; you are financing the sale of automobiles and tractors; you are sending tractors, at the expense of the American taxpayers, to countries in Europe, where the average farm is only 15 acres.

Not only that but they are using this money to deal with countries behind the iron curtain.

Congress finds itself in the ridiculous position of financing both sides of the Chinese controversy. A week or two ago you appropriated money for the anti-Communists in southern China or Korea. Do you remember that? Today you are providing money to give to the Socialist Government in England, which has already recognized Communist China, and is going to use this money to promote

trade inside Communist China. In other words, we are financing both sides in China.

Congress had better wake up and get back on the beam before the American people wake up and realize that they and their children, and their children's children, have been sold into bondage by those internationalists who want to brand us real Americans who, like Washington and Jefferson, put the welfare of our country first as isolationists.

God save our country from destruction at their hands.

The CHAIRMAN. The time of the gentleman from Mississippi has expired. (Mr. RANKIN asked and was given permission to revise and extend his remarks.)

Mr. KEEFE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is true that I made a statement yesterday, a carefully prepared and carefully documented statement, one of the few times I have ever spoken in the well of this House that I scrupulously followed the manuscript. Some Members called attention to that fact, but I was very careful because I wanted to make no statement I could not document with facts.

The gentleman from New York has attempted to interpose some sort of a defense against the statement I made, but I call your attention to just one thing: In addition to the facts stated by the distinguished gentleman from Minnesota [Mr. JUDD], who knows this situation better than anyone in this House, one fact stands out crystal clear, that the organization which Dr. Jessup headed was a recipient of funds during the last 5 or 6 years from an organization which the gentleman from New York admits is a Communist organization, in fact, the Communist organization that financed most of the Communist organizations in this country.

I say if this Dr. Jessup or any other man in this organization of which he speaks so proudly was willing to accept funds in any amount from a Communist organization denounced by Attorney General Tom Clark as such, even though the amount was comparatively small—I do not know whether the story which the gentleman told is factual or not as to the total amount of contributions received. I know it contributed, and I am taking his word for it as to the amount he has placed in the Record. But the fact is that that is exactly how communism has burrowed into many organizations in this country, by furnishing funds to place in that organization one of their men to burrow and to influence the organization in its activities. I do not think the defense of the gentleman from New York in opposition to the factual material which I gave in this Record should weigh very heavily with people who respect truth and facts.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. ROOSEVELT. Just to keep the facts straight, the American Peoples' Fund contributed from 1942 to 1947 and has not contributed a dime since 1947, that is for the last 3 years. In other

words, all during the time it was contributing not one single person was put on the staff of the American Institute of Pacific Relations as a result of its contributions.

Mr. KEEFE. I do not think the gentleman is in a position to make that statement factually.

Mr. ROOSEVELT. I am.

Mr. KEEFE. I do not think the gentleman knows that to be the fact.

Mr. ROOSEVELT. I just stated it. Are you impugning what I just said? I stated it as a fact.

Mr. KEEFE. I do not think the gentleman is in a position to make the statement that no one was put on the staff since this organization began through its contribution.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. JUDD. Of course, the period 1942 to 1947 was when the American policy pattern was developed which led to China's being given over to the Reds.

Mr. KEEFE. That is right; exactly.

Mr. JUDD. And there was no need of contributions thereafter. The horse had already been stolen.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. RANKIN. Whenever Tom Clark brands an outfit as Communist, you may rest assured it is Communist.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I ask unanimous consent that the amendment be reread. I believe we have all forgotten what it contained.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk again read the amendment.

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 16, noes 128.

So the amendment was rejected.

Mr. FOGARTY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FOGARTY:

On page 10, line 4, after the word "participants," insert the following:

"(1) In subsection (b) after the figure (1) insert the following: 'withholding any assistance under this act, where it appears that any participating country is impairing, in whole or in part, its economic recovery by reason of the expenditure of any portion of its funds, commodities, or services in the maintenance or subsidization of any dependent country, which naturally is, or should be, an integral part of some other participating country, until such time as such participating country shall sever its control of, and refrain further from maintaining or subsidizing such dependent country; (2)' and by renumbering accordingly the subsequent paragraphs of subsection (b)."

On page 10, line 5, strike out the figure "(1)" and insert the figure "(2)."

The CHAIRMAN. The gentleman from Rhode Island is recognized in support of his amendment.

Mr. FOGARTY. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. FOGARTY. Mr. Chairman, this is the identical amendment that I offered to this authorization bill just a year ago. You have heard the amendment read. In plain English it means that all funds that shall be appropriated through the authorization of this bill will be withheld from the United Kingdom as long as partition exists in Ireland.

I do not have to remind the membership of this House, or the people of the United States, of the important part that was played in the fight for independence in this great country of ours by men and women of Irish descent. I do not think I have to remind the membership of this House or the people of our country that 10 of the signers of the Declaration of Independence were Irishmen who immigrated here from Ireland; that 15 of the generals in the Revolutionary Army were sons of Irish immigrants. The father of the United States Navy, Commodore Barry, was born in Ireland. The good people from New England well remember that during King Philip's War in 1675, the only country in the world that offered any aid to that section of this country was Ireland. They sent over shiploads of supplies. I do not think I have to recall to you gentlemen the fact that the majority of our teachers in the 1700's came from Ireland. They came because they were not allowed to teach in Ireland because of the penal code. I should add that not many of those teachers, from 1775 to 1784, were at their desks in schools. They were in the field fighting for the cause of freedom and independence in this infant Republic.

I would like to bring to the attention of this House that during the First World War the people in Ireland were given a guaranty by Great Britain that they would have a free election immediately after the war. At that time 200,000 Irishmen were serving in the British Army. That was 40 percent of the eligible males in Ireland between the ages of 18 and 50. What happened? As soon as the war was over an election was held. The issue was, "Shall we be independent of Great Britain?" The people in Ireland voted—in 1918—4 to 1, for complete independence.

So in January of 1919, when Ireland attempted to set up its own constitution and resume her position as a free country, Great Britain, through every effort at her command, with an occupation army of over 250,000, and with the leaders of the Irish independence movement committed to jail in England without any charge and without jury trial, attempted to get the Irish people to rescind that vote. This proved to be impossible. So what happened then? They saw that they could not drive back the Irish in 1920, so they carved out a piece in the northeastern section of Ireland, consisting of six counties. They said to Ireland at that time, "We will let you keep the 26 counties in southern Ireland, but we want to continue our hold on the north-

eastern section of Ireland, of these six counties." So, from that time on until this day, Great Britain has had a stranglehold upon this northeastern section of Ireland. This is costing Great Britain today in the neighborhood of \$150,000,000 a year to subsidize that small portion of Ireland. Why should we as Members of Congress be appropriating this fiscal year of 1950, about a billion dollars in grants to the United Kingdom, while at the same time, directly or indirectly, it is costing Great Britain \$150,000,000 a year to subsidize that portion of Ireland? I do not think that we as American citizens, as Americans who remember the cause that Ireland helped us fight for during 1775 to 1780, are going to forget the part the Irishmen played in helping this Republic to gain its independence. I think that the Irish people today are only asking for justice when they are asking that a free election be held in all of Ireland to determine whether or not it shall be one united country. I think we must understand that the division England has imposed on Ireland is not a natural geographic division. There are no mountain barriers. There are neither mountain ranges nor rivers, running north and south or east and west, to justify and sustain the boundaries that have been imposed between the two portions of Ireland. To have drawn a line right across the northern part of Ireland in 1920 would have taken nine counties of Ulster, but Britain knew it could not control the nine counties in Ulster so they seized only six of the nine, and I am sure that if a free election were held now that four and a half of the six counties would vote for a united Ireland.

I am not attempting to do anything in this amendment that is going to cause any harm to Great Britain, not at all; I just want them to be realistic about this situation. I do not think we are going to hurt this bill a bit if this amendment is adopted, because if it is adopted I am sure that within 24 hours the Parliament in England will vote to allow all of Ireland to participate in a special election to determine for themselves their own type of government.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. FOGARTY. I yield.

Mr. ROONEY. I wish to commend my distinguished friend the gentleman from Rhode Island for the brilliant statement he is making. I shall support his amendment. I wish to ask him this question: Is it not a fact that today in northern Ireland religious discrimination is practiced more extensively than in any other portion of the world? The Prime Minister of that portion of Ireland, Sir Basil Brooke, became notorious some years ago, in 1935 to be exact, when he made the statement that no Irish Catholic should be given a job in northern Ireland.

Mr. FOGARTY. There is no question about that.

Mr. DAVENPORT. Mr. Chairman, will the gentleman yield?

Mr. FOGARTY. I yield.

Mr. DAVENPORT. I also wish to commend the very distinguished gentleman from Rhode Island for his most

courageous statement here today on a very, very important and serious problem. We have heard a great deal here about communism. I wish to ask the gentleman if it is not true that the Americans of Irish descent as well as the people of Irish descent all over the world constitute a great bulwark against the spread of communism everywhere?

Mr. FOGARTY. There is no question about what the gentleman says.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. FOGARTY. I yield.

Mr. McDONOUGH. In support of the amendment the gentleman has offered I wish to call his attention to the section of the bill on page 4, subparagraph (d) where we seek to encourage the removal of trade barriers \$600,000,000 of the funds provided in this bill are authorized to be withheld unless trade barriers are removed. In other words, the amendment the gentleman is offering is in direct line with the purpose and intention of the present bill. Is not that true?

This amendment will remove the partition barrier now existing in Ireland between the six northern counties and the rest of Ireland imposed by the British, because Britain would have to concede to the terms of this bill if this amendment is adopted.

Why should we allow Britain to have ECA funds while she denies unity and democracy in Ireland. The essence of democracy is the right of free people to govern themselves. The unit of self-determination is the whole nation, not a part of it.

The problem of Ireland was imposed against the overwhelming wishes of a majority of the Irish people. This amendment should be adopted in the best interest of democracy and freedom. Ireland is entitled to freedom and unity and if Britain wants ECA funds from us she should give Ireland her right to unity and freedom.

Mr. FOGARTY. That is correct.

Mr. Chairman, in conclusion may I say that if this amendment is adopted today the House will be letting 25,000,000 men and women of Irish descent all over the world know that this Congress has not forgotten the blood, the sweat, and the tears that were spread upon this continent in its fight for independence in 1775 up until the present time. We will be letting every man and woman in Ireland know that today we have not forgotten the contributions that they have made, that we believe in independence, that we believe in the people governing themselves as they wish and not to be dictated to by some foreign power. (Mr. FOGARTY asked and was given permission to revise and extend his remarks.)

Mr. DAVENPORT. Mr. Chairman, a few months ago the Congress of Industrial Organizations, headed by Phillip Murray, at its annual convention in Cleveland passed a resolution condemning the partition of Ireland, and a little previously the AFL headed by William Green, passed a similar resolution at their convention in St. Paul, Minn.

I shall read the resolution for you:

Whereas there still exist throughout the world governments that do not recognize the rights of people in regard to their majority right of free self-government; and

Whereas there is a government in Northern Ireland being perpetuated by a foreign power which is breeding bigotry and tends to destroy the unity of a race of people; and

Whereas the Irish people have contributed, over the centuries, more aid to the freedom of oppressed people than any nation in the world; and

Whereas organized labor has always raised its voice to espouse the cause of freedom and the rights of government that is of, for, and by all its people; and

Whereas the partition in Ireland is not a healthy or natural condition; and

Whereas the present government in Great Britain is controlled by the Labor Party: Be it hereby

Resolved, That the American Federation of Labor go on record against the perpetuation of the partition dividing all of the people of Ireland, and call upon the President of these United States, the State Department, and the Congress of the United States to do all in their power to end, once and for all, this unjust condition to the end that the Government of Eire will truly represent all of its people with its natural borders, so that she can take her rightful place among the family of nations.

You will note in the text of the resolution that it condemns partition as unnatural. So well they might. Did Allen, Larkin and O'Brien say "God save the greater part of Ireland?" Did they and Connolly and others die to liberate 26 counties only of the 32. Should the Irish national anthem be, and I have heard it parodied as such, "God Save the Greater Part of Ireland?" The answer to these questions is emphatically no and again no. They died, and men like Tom Barry here fought, to achieve freedom for the 32 counties of Ireland and not for 26 counties leaving six counties in British control.

Why should Ireland be partitioned? In my opinion it is part of classic British policy. We have only to look around the world. Wherever you find British control you find sooner or later partition. India is partitioned, Palestine is partitioned, and Ireland is partitioned. I am not concerned here with India but they have a great deal in common with the Irish. So have the Jews in the State of Israel much in common with the Irish and since American opinion—aye and Irish-American opinion—was such an important factor in bringing about a solution of the Israeli problem why cannot it be organized to help in a solution of the question of Irish partition.

How can such a solution be found? In my opinion it can be achieved only by peaceful methods, by men sitting down around a table as labor and industry do today—men with the will—with the desire to find a solution—and men with the power to negotiate a solution. Our State Department has enough influence with the British to induce them to consider such a proposal. American opinion if properly registered is certainly strong enough in the world for any country to be influenced by it.

And mark you, I do not speak out of animosity to the British. It is true that

as a man of Irish descent I am attached to the traditions and ideals of the Irish but that does not mean that I am antagonistic to the British. They were our allies in two wars, they have suffered with us in these wars and it is the policy of our country to maintain friendliness with Great Britain. As a friend we should be entitled to say a word for another friend. Ireland is such a friend and I sincerely believe that with partition removed she would be as friendly to Great Britain as she is to us. I should like nothing better than to see the age-long difficulties between Ireland and England settled, and I firmly believe that the only obstacle remaining to complete amity between the two countries is this partition issue. Tonight we meet to honor the memory of three men who died for Ireland 82 years ago. We cannot forget these old wrongs but their memory would not be so bitter if there were not present injustices to keep bitterness alive.

It would be to the advantage of all three countries, America, Ireland, and Great Britain if partition were settled. Ireland would be enabled to join the Atlantic Pact and in that case all her territory would be available to the Atlantic Pact defense forces. That would help the United States and Great Britain and it would certainly put Ireland in her rightful place—free and undivided. But so long as partition lasts so long must Ireland refrain from being a member of the pact because that pact today guarantees the territorial integrity of each contracting party and England's territory includes the six counties of "Northern Ireland." No reasonable man could expect Ireland to join the pact to guarantee that part of her own territory shall remain in the possession of another country. Still I am not without hope that our administration may see the wisdom of taking steps to settle partition and that then we shall see in the words of Fintan Lalor, an Irish labor leader who died just a century ago in 1849:

Ireland her own and all therein: From the sod to the sky: the soil of Ireland for the people of Ireland to have and to hold from God alone who gave it: to have and to hold for them and their heirs forever, without suit or service, rent or render, faith or fealty to any power under heaven.

Mr. BROOKS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this afternoon in the Senate Appropriations Committee, Gen. Dwight Eisenhower gave testimony as to the state of our defense. For some time many of us have begun to feel that we are slipping in the way of national defense.

No one can study the events of the last few years without being seriously concerned about the future of our country. Overseas, especially, conditions are not good. The cold war against communism is not abating. It is gradually becoming worse. Instead of gaining ground, America has been gradually losing on both major fronts—the east and the west. If this condition continues, I am satisfied that this Nation will have to take some action to show a stiffened op-

position. We may yet be compelled to redeploy our troops again in Europe. Should we take such action it would be a radical means of impressing our friends with the fact that we intend to fight communism until it is driven from its aggressive and evil position back into the confines of its own land.

Mr. Chairman, I think it behooves this Congress to put our defenses back in good condition.

Mr. ROONEY. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. ROONEY asked and was given permission to revise and extend his remarks.)

Mr. ROONEY. Mr. Chairman, I am going to support the Fogarty amendment. I happen to be a member of the subcommittee of the House Committee on Appropriations which has been hearing evidence on budget estimates for appropriations covering the very plan now before you, the so-called Marshall plan. I take the liberty to state to you that no official of the ECA from Mr. Paul Hoffman down can dispute any of the statements I am about to make.

Eighteen European nations are entitled to participate in the appropriations under the so-called Marshall plan. The total appropriations so far made amount to \$9,700,000,000, of which Great Britain has received nearly \$2,250,000,000. This is apart from and in addition to the \$3,700,000,000 Britain "borrowed," and I underline, quote, and italicize in large letters the word "borrowed," in 1946 from the United States and in addition to and apart from the other assistance she is to receive under the military aid program. In other words, as contended by the American League for an Undivided Ireland, Britain has grabbed for herself out of these tremendous appropriations for the European recovery program over 25 percent of the total, leaving the other 17 European nations to share the balance as best they can. This should require some very serious justification. Neither by reference to her size nor her population does it appear that Great Britain is entitled to anything like the proportion of aid she is getting. It is the fact that Britain has been vastly extending her economic deals with Russia and other Soviet dominated countries.

She has been importing vast quantities of corn and wheat from these countries. There has been, however, a reluctance to disclose what England is giving in return to Russia and the other Soviet-controlled countries.

It is casually stated that Britain is merely supplying the Communist-dominated world, in return for her imports of grain with "machinery and implements." What is the "machinery" and what are the "implements," that England is supplying to Russia and the other iron-curtain countries? Do they include materials essential to Russia's war and industrial potential? We know, and I am reading from a pamphlet entitled "Is Britain Playing Straight with the United States?" that they have included Meteor

jet aircraft engines; what else do they include? It may be assumed that in return for her exports, Russia has exacted her pound of flesh.

Whatever may be the nature of the goods that England exports to Russia and the other Soviet-dominated countries, they have been produced by Britain with the help of Marshall aid. Accordingly, this Congress is giving money and material to Britain which, in turn, Britain is using to produce goods for Russia.

I am going to point out to you merely one instance of the double dealing of the British with us Americans.

The American High Commission in Germany quite naturally and properly takes steps to prevent the export to Russian-dominated countries of strategic materials. The Communist Chinese Government sought to place orders in Germany for 62,000 tons of steel rails, with the firm of Peter Kloechnner, Dusseldorf, and for 25,000 tons with the Vereinigte Stahlwerke. The Allied Commission, on which the United States, British, and French military authorities are represented, refused to give the Germans permission to fill these orders for the Communist government in China in December 1949. The American High Commission, at whose instance this step was taken, requested the OEEC countries not to fulfill this order.

The London Times of February 4, 1950, laconically reports in relation to these orders:

Rails are not on Britain's prohibited list, and it is understood that British firms have now been invited to tender.

Having been a party to the making of an order forbidding German firms to supply this steel to the Chinese Communist Government on the grounds that it was strategic material, British firms are now free to supply this strategic material to the Chinese Communist Government.

Mr. Chairman, I have merely related one instance of the double dealing of the British.

Now, with regard to dual pricing, Mr. Paul Hoffman, the Administrator of ECA, admits that the only one of the 18 Marshall plan countries which has refused to cooperate to the slightest extent in regard to dual pricing is the United Kingdom.

The British Government extends the practice of dual pricing to many items of raw material which are in short supply in Europe. In the case of coal, she adds 10 to 15 percent on to her domestic price when it is for export. This adds to the production costs of all the European industries which are dependent upon British coal for their production. By this device, British manufacturers are enabled to outcompete any other European manufacturers who depend upon British coal. Britain uses the same system in relation to steel, metals, cement, and so forth. As the result of England's use of this system other countries have had to apply protective measures to prevent the destruction of their industries. And so she starts a vicious economic cycle.

On yesterday the gentleman from Ohio [Mr. VORV], a member of the Foreign Affairs Committee, made the statement that Britain, the biggest recipient of Marshall plan aid, has made the most trouble in Europe.

For example, the ECA has been forced to hold up funds earmarked for Britain on the oil situation, for the reason that she is using our dollars to run American companies out of business. She must be prevented in her efforts to bring all the oil business under the pound sterling.

We all know that Great Britain has refused to cooperate in the Payments Union which Administrator Hoffman says is vitally necessary. He has said that the Payments Union is a "must" if the Marshall plan is to succeed. I add the further "must" if Britain is to participate in the Marshall plan fund, that she withdraw her troops from Northern Ireland and permit a free and undivided nation such as Ireland was when England was a pup. Let us all stand up and vote for the pending amendment. By doing so you will serve notice upon the British Government that Irish partition must be abolished immediately.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to compliment the gentleman from New York [Mr. ROONEY] upon his very fine statement. It seems to me he points up very well the maladministration and poor allocation of funds under the ECA in the past few years. I want to compliment him because I think he has made the best statement yet in the House of Representatives in this debate as to why we should vote against continuance of this program.

GREAT BRITAIN'S OPPRESSIVE COLONIAL POLICIES

Mr. KLEIN. Mr. Chairman, I move to strike out the last four words and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KLEIN. Mr. Chairman, I am going to support this amendment, not only for the reasons given by the genial and distinguished gentleman from Rhode Island [Mr. FOGARTY] who offered the amendment, but for other, and to me equally cogent, reasons of my own. The amendment reads, in part:

Withholding any assistance under this act, where it appears that any participating country is impairing in whole or in part its economic recovery by reason of the expenditure of any portion of its funds.

Quite obviously, that language is directed at Great Britain, and all of us here know that. I have voted for foreign assistance and rehabilitation legislation in the past, and I am going to vote for this bill, regardless of the fate of the instant amendment. I have opposed punitive language of this kind in the past, believing that the verbal castigations given in this House to several beneficiary countries were sufficient reprimand.

It seems to me today, however, that the time has come when certain countries, and of course I mean most of all Great Britain, should realize that they are jeopardizing invaluable American public opinion and sympathy by pursuing a course of action strongly opposed and condemned by a majority of Americans. Even if you grant the somewhat specious argument that the funds expended by Great Britain in fighting Irishmen or in encouraging the Arabs to fight the Jews are not actually Marshall-plan funds, the fact remains that Great Britain could reduce its own financial strains by abandoning costly imperial adventures which are unpopular among the American taxpayers who must produce money, whether as loans or grants, for foreign assistance.

ARMS FOR THE ARAB STATES

I refer specifically to the sale by Great Britain of arms, munitions, and articles of war, or readily convertible to war purposes, and of details of British military personnel, to the various Arab States which surround Israel. Not even an Englishman can avoid knowing that the ultimate result of such arming of the backward and depressed Arab countries will be another war in the Middle East. We have just finished with one war in that part of the world; and another can break out with terrifying ease. It must be borne in mind that the Arab countries have low living standards and a minimum of religious and political liberties, with consequent unrest of the population. In dictatorial and authoritarian governments, a foreign war is always considered the easiest alternative to domestic rebellion; by whipping up a holy war or crusade the people are made to forget their wretched conditions of living, for a time at least, and the danger of liberal and even revolutionary ideas seeping in and gaining a foothold is passed.

In the Holy Land a modern democratic republic, modeled closely on the United States Government, has been established by the Jews in Israel. The Republic of Israel was recognized promptly by the United States, and there have been many and repeated and substantial signs of American friendliness to the newest state in the family of nations.

Yet Great Britain is deliberately endangering the safety and economic stability of the Republic of Israel, in defiance of world opinion, by continuing to furnish the means of war to the populous and powerful and jealous Arab nations which surround Israel on every side, embracing a population outnumbering the Israeli, including the Arab part of the Israeli population, 80 to 1. The British claim that they are required by treaty to continue to furnish arms and personnel to the Arab States which they nurtured; but the world remembers that Great Britain failed in its obligations to its protectorate of Palestine, under the Balfour Declaration, for a generation. If it could default on its promises to the Jews, why cannot England default in its promise to the Arabs when keeping the promises may mean war?

THE ARABS BREATHE FIRE

Right now the incendiary Arab press is talking about a second round of war against Israel. If trouble starts in the Middle East, the blame will lie squarely on Great Britain; and I warn this House, Mr. Chairman, most solemnly, that world conflagration can easily start right in Palestine, where the twentieth century is meeting the twelfth century head on. The British Government is gambling with the peace of the world, and using money that should be used for bolstering the British economy for stakes, while borrowing from the United States.

I must remind the House, Mr. Chairman, that when the British imperial adventure in Greece no longer showed promise of a profit, the Labor government was quick to pull out of its Greek responsibilities, leaving the United States to foot the bill and to stand against possible bloody revolution. There can be no question but that much of the present trouble in Greece stems from prewar British support of a Greek dictatorship little less oppressive to the Greek people than the brutal occupation of the Nazis.

PARALLEL WITH IRELAND

Mr. Chairman, the history of the relations of the Government of Great Britain with the people of Ireland, regardless of the party in power in England, is such a clear parallel to the history of British relations with the Jews of Palestine that it cannot be missed. I have repeatedly pointed it out. The main difference is that the Irish suffered longer, and the British were more savage toward their blood brothers close at home.

The British Empire was built on the pound sterling, not on any humanitarian desire to extend the benefits of civilization, so-called; and wherever British merchants have seen a chance of making a profit British guns have followed close to open the way.

There is much in British history and the British character that is admirable; but it is hard for Irishmen or Jews to see it or admit it because of the very unadmirable qualities that have always been exercised against the helpless pawns of British Empire making.

Mrs. ST. GEORGE. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield to the gentleman from New York.

Mrs. ST. GEORGE. Can the gentleman tell me how many troops England is keeping now in Northern Ireland? Does the gentleman believe that most of these troops are kept there with money that is probably sent indirectly from the United States, as the gentleman has pointed out?

Mr. KLEIN. I am certain that if the British are not actually using the funds they are getting under ECA and other United States loans and grants, they are using funds which could and should be used for their own economic strengthening. Therefore, they must not need the money we are sending them. If they recalled those troops, as the gentleman from Rhode Island pointed out, if they let Ireland do as it wants to do and in

a democratic way determine its own fate, they would not need this money.

Mrs. ST. GEORGE. Does the gentleman not think it is a little bit hypocritical of us to stand here and frequently talk of freedom-loving nations and our help to them, and yet not allow Ireland to have a free election?

Mr. KLEIN. I agree with the gentleman wholeheartedly.

Mr. DAVENPORT. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield to the gentleman from Pennsylvania.

Mr. DAVENPORT. Would the gentleman from New York agree with me that a strong and really united Ireland within the Atlantic Pact would make a very powerful bastion of democracy on the western outpost of Europe?

Mr. KLEIN. There is no doubt about it.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield to the gentleman from Michigan.

Mr. DINGELL. Mr. Chairman, I want to underwrite fully what the three distinguished gentlemen, Mr. FOGARTY, Mr. ROONEY, and Mr. KLEIN, have had to say. The interests of Ireland, Israel, and the United States are one and inseparable.

Mr. KLEIN. I thank the gentleman.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield to the gentleman from California.

Mr. McDONOUGH. With reference to the shipment of arms to the Arabs, the gentleman stated that was being done by Great Britain. The gentleman did not add, and I think it should be added, that it is being done by Great Britain with the consent of the United States.

Mr. KLEIN. I am not so certain about that. If it is, certainly I strongly object to it, and I think most American opinion would object to it.

Mr. McDONOUGH. Does the gentleman know of any objection on the part of the United States up to now to the action that Britain is taking?

Mr. KLEIN. I do not. The Secretary of State must have some reason. If it is a bad reason, I would certainly be opposed to it.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield.

Mr. JAVITS. Is it not a fact the main burden of the complaint with respect to the purchases by the Arab states of arms from Britain is that they are buying them on blocked sterling which they could not otherwise collect while we are helping to sustain the whole economy of Great Britain?

Mr. KLEIN. The gentleman is absolutely correct.

Mr. JAVITS. May I say to the gentleman, too, that the idea of a plebiscite of an all-Irish plebiscite is certainly entirely valid as a means by which the Irish people can express their own will for independence and unification.

Mr. KLEIN. Or in any democratic way—I agree with the gentleman.

Mr. KEE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if the amendment offered by the gentleman from Rhode Island were a separate resolution, I think now that I would perhaps be glad to support it, but it really has no place here and has no germaneness to the purposes of the bill. Therefore, I hope the amendment will not be adopted.

Mr. MARCANTONIO. Mr. Chairman, I support and shall vote for the amendment offered by the gentleman from Rhode Island [Mr. FOGARTY].

I believe that if we adopt this amendment, that we shall have placed this House of Representatives on record against the partition which Great Britain has imposed on the people of Ireland. What is more, the adoption of this amendment, if it accomplishes nothing else, will serve notice on the rulers of England that the House of Representatives definitely and unequivocally supports Ireland's right to unity.

Ireland's right to an undivided nation has been denied by England's imposition of imperialism and tyranny which we with these Marshall plan funds are supporting.

England's arbitrary partitions of Ireland violates the principle of self determination. There has never been and there can be no doubt as to what constitutes the unit for self determination in the case of Ireland. Ireland has been accepted as a nation since the time of St. Patrick, over 1,500 years ago. The facts of Ireland's nationhood are uncontroversial. Ireland is a nation by geography, language, culture, homogeneous people and by tradition. Inhabitants of every part of Ireland call themselves Irish. Consequently, the Irish question must be settled by the majority of all the people of Ireland. Anything else is not democracy, but tyranny and we cannot, if we believe in the democracy we profess, support this British tyranny with the dollars of Americans through this Marshall plan.

Partition was imposed on the people of Ireland by terror. The terror of the Black and Tans will never be forgotten by the Irish people. Here, we aid Great Britain with Marshall plan funds to perpetuate this partition of the Irish Nation.

The six counties were cut off from the Irish Nation by British force. Here, with Marshall plan dollars we reinforce British power to keep Ireland divided.

Eighty percent of all Ireland's 4,248,165 people want all Ireland to be one nation. Thirty-two counties make up all Ireland. Of these, 30 counties with a population of 3,402,126 or 80 percent, want all Ireland to be one nation. Britain has refused and continues to refuse to recognize the will of an 80-percent majority.

The question before us is: Shall we recognize the right of this majority to establish a united nation, or shall we continue to subsidize with American dollars the British denial of that right? I shall vote for the right of the Irish people to achieve a united Ireland.

This explains my vote in favor of the Fogarty amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Rhode Island [Mr. FOGARTY].

The question was taken; and on a division (demanded by Mr. KEE) there were—ayes 94, noes 55.

Mr. KEE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. KEE and Mr. FOGARTY.

The Committee again divided; and the tellers reported there were—ayes 99, noes 66.

So the amendment was agreed to.

(Mr. McDONOUGH asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7797) to provide foreign economic assistance, had come to no resolution thereon.

SPECIAL ORDER GRANTED

Mr. LANE asked and was given permission to address the House today for 10 minutes following the legislative program and any special orders heretofore entered.

FACILITATION OF THE WORK OF THE FOREST SERVICE

Mr. COOLEY submitted the following conference report and statement on the bill (H. R. 5839) to facilitate and simplify the work of the Forest Service, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 1359)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5839) to facilitate and simplify the work of the Forest Service, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10 and agree to the same.

HAROLD D. COOLEY,
STEPHEN PACE,
W. K. GRANGER,
CLIFFORD R. HOPE,
AUG. H. ANDRESEN,

Managers on the Part of the House.

AILEN J. ELLENDER,
CLYDE R. HOEY,
SPENCER L. HOLLAND,
GEORGE D. AIKEN,
EDWARD J. THYE,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5839) to facilitate and simplify the work of the Forest Service, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Except for minor and clarifying amendments, the differences between the bill as it passed the House and the bill as agreed to by the committee of conference and reported herewith, are set out below.

SECTION 12

Section 12, as it passed the House, was in the form of direct authority for the Secretary of Agriculture to use part of the grazing fees paid for the use of national forest lands for making certain range improvements on such lands. The money set aside for this purpose would have constituted a special fund which would have been available, without fiscal year limitation, for the purposes authorized in the section.

The principal effect of the Senate amendment is to require that the funds provided for must be appropriated by Congress. The Senate amendment also establishes a definite charge per animal-month as the measure of the authorization for such purposes. The purposes for which the funds may be used are exactly the same as those provided in the House bill.

SECTION 18

This is a new section added to the bill in the Senate. It provides specific statutory recognition of, and authority for, grazing advisory boards. Such boards have been employed for many years by the Forest Service as a medium of cooperation between the Service and the permittees using the grazing lands. There are approximately 800 such advisory boards at the present time and, under the terms of the amendment, each existing board will continue to be recognized by the Department of Agriculture until replaced by a board, or boards, constituted and elected as provided in the amendment. The boards have no administrative function of authority other than that of advising the Secretary of Agriculture on local range management as provided in this section. An important provision of the section is that which seeks to safeguard the recreational values of the range lands by providing that the State game commission or the corresponding public body of the State in which the advisory board is located may designate a representative to be a member of each board to advise on wildlife problems.

SECTION 19

This is also a new section added by the Senate. It authorizes the Secretary of Agriculture to issue permits for the grazing of livestock on the national forests for periods not exceeding 10 years and renewals thereof. It has long been the practice of the Forest Service to issue such 10-year permits, but the authority to issue permits other than on an annual basis was recently challenged by a court decision. The purpose of the amendment is to give specific statutory authority for an established practice.

HAROLD D. COOLEY,
STEPHEN PACE,
W. K. GRANGER,
CLIFFORD R. HOPE,
AUG. H. ANDRESEN,

Managers on the Part of the House.

PERMISSION TO ADDRESS THE HOUSE

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

[Mr. COX addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. McSWEENEY. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

THE MOUNT UNION COLLEGE CHOIR

Mr. McSWEENEY. Mr. Speaker, may I respectfully call to the attention of the Members of the House the fact that some of the very fine young people from one of the great colleges of Ohio, Mount Union, of Alliance, are here tonight with its choir and are to give a concert at the First Congregational Church at Tenth and G Streets NW., at 8:30 p. m. An added attraction at this concert will be Kay De Witt, the talented and attractive young lady who sings so beautifully with the orchestra at the Capital Theater here in Washington. She, too, attended Mount Union College and will join with this choir tonight. This institute is one of the courageous Christian educational institutions of our country, and the representatives of this institute are here tonight under the capable leadership of Mr. Cecil Stewart. I hope that those of you who may have nothing else on your docket will try to attend and hear these fine young people who come not only from all parts of America, but I find also that there is a Chinese student and representatives from other lands in the group. This institution is trying to impart to all of its students a fine Christian concept of decent citizenship.

FOREIGN ECONOMIC ASSISTANCE

Mr. KEE. Mr. Speaker, I ask unanimous consent to file a supplemental report on the bill (H. R. 7797) to provide foreign economic assistance.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

EXTENSION OF REMARKS

Mr. HESELTON asked and was given permission to extend his remarks at this point in the RECORD.

SURPLUS AGRICULTURAL COMMODITIES

Mr. HESELTON. Mr. Speaker, I want to place in the RECORD now, the text of the section from the omnibus appropriation bill which provides for the removal of surplus agricultural commodities:

The Department of Agriculture is authorized to pay out of funds made available by section 32 of the act of August 24, 1935 (7 U. S. C. 612 (c)) transportation and handling charges on surplus commodities owned by the Department or any of its instrumentalities or agencies for the purpose of distribution to public welfare agencies.

Next, I wish to place in the RECORD an amendment which I wish to offer to that section:

At line 21, after the citation (7 U. S. C. 612 (c)), strike out the balance of the sentence and insert "and out of funds made available to the Commodity Credit Corporation transportation and handling charges on surplus commodities owned by the Department or any of its instrumentalities or agencies for the purpose of distribution in the order of priority set forth: First, to school-lunch pro-

grams, and the Bureau of Indian Affairs, and Federal, State, and local tax-supported institutions, such as hospitals, orphanages, schools, penal and mental institutions, and public-welfare organizations for the assistance of needy Indians and other needy persons; second, to private welfare organizations for the assistance of needy persons within the United States; third, to private welfare organizations for the assistance of needy persons outside the United States; fourth, to intergovernmental or international nonprofit welfare agencies, for assistance to needy persons outside the United States."

You will note that this uses the identical language of the omnibus appropriation bill, provides for payments out of funds made available to the Commodity Credit Corporation and then sets forth four categories of recipients, being those mentioned in the recent conference report as to the disposition of surplus potatoes.

Finally, I submit a further amendment which seeks to combine the language of the conference report on the disposition of surplus potatoes, of section 416 of the Agricultural Act of 1949 and then provides, as has been done in other proposed legislation, for the Secretary to make a determination that such commodities are in ample supply over the necessary reserves and then a provision for the payment out of the equivalent of 6 months' storage charges to cover the cost of transportation, with the proviso suggested by the gentleman from Arkansas [Mr. HAYS] when we last discussed this matter:

Page 193, line 13, strike out lines 18 through 24 inclusive, and insert "In order to prevent the waste of food commodities acquired through price-support operations which are found to be in danger of loss through deterioration or spoilage before they can be disposed of in normal domestic channels without impairment of the price-support program, the Secretary of Agriculture and the Commodity Credit Corporation are authorized and directed to make available such commodities as follows in the order of priority set forth: First, to school-lunch programs, and the Bureau of Indian Affairs, and Federal, State, and local tax-supported institutions, such as hospitals, orphanages, schools, penal and mental institutions, and public-welfare organizations for the assistance of needy Indians and other needy persons; second, to private-welfare organizations for the assistance of needy persons within the United States; third, to private welfare organizations for the assistance of needy persons outside the United States; fourth, to intergovernmental or international nonprofit welfare agencies, for assistance to needy persons outside the United States. The Secretary of Agriculture shall first determine that such commodities are in ample supply over and above such reserves as may be required and deemed in the public interest. The Secretary of Agriculture and the Corporation shall make any such commodities available at no cost at point of use within the United States or at shipside at port of embarkation. The Secretary and the Corporation may pay as against handling and transportation costs in making delivery up to the equivalent of 6 months' storage costs on any such commodities turned over: *Provided*, That no transportation or handling charges shall be incurred by the Commodity Credit Corporation or Department of Agriculture if in so doing it would lower the total amount of agricultural commodities acquired by any institution or organization through the normal channels of trade and commerce."

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to include as part of my remarks a letter from the New England Shoe & Leather Association, signed by Maxwell Field, executive vice president, and a letter that association wrote to the Secretary of the Treasury asking for an investigation of the dumping of shoes from a country behind the iron curtain.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

IMPORTATION OF FOREIGN-MADE SHOES

Mrs. ROGERS of Massachusetts. Mr. Speaker, I desire to read part of a letter received from Maxwell Field, executive vice president and secretary of the New England Shoe and Leather Association, as follows:

Reliable information indicates that over a million pairs of these low-priced women's shoes will be exported to our country this year. In the month of January alone, 58,000 pairs cleared customs, an amount equal to more than one-half of total imports of 99,000 pairs for the full year 1949. These shoes are being sold at retail by large mail-order, chain-, and department-store companies for \$2, \$3, and \$4 per pair. Comparable American-made shoes now sell for at least \$2 more per pair, i. e., the Czech \$2 shoe competes with our \$4 retailer.

I shall be glad to show the Members on the floor a pair of these Czech shoes which are being dumped in this country from behind the iron curtain.

The letters are as follows:

NEW ENGLAND SHOE &
LEATHER ASSOCIATION,
Boston, Mass., March 23, 1950.

HON. EDITH N. ROGERS,
House Office Building,
Washington, D. C.

DEAR MRS. ROGERS: Our association, in behalf of your constituents, who are both shoe manufacturers and workers, request your cooperation in securing approval of the Treasury Department to an investigation of the dumping of Czechoslovakian-made shoes in violation of the Antidumping Act of 1921. The grounds for this petition are set forth in the enclosed letter addressed to the Honorable John W. Snyder.

Reliable information indicates that over a million pairs of these low-priced women's shoes will be exported to our country this year. In the month of January alone 58,000 pairs cleared customs, an amount equal to more than one-half of total imports of 99,000 pairs for the full year 1949. These shoes are being sold at retail by large mail-order, chain- and department-store companies for \$2, \$3, and \$4 per pair. Comparable American-made shoes now sell for at least \$2 more per pair, i. e., the Czech \$2 shoe competes with our \$4 retailer.

It is exactly these low-priced types which represent a substantial proportion of all New England-made women's shoes, so that these imports endanger New England shoe companies and the rate of employment of many thousands of their workers more seriously than any other region.

Our association wrote the Honorable Dean G. Acheson on February 28, inquiring as to the policy of the State Department, which actually encourages these imports from a country behind the iron curtain with a nationalized shoe industry and a policy of dumping shoes in order to obtain dollar exchange. A copy of this letter is enclosed.

FOREIGN ECONOMIC ASSISTANCE

SUPPLEMENTAL REPORT
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
ON
H. R. 7797
A BILL TO PROVIDE FOREIGN ECONOMIC
ASSISTANCE

TITLE I
THE ECONOMIC COOPERATION ACT OF 1950



MARCH 29, 1950.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

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FOREIGN ECONOMIC ASSISTANCE

MARCH 29, 1950.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. KEE, from the Committee on Foreign Affairs, submitted the following

SUPPLEMENTAL REPORT

[To accompany H. R. 7797]

TITLE I. THE ECONOMIC COOPERATION ACT OF 1950

The Committee on Foreign Affairs voted on March 22, 1950, to report favorably to the House the bill (H. R. 7797) to provide foreign economic assistance. Thereafter debate was scheduled to open on March 24. The committee filed forthwith reports covering the legislation as a whole and each title thereof in particular. The pressure of time prevented the committee from completing the part of the report covering title I of the bill, relating to activities administered by the Economic Cooperation Administration. This part of the report is hereby issued in its entirety as part 5. Part 5 is to be regarded as superseding the expression of views contained in part 2 of the report.

Title I of the bill (H. R. 7797) to provide foreign economic assistance relates to activities administered by the Economic Cooperation Administration.

It contains amendments to the Economic Cooperation Act of 1948, as amended. These amendments would authorize a sum of \$1,950,000,000 for economic assistance during the fiscal year 1951 to the countries participating in the European recovery program. In addition, they would authorize the carrying over of funds already appropriated for the purpose but unobligated as of June 30, 1950, or subsequently released from obligation, and would authorize the use in the European recovery program during the fiscal year 1951 of \$1,000,000,000 worth of surplus agricultural commodities to be acquired from the Commodity Credit Corporation. Included are certain changes in the existing act intended to widen the scope of the present investment guaranty program of the Economic Cooperation Administration. The title changes in certain respects some of the provisions of law bearing on the operations of the Economic Cooperation Administration. All provisions related to the European recovery program are in section 102.

The title would extend existing authority to use funds appropriated in pursuance of authorization in the China Aid Act of 1948. The extensions relate both to time and to scope. Under the amendment, the balance of the funds may be used through the fiscal year 1951; exist-

ing authority would cease after June 30, 1950. The bill would direct that \$40,000,000 of these residual funds be reserved for economic assistance in areas of China free of Communist domination. It would authorize the use of \$6,000,000 of these funds in a continuation and expansion of the present program to assist selected Chinese for academic and scientific pursuits in the United States—Chinese seeking refuge from the Communist domination of the home country. It would permit the use of the balance of the funds for economic assistance in the general area of China. Such a program would be under the Economic Cooperation Administration. These provisions are contained in section 103. They involve the use of approximately \$94,000,000 but require no additional appropriations.

The title would also continue through the fiscal year 1951 the present program of economic assistance to the Republic of Korea, the relevant authorization being \$100,000,000.

It restates the policy of support of a joint organization of the free countries and free peoples of the Far East, consistent with the United Nations Charter and based upon the principles of self-help and mutual cooperation. This policy has been stated previously in the Mutual Defense Assistance Act of 1949. This provision links in substance with the program for economic assistance in the general area of China but in the bill adjoins the provisions relating to assistance to Korea, since it is embodied as an amendment to the Far Eastern Economic Assistance Act of 1950.

The above provisions fall into two main groups—those relevant to European recovery, and those relevant to the Far East. They are discussed below in that general grouping. An account of the hearings relevant to these provisions is contained as an appendix.

I. THE EUROPEAN RECOVERY PROGRAM

A. THE VIEWPOINT OF APPRAISAL

The occasion for the legislation.—In reporting to the House in the Eightieth Congress the legislation establishing the European recovery program, this committee commented:

* * * A program lasting through June 30, 1952, is envisaged. This does not represent a commitment. This Congress does not attempt to bind future Congresses. The program represents rather, an objective whose realization will be contingent upon the practical results achieved by the participating nations. * * *

Accordingly, the authorization was limited to 1 year so that the Congress might reappraise the policies of the program and measure the accomplishments before deciding whether to go ahead with it. A year later the Congress, after thoroughgoing review of the accomplishments, determined upon continuing the program for an additional 15 months, through the fiscal year 1950. The present bill would authorize an extension through the fiscal year 1951. With this extension, the program would come to the three-quarter mark of the period originally envisaged.

The basic legislation, which title I would amend, now represents a settled pattern of policy. It was produced in its original form by one of the most painstaking legislative efforts in the history of the Congress. It was the product of a year of long, thorough, mature effort in which the legislative and executive branches of this Government, the American public, and various governments of Europe collaborated.

In the extension legislation of a year ago the legislation was reexamined in every detail and subjected to wide revision. The task this year is not so much a revision of the details as it is a reappraisal of the main idea of the European recovery program and a determination of the amount of assistance to be tendered by this Government to the cooperating governments in the third of the four program years, essentially a year in which a tapering-off may be expected to become evident.

A reappraisal of the main objective of the program, a measurement of the effort in terms of its accomplishments rather than its hopes, can now be made more readily and more completely than was possible a year ago. As the committee then observed—

* * * Both the critics and the friends of this program should approach cautiously the task of measuring results in the European recovery program. It is well to keep in mind that the data in hand show the performance only over a period of less than a year in a program envisaged to last 4 years. A lag between effort and result is inevitable. * * *

Now, however, the program is approximately 50 percent complete in time span and more than half complete in terms of the volume of assistance. Its virtues and its faults have by now become manifest.

Recalling the objectives.—In making the reappraisal, it is well to keep in mind the essentials of the original pattern. The objective of the program is to restore for the free nations of Europe that self-sustaining basis which alone can insure the continuance of their independence and the freedom of their domestic institutions. To that end the Economic Cooperation Act proposed a broad effort of economic collaboration and self-help among the nations of Europe qualifying as participants. It set forth that for 4 years those nations might call upon the United States for extraordinary assistance to fill the gap between their needs and their capability to provide for themselves if they were to attain a self-sustaining basis. The recovery program consists of what the participating nations do for and among themselves and of United States assistance under the Economic Cooperation Act to serve and stimulate that effort. United States assistance comprises a very small fraction of the income of the participating nations. Its importance lies in the quality rather than the quantity of the things it affords. It makes available to the participants commodities of which they would otherwise be deprived because of shortage of foreign exchange to buy things that only dollars can buy, and which are essential to their effort to regain a self-sustaining basis.

It is in point here to recall precisely the underlying objectives of the program as stated in the basic statute:

* * * Recognizing the intimate economic and other relationships between the United States and the nations of Europe, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance. The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers.

Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through their joint organization to exert sustained common efforts to achieve speedily that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to encourage the unification of Europe, and to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation * * *. It is further declared to be the policy of the United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

The principal ideas as above expressed are economic recovery and the maintenance of free political institutions. Briefly considered, the outlook on both scores is encouraging.

An undertaking as vast and of such importance as the European recovery program requires, however, more than a quick appraisal. The committee weighed the successes and the prospects not simply on face values but in a broad inquiry. The principal points of the inquiry dealt with the details of production, the developments in regard to stabilization, progress in trade and, as a related topic that lies at the root of the recovery program, the development of cooperation among the participating nations.

B. THE ACCOMPLISHMENTS REVIEWED

The recovery record.—In appraising the degree of recovery, the second report of the Organization for European Economic Cooperation, published in February, recalls the situation of 2½ years ago, when the recovery program was in the formulative stage. It quotes the initial report then made by the Committee on European Economic Cooperation, the gathering of representatives of the participating governments then engaged in laying the groundwork for the program:

If the flow of goods from the American Continent to Europe should cease, the results would be calamitous. Europe's dollar resources are running low. One country after another is already being forced by lack of dollars to cut down vital imports of food and raw materials from the American Continent. If nothing is done a catastrophe will develop as stocks become exhausted. If too little is done, and if it is done too late, it will be impossible to provide the momentum needed to get the program under way. Life in Europe will become increasingly unstable and uncertain; industries will grind to a gradual halt for lack of materials and fuel, and the food supply of Europe will diminish and begin to disappear.

From the vantage of February 1950 the report goes on:

This threat of bankruptcy and economic dissolution * * * imminent in 1947 * * * is still there in the background, and will remain there until the structure of world production and trade has found a new equilibrium. * * * But the fact remains that the work of these 2 years in western Europe, together with assistance from the United States, has removed the immediate threat and has laid the groundwork for its lasting suppression. On this reckoning—the reckoning of life or death for western Europe—the first 2 years of the European recovery program have been unreservedly successful.

The political climate.—The climate of politics in Europe is such as to give strengthened hope to the advocates of freedom. The interval since the origin of the program has seen the development of regional defense arrangements involving the greater portion of the participants. The culminating fact in this regard has been the achievement of the North Atlantic Pact in which nine of the participants are ranged along

with Canada and the United States in a permanent obligation of mutual defense. Ancillary to the North Atlantic Pact is the mutual defense assistance program authorized by the Congress in the last session. These two undertakings, the North Atlantic Pact representing the common determination to resist the common enemies of free institutions and the mutual defense assistance program giving sinew to that common determination, represent an advance in the strengthening of free institutions far beyond the situation of fact of 2 years ago.

Communism has made no significant advances in the area covered by the European recovery program in the interval since the program was put into effect. To the contrary, it has suffered notable losses. The struggle is not over by any means, but the forces of democracy have, on the surface, no reason for misgivings. The situation was thus summarized in the testimony of the Honorable W. Averell Harriman, United States Special Representative in Europe:

When I appeared before your committee last year I expressed my conviction that we were winning the struggle for reconstruction and freedom. During the past year political stability and democracy have been strengthened throughout western Europe. This has been demonstrated in one national election after another.

In the Norwegian elections of last October, the Communist representation in the National Assembly was wiped out. They lost all the 11 seats they had previously held.

In August the people of western Germany had their first opportunity to register a free choice as to the kind of federal government they wanted. Out of 402 seats, only 15 went to Communists.

When the Belgian people went to the polls last June, the Communists were left with only 12 seats out of 212 in the Assembly as compared with 23 out of 197 in the previous election. In the Senate the Communists were reduced from 17 out of 167 to 7 out of 174.

The people of Austria, even with part of their country under Soviet occupation, have been firm in their rejection of communism, with only 5 percent voting the Communist ticket and the number of seats in the Parliament held down to 5 out of 165.

Communism has experienced reversals also in the labor field. In Ambassador Harriman's words—

Communism has experienced its most notable set-back in the European trade-union movement which it sought to penetrate and control at all costs. Intent on using the labor movement as the spearhead of their drive, the Communists had captured the major trade-union federations in Italy and France before the Marshall plan took shape. The labor movements in these two countries were under virtually complete Communist domination. Now that control is losing its grip and the non-Communist labor movements are rapidly gaining strength. In France, the Force Ouvriere, together with other non-Communist trade-unions, is challenging the Communist control of the French labor movement.

In Italy two major non-Communist labor federations have broken away from the Communist Confederation, and are now combining their forces of more than 1,500,000 free Italian workers.

At a convention held last October in western Germany at which the trade-unions, formed a single federation, the Communists could muster only a handful of delegates.

In other countries like Austria, Belgium, and Norway, where Communists had once been strong, their influence in organized labor has diminished to insignificance.

Over-all production gains.—The basis of the gains that have been realized is production. As to the total picture of production, the second report of the Organization for European Economic Cooperation points out:

* * * The total output of goods and services in 1949 was about 25 percent above that of 1947, and exceeded the prewar level; the expansion is continuing,

and a further increase of about 10 percent should be possible by 1952. Both in industry and in agriculture, recovery has gone much faster and farther than in the 4 years after the 1914-18 war.

The industrial production record.—The record for industrial production is portrayed in an accompanying chart. It should be noted that the chart gives special importance to Germany. Germany is a special case, first because its industrial recovery necessarily had to begin from a lower starting point as a result of the ravages of the war and of the dislocations of the division of Germany between east and west, second because the industrial recovery of Germany has continued at a sustained higher rate than has obtained in western Europe in general, and third because Germany represents a major amount of the industrial potential of the area covered by the European recovery program. As stated in the second report of the Organization for European Economic Cooperation—

In most countries other than Germany and Austria the expansion in production in 1949 was at a rather lower rate than previously: the first stage of recovery from the low levels of the postwar years was over. The progress made was, however, still rapid. Even if the large increase in Germany in 1948-49 is left out of account, the rise in industrial output in the other participating countries was about 8 percent during 1949. Including Germany, where production increased by some 20 percent in 1949, industrial output in all participating countries increased by some 13 percent in 1949. Apart from Greece and Germany, all the participating countries have regained the 1938 level of industrial production and most of them have exceeded it by a large margin. * * *

An accompanying set of charts traces the recovery record by individual countries.

Administrator Hoffman properly characterized the production record as "spectacular" in his testimony; perhaps even his characterization of it as "a near miracle" is justified. He reported industrial production as a third higher than in 1947. By way of comparison he recalled:

* * * it took western Europe 7 years to regain just the prewar level of industrial production after World War I. Today, after 2 years of ECA program, and less than 5 years after the end of World War II, in which the devastation was far greater than in 1914 to 1919, industrial production has not merely been lifted to the prewar level, but stands 20 percent above it. * * *

As illustrative figures he reported a 17 percent increase in hard coal production, a 52-percent increase in steel, a 21-percent increase in electric power, 58-percent in cement and 31 percent in cotton yarn, the percentages being calculated from the base year of 1947.

Continuing the story of production gains in particular facets, the Organization for European Economic Cooperation reported:

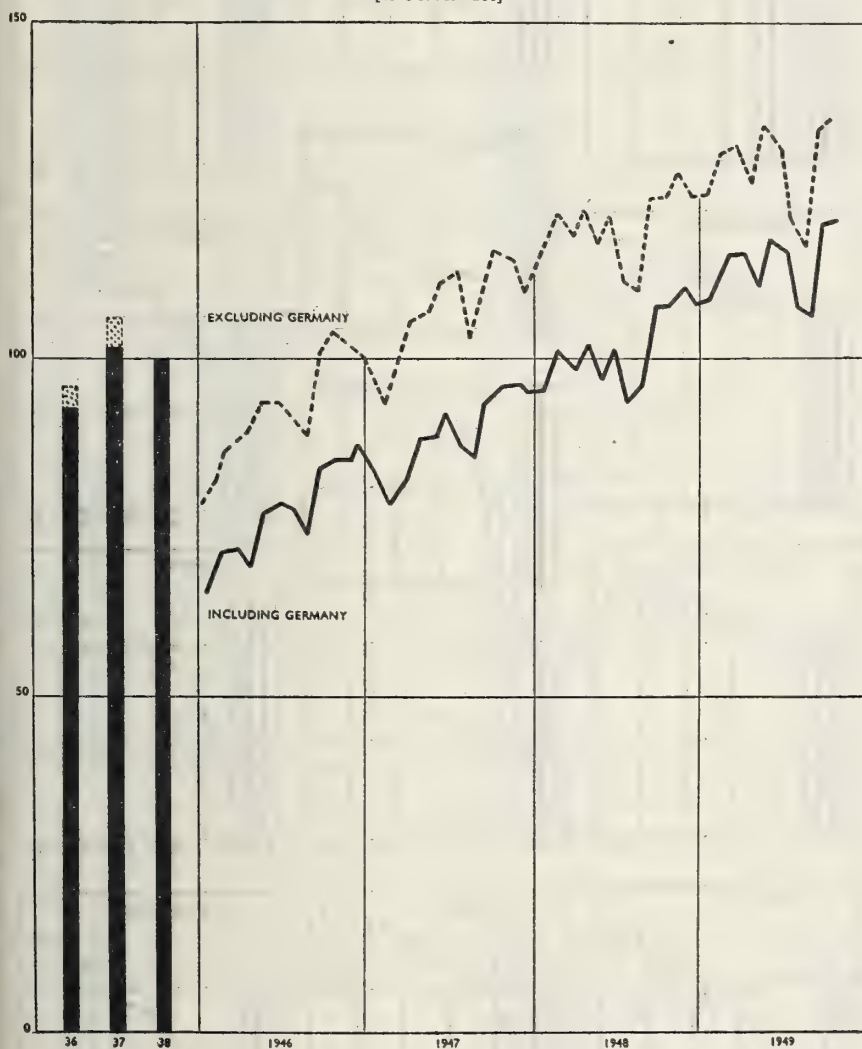
The expansion has been very strong in heavy industry—particularly steel and engineering. Coal output is still slightly below prewar, but an indication of the progress made in the fuel balance sheet is the reduction in imports from the United States from 35 million tons in 1947 to 10 million tons in 1949. It is now hoped nearly to eliminate the need for dollar coal imports in 1950-51. Apart possibly from electric power, there are now generally no critical bottlenecks in European industry; there is no single commodity which is so scarce that the lack of it disrupts the whole industrial effort. This is the central achievement of the last 2 years' work.

An accompanying chart illustrates the recovery record with respect to six key industries.

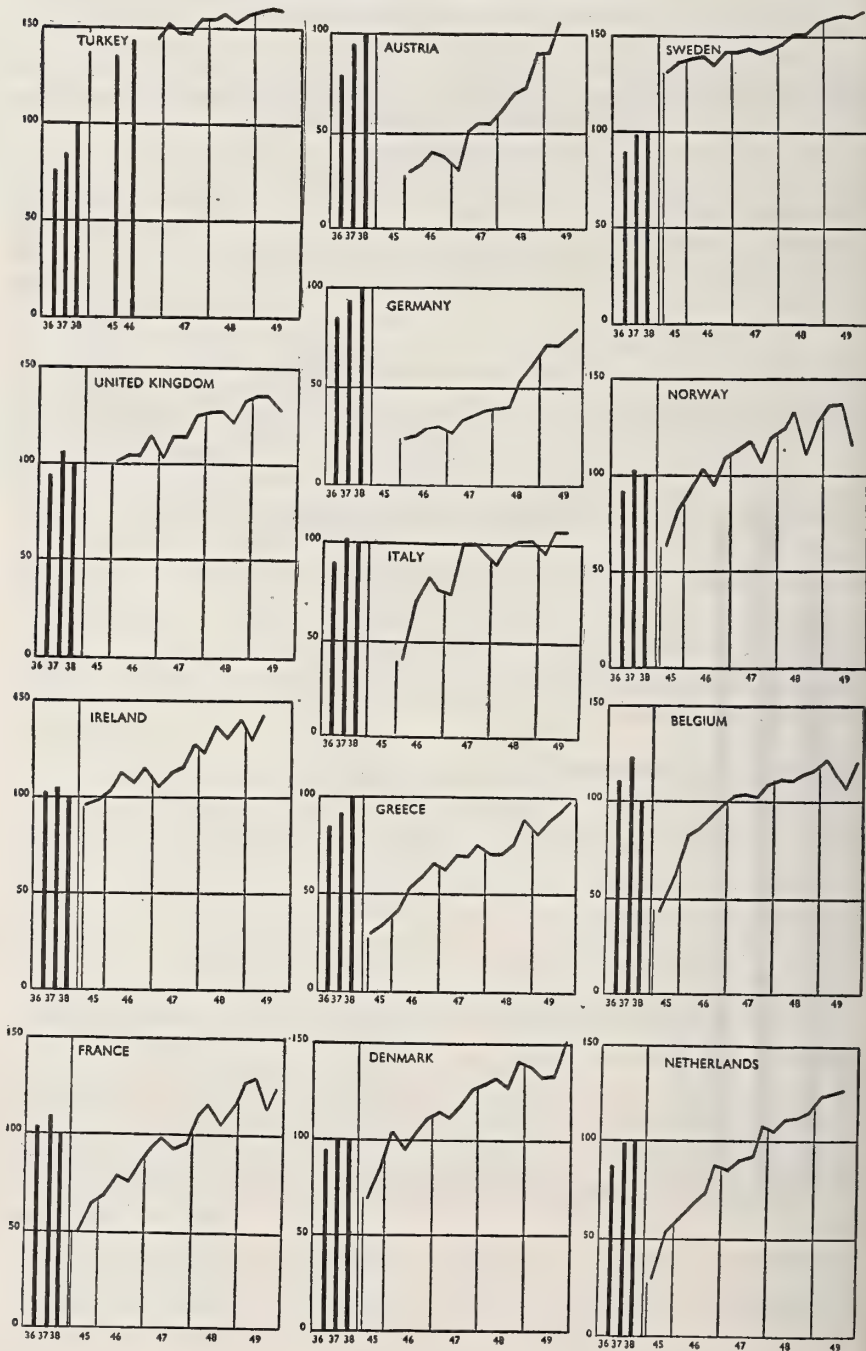
Industrial productivity.—It has become a truism of the European recovery program that its achievements must be calculated not only

THE RECORD FOR INDUSTRIAL PRODUCTION AMONG COUNTRIES PARTICIPATING
IN THE EUROPEAN RECOVERY PROGRAM

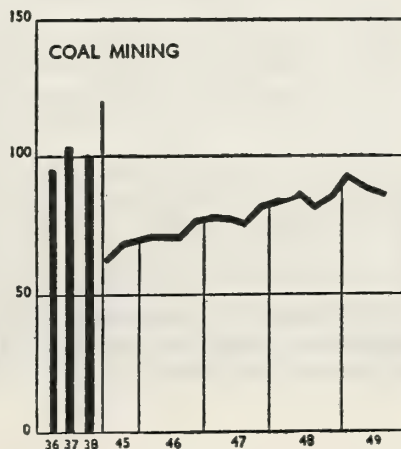
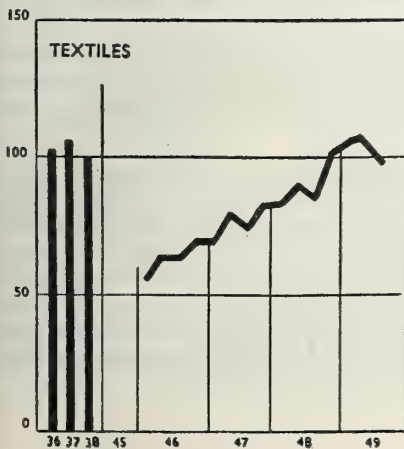
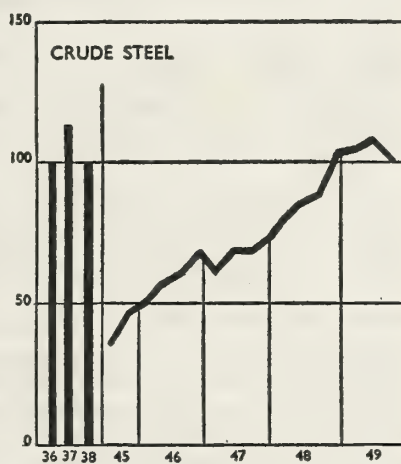
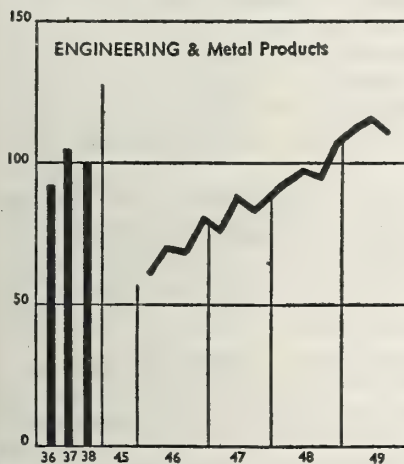
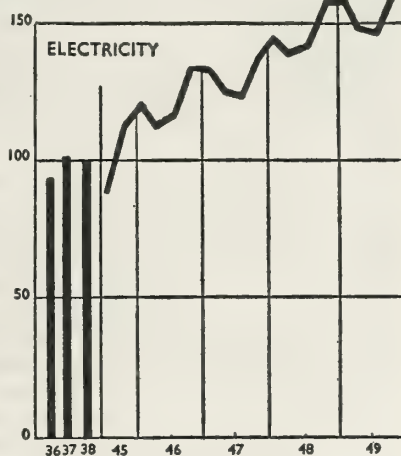
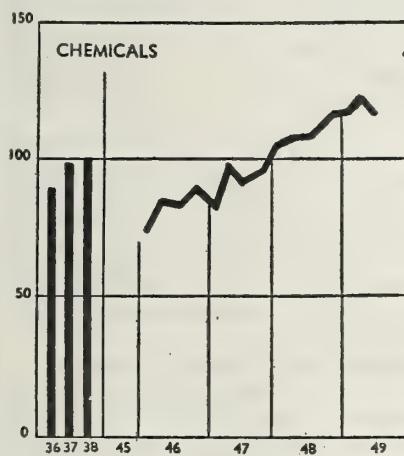
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INDEX OF INDUSTRIAL PRODUCTION OF INDIVIDUAL COUNTRIES PARTICIPATING IN THE EUROPEAN RECOVERY PROGRAM



PRODUCTION IN SIX INDUSTRIES IN COUNTRIES PARTICIPATING IN THE EUROPEAN RECOVERY PROGRAM



in production but also in productivity. Not only the total output of the industry of Europe but also the output per unit of work must be stressed in order to gage Europe's capability of competing in the world markets and meeting domestic needs on an adequate scale. Here the record is encouraging, though not so sharply encouraging as the production record. The second report of the Organization for European Economic Cooperation reports:

These facts of industrial production are the sure proof of the way in which the western European peoples are working. Excluding Germany, output per man-year is now about 10 percent above prewar. There have been very few strikes—1 hour lost since the end of the war for every thousand worked. Above all, in few countries is there much unemployment; the only important exceptions are Italy, Germany, and Belgium, the result in Italy and Germany of a long-term problem of surplus population which Europe cannot solve by itself. In the OEEC countries as a whole, there is a marked contrast between the high employment, industrial peace, and high production of 1946-49, and the boom and slump, and strikes and sluggish production of 1919-22.

The Organization's report estimates that industrial output per man-year in countries participating in the European recovery program was 75 percent in 1946 as compared with 1938 as a base year. In 1947 the figure had advanced to 80 percent and in 1948 to 90 percent. In 1949 it stood at 100 percent. Industrial output per man-year in Germany has been lower and at the same time has been recovering more rapidly percentagewise than in the other countries. With Germany excluded from the estimates, industrial production per man-year was 90 percent in 1946, advanced to 95 percent in 1947, reached 105 percent in 1948, and was at 110 percent in 1949. The Organization's report comments:

Of the increase in industrial production between mid-1947 and mid-1949 roughly one-quarter has resulted from increased employment and the remaining three-quarters from the removal of bottlenecks, increasing supplies of raw materials, and greater productivity. Output per man-year in western European industry as a whole has virtually regained the 1938 level; outside Germany it is nearly 10 percent higher than in 1938. There are, however, considerable differences in the levels reached by the various countries.

It estimates that industrial output per man was higher in 1949 than in 1939 in France, Ireland, Sweden, Switzerland, Turkey, and the United Kingdom. It estimates that as of 1949 it was approximately the same as in 1938 in Belgium, Denmark, Greece, and Norway. A lag in the Netherlands and a considerable lag in Austria, Italy, and Germany are reported.

Performance in agriculture.—Referring to the record of production in agriculture among the countries participating in the European recovery program, the second report of the Organization for European Economic Corporation comments:

The participating countries have made great efforts to improve agricultural methods. The increased production of fertilizers referred to earlier has permitted consumption to rise appreciably. Consumption of nitrogen, phosphates, and potash is now about 40 percent higher than before the war * * *. Considerable progress has also been made in the mechanization of agriculture. The number of tractors has increased from about 200,000 in 1938 to 600,000 in 1949, and there have been notable increases in other types of equipment.

Nevertheless, in agriculture the production record has been less encouraging than in industry. The cited report summarizes the performance as follows:

* * * Unfavorable economic factors of a general character, the time needed to overtake wartime shortages of fertilizers, the destruction and flooding of agricultural land and a series of bad growing seasons kept output low after the war.

Since 1947, there has been a marked improvement. The grain harvests of 1948 and 1949, favored by relatively good weather, approached the prewar level.

* * * Recovery in the production of animal products was delayed at first by inadequate supplies of feeding stuffs and the need to restore the numbers of livestock. Recovery in 1949, however, has been rapid. Production of eggs and of fats and oils is now at about the prewar level. Some countries are planning to augment supplies of feeding stuffs by increased home production of grass, grain, and roots as compared with prewar.

The participating countries have taken action to expand the production of oilseeds. Production of vegetable oil from home-grown oilseeds is very much greater than before the war, and supplies of oilcakes from the same source have more than doubled. Fish catches of participating countries have increased compared with prewar, in spite of smaller fishing fleets. The increase has been greater in the case of herrings than other fish, and this has made possible a greater production of meal and fish oil.

The following table gives the statistical story, and a graphic presentation of the performance in regard to six commodities is carried on an accompanying page:

Estimated production of the main foods and feeding stuffs in countries participating in the European recovery program

	1935-38	1947-48	Revised estimate, 1948-49	Revised estimate, 1949-50
Bread grains.....	100	61	96	95
Excluding Turkey ¹	100	58	91	99
Coarse grains.....	100	82	96	95
Excluding Turkey ¹	100	79	95	99
Potatoes.....	100	91	130	113
Sugar.....	100	76	114	111
Milk.....	100	76	87	91
Meat.....	100	69	75	85
Fish.....	100		113	130
Eggs.....	100	77	90	90
Fats and oils.....	100	80	77	99
Fish oil.....	100	132	107	121
Oilcake.....	100	145	185	225

¹ Figures are given including and excluding Turkey where the crop failed in 1949-50 owing to drought.

Summarizing the record, Administrator Hoffman told the committee:

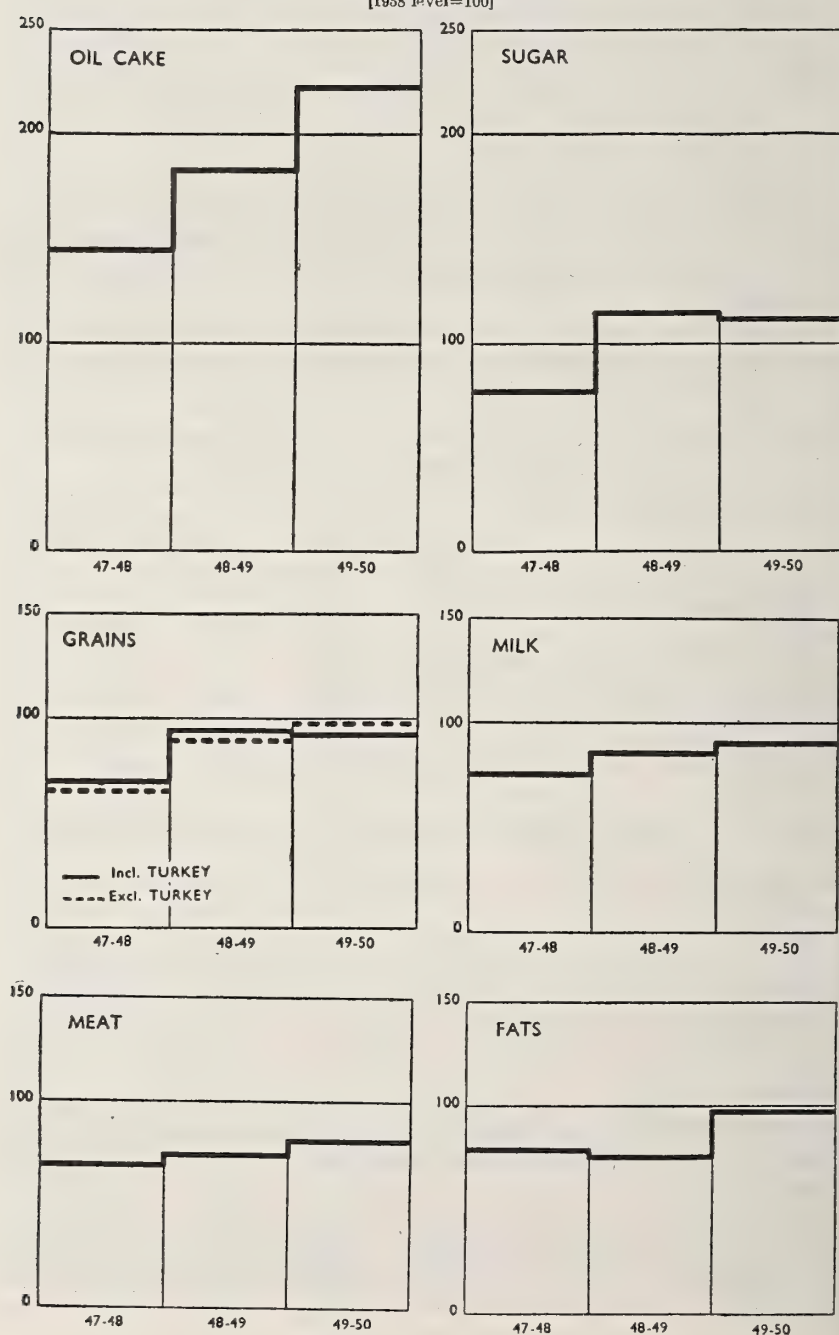
When ECA started operation, millions of people in Europe were hungry. Today the menace of hunger in western Europe has passed. Agricultural production as a whole has been brought nearly to the level of prewar and, given favorable weather conditions, will reach the prewar level or exceed it during the present crop year. In the past 2 years, after the grave crop failures of 1947, total grain production rose 30 percent, sugar 40 percent, meat 16 percent, milk 19 percent, and fats and oils 19 percent.

Yet, as the Administrator added, this record, while good, is not good enough. The participating nations recognize this, for as the Second Report of the Organization for European Economic Cooperation puts it—

Although agricultural production has recovered much quicker than after the 1914-18 war and is approaching its prewar level, the population to be fed is about one-tenth higher. If the diet of western European countries is to be improved and supplies are to keep pace with the increase in the western European population, further important increases will be necessary.

AGRICULTURAL PRODUCTION IN COUNTRIES PARTICIPATING IN THE EUROPEAN RECOVERY PROGRAM

[1938 level=100]



Accomplishments in stabilization.—The second report of the Organization for European Economic Cooperation reports "considerable progress" in "the improvement of national finances and the creation and maintenance of internal financial stability." The report particularizes by citing the data respecting wholesale prices. It found that in 3 of the 15 participating countries wholesale prices were more than 10 percent higher in 1949 than in the preceding year, while in 4 of them wholesale prices were lower. An accompanying chart illustrates the developments respecting wholesale prices.

The report finds hopeful evidence also in the improved distribution of the labor force. It comments in this regard:

* * * From the point of view of internal financial stability, the greater flexibility in the labor market in most countries, which has come about without any appreciable rise in unemployment, can be regarded as an indication that inflationary pressure is receding.

Factors behind stabilization.—The increase in industrial and agricultural production has been an important factor in bringing about an improved position with respect to internal financial stability among the participating nations. The second report of the Organization for European Economic Cooperation comments in this regard:

* * * This increase has contributed to the restoration of a balance between supply and demand, more especially for agricultural products. The slackening of inflationary pressure and the reestablishment of confidence in the currency have, in turn, favorably influenced production and trade.

A second factor helping in the direction of stabilization has been the capacity of a reviving economy to meet pent-up demand. The cited report notes as follows:

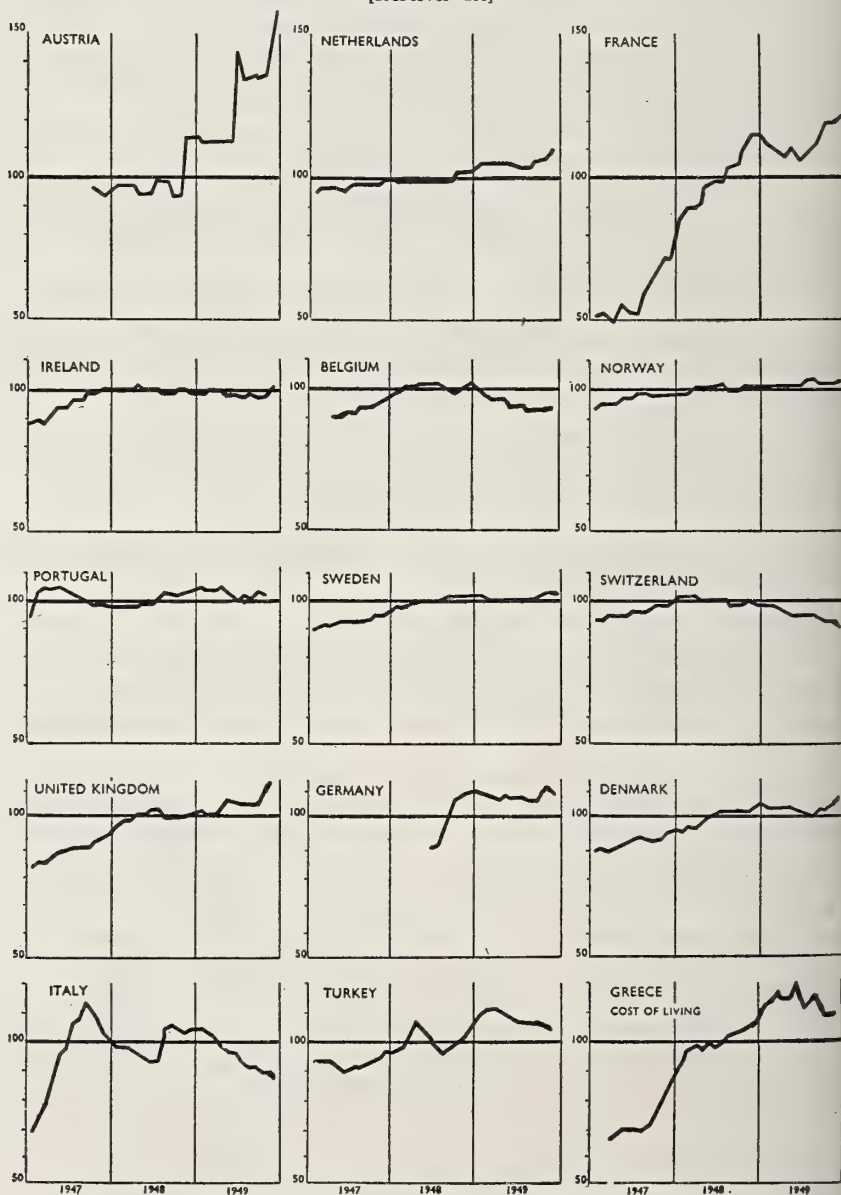
The first four postwar years have seen a replenishing of stocks and the replacement of worn-out machinery. While this process is certainly far from completed, the most urgent requirements have nevertheless been filled. Consumers' deferred demands have also, to a certain degree, been satisfied. A certain slackening of the demand for capital and durable consumer goods, on the one hand, and some increase in private savings, on the other, have had the combined effect of reducing excess demand.

Of critical importance to the progress toward stability also are the budgetary policies of the participating countries. The Economic Cooperation Administration has no direct legal authority to deal with the budgetary policies of participating governments. It has the right and the authority, however, to advise, to warn, and to be informed, for the related policies of each participating country bear directly on the hopes for the entire undertaking for European recovery. The second report of the Organization for European Economic Cooperation gave the following summary of the budgetary picture:

* * * Most countries inevitably emerged from the war with considerable budget deficits. In view of the general inflationary situation, great efforts were made to reduce and eliminate them. At the same time, in most countries receipts and expenditures have been increasingly brought within the compass of a single budget, instead of being divided into general and extraordinary budgets. In France, where an increasing proportion of exceptional expenditure is being covered by taxation, the definite improvement in the budgetary situation has contributed to the increased stability of the past year. Budgets in Belgium, the Netherlands, and Germany are now more or less in balance. In Italy appreciable progress has been made in this direction. In Austria, an effort in the same direction was made in May 1949 when subsidies were abolished and taxation raised in order to create a budget balance. Greece and Turkey have had considerable budget deficits, but in Greece the deficit has now been reduced. Portu-

WHOLESALE PRICES IN COUNTRIES PARTICIPATING IN THE EUROPEAN RECOVERY PROGRAM

[1948 level=100]



gal has continued her traditional policy of balancing the budget on current account, and is applying for investment purposes the proceeds of budget surpluses arising from reductions in actual expenditures compared with the estimates.

In some countries including the United Kingdom and the Scandinavian countries budget surpluses have been of considerable size. They have helped to relieve inflationary pressure by contributing to the finance of investment, either directly in the financing of public investment, or indirectly by repayment of the national debt to the capital market.

An important key to improvement in stability has been the monetary and credit policy of central banks. A relevant note in the second report of the Organization for European Economic Cooperation is as follows:

The war left most countries with an abnormally high quantity of money, the legacy of wartime finances. A number of countries took drastic measures to reduce the money supply through monetary reforms. Even after those reforms, most countries have had a larger money supply than before the war in relation to the value of transactions to be financed. The increase in the quantity of money continued, in some countries, even during the first postwar years. More recently, however, the increase has been checked in most countries.

High interest rates, one of the important traditional means for restricting credit, have not generally been a major factor in postwar conditions. In a few countries, however, they have been a contributing factor. In many countries, and particularly in Belgium, France, Italy, and Germany, quantitative and qualitative restrictions on bank and other loans have been the most important measures used to control credits. In other countries, including Norway, Sweden, and the United Kingdom, the measures taken by the monetary authorities and banks, to control credit, have been supplemented by a more or less extensive system of direct controls on investment through the allocation of scarce raw materials, licensing, etc. This has been particularly important in the building and construction trades.

Long-term rates of interest are high in countries such as France and Italy, but in most others they have been maintained at a comparatively low level. In some countries, including the United Kingdom, there has recently, however, been an increase in Government bond yields.

The effect of devaluation.—In summarizing the story as to stabilization, note should be taken of a development whose implications will not be fully measured for some time to come. That development is devaluation. It should be recalled that rates of exchange existing immediately after the war were, for the most part, set in quite abnormal circumstances. It was clear that some would prove inappropriate. In some countries where inflationary movements could not be immediately mastered, rates of exchange had to be altered during the period 1945-49. Renewed financial pressure developed in 1949, and the gold and dollar reserves of several countries were rapidly depleted, especially those of the sterling area. In 1949 the currencies of most participating countries were devalued against the dollar by various amounts, the average being about 25 percent. The long-run significance of this is summarized by the second report of the Organization for European Economic Cooperation:

The main significance of the devaluation of western European currencies in 1949 was that it was an important step toward a single world economy and away from an irreparable cleavage between Europe and the dollar area. It was a move toward price relationships broadly in line with those in the outside world.

The results were estimated by Mr. Richard M. Bissell, Jr., Assistant Administrator of Economic Cooperation for Programs, in his testimony before the committee:

It has been a very great success. I think it is almost impossible as yet, and will be for a number of months, to measure statistically the effect of those devalua-

tions in closing the dollar gap of the whole group of European countries. I do not know whether an estimate has any meaning, but I believe even by now the European position is better off to the tune of perhaps \$200,000,000 a year by reason of the devaluations that took place. If they can continue to hold down their domestic costs and prices so that the devaluation is not offset by raising costs and prices, I would expect that that benefit would be considerably greater in a few more months. There is no doubt that the devaluation has had another effect which is measurable. It reversed what was essentially a speculative outflow of funds, especially from Britain, just before the devaluation, an outflow that was prompted by the lack of confidence in European currencies, and this reversal has made possible, as has been publicly stated, a considerable rebuilding of Britain's monetary reserves. That effect is very tangible and has greatly strengthened the financial position of those countries.

One final effect that is also measurable is the effect on trade among the European countries themselves. Prior to the devaluation, the trade deficits of those European countries that were debtors in their trade within Europe amounted to at least six or seven hundred million dollars a year, and those have now been cut to probably about a third of that amount. France, which was a heavy debtor country, is now a surplus country; Belgium, which had a very large surplus in its trade within Europe—that is, they sold a great deal more than they bought from their neighbors—is now much more nearly in balance. In every way, the present state of trade and of other international payments within Europe and among the European countries is much healthier * * *.

The key importance of trade.—The record regarding production, as we have seen, is good. The record regarding stabilization is fair. What of the record regarding trade among the participating nations?

This question gets close to the heart of the matter. An increase in production may be registered among the participating nations as separate economic units. An increase in stability may be registered among a collection of national entities independently considered. The question of trade, however, leads to the basic question what the participating nations are accomplishing working together as a group. It bears also on the climactic question of the actual progress toward freeing western Europe from the need of extraordinary outside assistance—that is publicly financed assistance in the form of gifts—by the close of this program in 1952.

The general record of progress in trade.—Regarding the development of trade, the second report of the Organization for European Economic Cooperation contains the information that—

The total trade of the participating countries is now at about the same level as in 1938; this applies to the value both for exports and for imports. * * * total exports from the participating countries, to each other and to all areas, increased in volume by 50 percent between 1947 and the first half of 1949. Total imports showed some increase, but the increase was confined to intra-European trade, imports from nonparticipating countries falling slightly * * *.

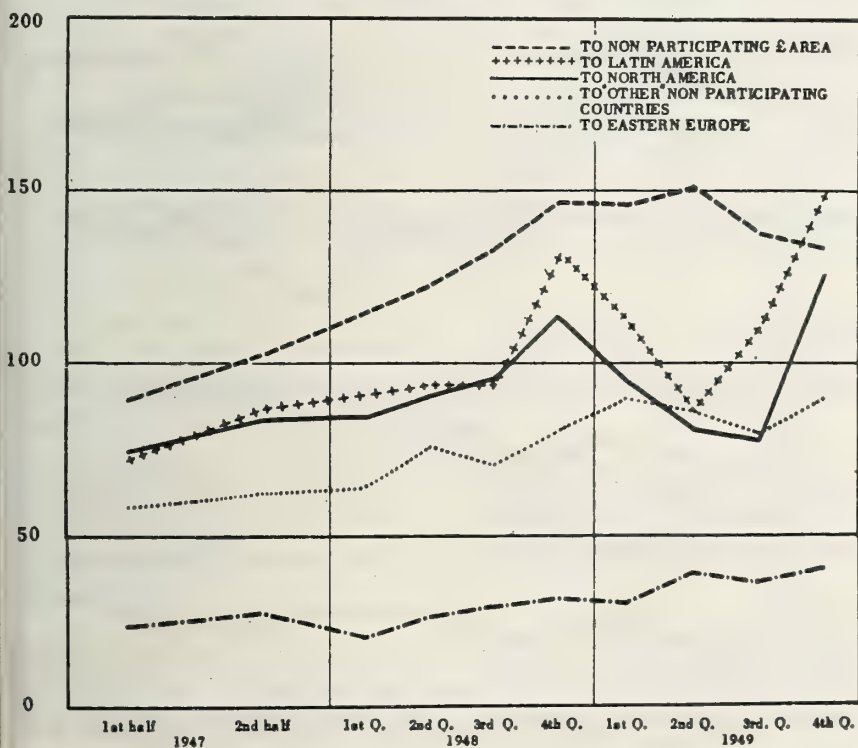
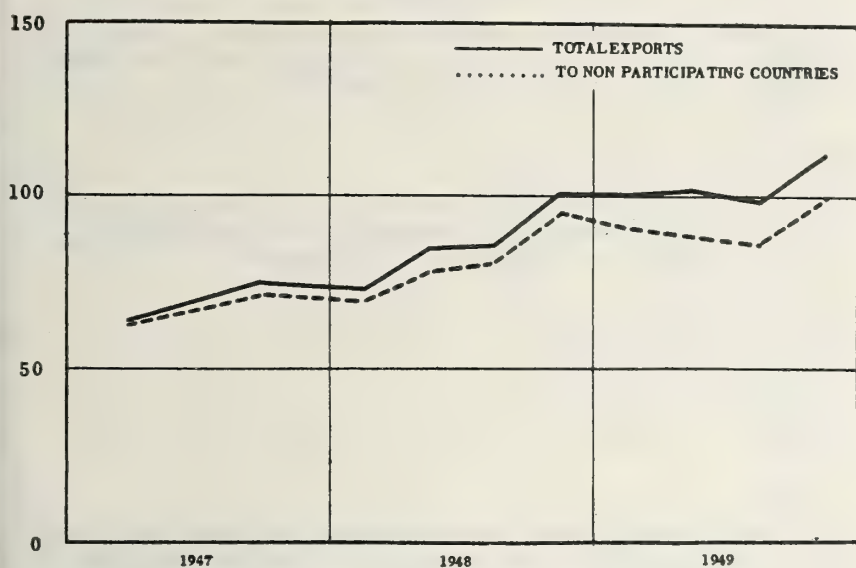
Total exports of most participating countries have attained or are approaching the 1938 level * * *. The exports of the United Kingdom, which regained the 1938 level in 1947, are now some 40 percent higher. French exports have been increasing rapidly and are one-third greater than in 1938. The exports of Germany, though increasing steadily, are still less than half as large as in 1938.

Total imports of many participating countries are above the 1938 level * * *. The general level of imports has been kept down mainly by the low imports into the United Kingdom and Germany; these are some 80 percent of the prewar volume. The general record of imports and exports for the countries participating in the European recovery program is portrayed in accompanying charts.

The Organization's report goes on to note a reduction in the deficit on current account with all other nonparticipating countries in step with the improvement in the balance between exports and imports. This deficit fell from nearly the equivalent of \$7,500,000,000 in 1947 to an over-all \$5,000,000,000 in 1948 and to a rate of about

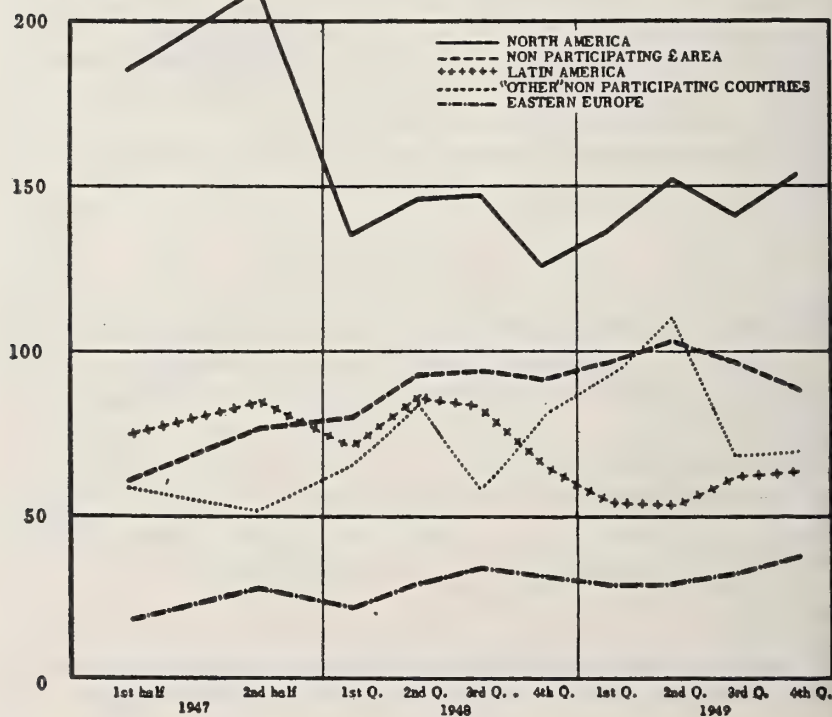
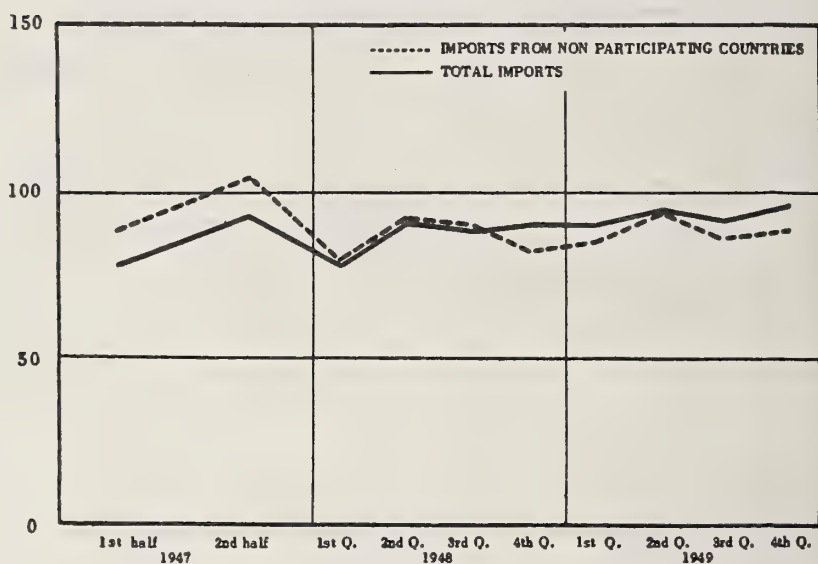
VOLUME OF EXPORTS OF COUNTRIES PARTICIPATING IN THE EUROPEAN RECOVERY PROGRAM

[1938 level=100]



VOLUME OF IMPORTS OF COUNTRIES PARTICIPATING IN THE EUROPEAN RECOVERY PROGRAM

[1938 level=100]



\$4,000,000,000 in the second half of 1948. This latter level was generally maintained in 1949.

Trade with the dollar area.—The report also summarizes the trade position vis-à-vis the dollar area:

By far the largest deficit of the participating countries (excluding overseas territories and associated currency areas) was with North America. The trade deficit which probably moved in parallel with the deficit on current account, fell from over \$5,000,000,000 in 1947 to an annual rate of about \$3,500,000,000 in the second half of 1948. In the first half of 1949, however, it rose slightly.

The changes in trade with North America * * *. Exports rose above the prewar volume in the last quarter of 1948, but fell sharply in the first half of 1949 to the level already achieved in 1947. This reduction was due entirely to a serious contraction of exports to the United States. Exports to Canada were well maintained. Imports from North America fell from about double the 1938 volume in 1947 to about 140–150 percent in 1948–49. In the fourth quarter of 1949, however, there was a marked recovery in the volume of exports to North America, to a level above the peak reached in the fourth quarter of 1948.

In 1948, western Europe's extraordinary postwar dependence upon imports from North America was declining as production at home and elsewhere developed. An expanding volume of exports to North America * * * also played a part in redressing the adverse balance. In the first half of 1949, however, the end of the sellers' market in the United States, and the expectation of adjustments in European currency values held back orders for European exports. In the fourth quarter of 1949, however, there was a remarkable increase in European exports to North America.

The record of trade between the European recovery program area and the North American countries does not tell the complete story regarding dollar balance, and the total drain on the central reserves of the participating countries has been substantially higher than the deficit on current account with North America. In explanation, the report notes:

* * * In varying degree, the participants conduct their financial settlements with other countries of the Western Hemisphere and with some other nonparticipants on a gold or dollar basis. At the same time, the gold and dollar position of their associated monetary areas must also be taken into account. The full story of developments in the dollar balance of the participants with the nonparticipating world must, therefore, take account of these relationships.

The total net gold and dollar payments made by the participating countries to nonparticipants outside North America (but not to one another) amounted to some 2½ billion dollars in 1947 and probably about 1½ billion dollars in 1948, an improvement of about three-quarter billion dollars.

Trade outside the dollar area.—As to trade with nonparticipating nations in nondollar areas, the Organization's report notes that an adverse balance on current account amounting to an equivalent of about \$1,000,000,000 has been "greatly reduced and probably eliminated" since 1947. The report goes on:

The trade of the participants with these regions is of great interest: It reflects the recovery of production in the sources of supply which must, to a greater extent than in recent years, provide western Europe with essential foodstuffs and raw materials, and in part, the ability of western Europe to pay for these imports.

The report particularizes regarding trade relations with three parts of the nondollar areas.

With respect to trade with Latin America it reports "a striking increase" in the volume of exports thereto from a level of 75 percent of prewar early in 1947 to more than 130 percent by late 1948. Then, the report notes, a "sudden and sharp fall" in the first half of 1949 ascribable to the imposition of severe import restrictions by various Latin American governments. This reduction was subsequently re-

covered with the relaxation of these restrictions. As to trade with eastern Europe, the report notes that it "has not reassumed the part it played in the prewar pattern of world trade." It specifies:

During the period under review the volume and value of exports to eastern Europe increased, though by the middle of 1949 exports were running only at about 40 percent of prewar volume.

Imports from this area rose more or less steadily from 20 percent of prewar volume in the first quarter of 1947 to about 35 percent in the third quarter of 1948.

As to trade with nonparticipating countries in the sterling area, exports from the participating countries have increased continuously in the period under review, standing at about 90 percent of prewar volume in the first half of 1947, rising to about 150 percent in mid-1949, and then declining slightly in the balance of the year. The report notes a striking rise in imports from the area:

* * * From a volume 60 percent of prewar in the first half of 1947 they had risen by the first half of 1949 to the prewar level. Both in regard to exports and imports, particularly the former, the United Kingdom is the major trading partner with this area; the proportionate shares in this trade of the United Kingdom on the one hand and of the other participating countries on the other are about the same as in 1938.

Trade among participants.—This leads to a most critical aspect of the trade picture—trade among participants (and trade with the overseas areas controlled by other participants, which is part of the same statistical picture). In summary, trade between participating countries, though generally rising in the period of the program, has remained below the prewar level. Only in the last quarter of 1949 did it pass the 1938 volume. As reported by the Organization for European Economic Cooperation, by mid-1949 most countries participating in the program were importing from each other between 80 and 110 percent of prewar quantities. Ireland and Portugal were significantly high in this respect, while Italy and Germany were significantly lagging. Most countries were exporting to other participants between 80 and 125 percent of prewar quantities. Exports from Germany to other participants were significantly low. With Germany ruled out as a factor, the trade among participants could be said to have risen appreciably above prewar levels. The general picture of trade among participating nations is reflected in an accompanying chart.

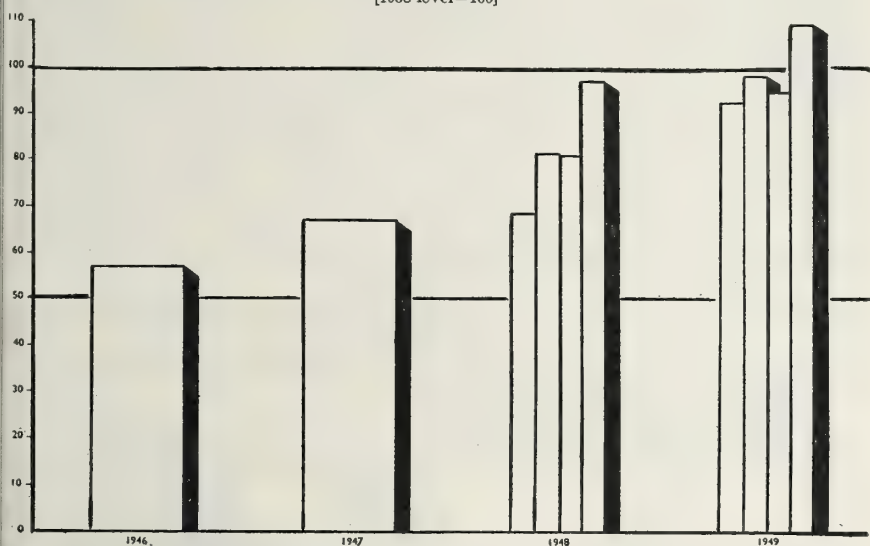
It is in point to consider qualitative as well as quantitative changes in trade among participants. The Organization for European Economic Cooperation makes a rough estimate, based upon a comparison of mid-1949 with prewar trade, that trade in manufactures has remained steady at about the equivalent of \$4,000,000,000, while trade in food has declined from the equivalent of about \$2,500,000,000 to the equivalent of about \$2,000,000,000 and trade in raw materials has declined from the equivalent of about \$3,500,000,000 to about \$3,000,000,000. The report of the Organization notes:

Where trade has declined, this has usually been the result of shortage of supply. This is true of basic foodstuffs such as grain, meat, butter, fats, oilseeds, and oil cakes. It is also true of coal, some chemicals, some kinds of steel, nonferrous metals, timber, pulp, raw hides, and some textile materials.

Restrictions have been placed on the export of some of these commodities and these have influenced trade. Such restrictions will tend to disappear as scarcities are overcome; this will involve the development of new sources of supply. Shortage of supply has also been a reason for restrictions imposed on entrepôt trade. Before the war this was an important element in intra-European trade, especially in nonferrous metals and textile raw materials.

VOLUME OF TRADE AMONG PARTICIPANTS IN THE EUROPEAN RECOVERY PROGRAM

[1938 level=100]



Trade in all types of products has also been restricted by quantitative import controls imposed in particular for balance of payments reasons. The fact that trade in manufactured products has regained the prewar level does not imply that it has been unhampered by trade restrictions. The expansion of trade in some manufactured products has been limited by shortage of supply, but restrictions have also played an important part. The volume of trade in manufactures in proportion to manufacturing production has not increased; trade is at present about the prewar level, production some 15 percent higher.

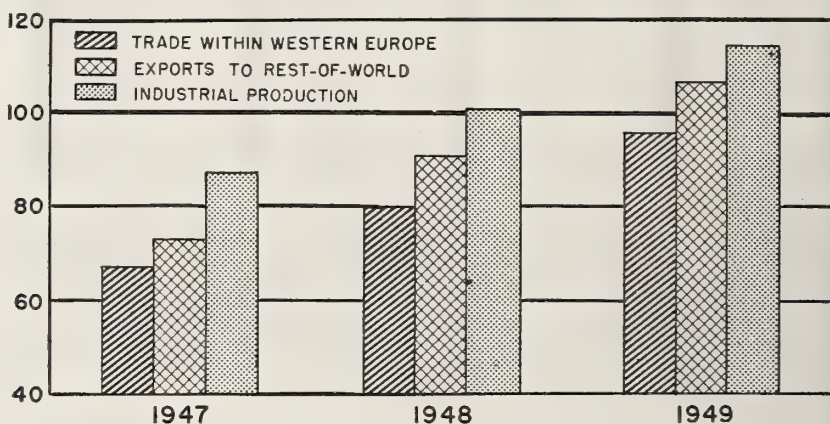
Percentagewise the recovery in trade among the participating nations has been about as great as the recovery of their trade with countries in other areas and as great as their recovery in production. On the other hand, trade within the area of the recovery program had suffered a greater reduction in the postwar period as compared with prewar. Accordingly, while total production and trade between participants went well above the average of prewar in the year 1949, trade among the participants lagged below the prewar level on the year's average, though recovering to a point above that level in the last quarter. These relationships are indicated on an accompanying chart. Coincidentally with the rise in the last quarter, the participating governments acted to remove quantitative restrictions on 50 percent of their mutual imports in private trade. This action, taken in the last few weeks of the year, came too late to affect appreciably the volume of trade during 1949. Its favorable effects should be reflected in later trade figures, however.

The aims regarding integration of Europe.—The circumstance that restrictions imposed and maintained by participating governments have so inhibited trade within the area of the European recovery program as to become a factor in the lag of recovery behind production bears in a fundamental way upon the main concept of the program and on its chances to succeed.

Obviously the imposition of barriers so as to compartmentalize shortages results also in compartmentalizing prosperity. If burdens cannot be shared, then neither can benefits. The idea of a congeries of nations, each seeking sanctuary behind its own walls rather than mutuality of exchange with its neighbors, is antithetic to the original premise of the European recovery program expressed, as we have seen, in the findings and declaration of policy contained in the basic enactment. This was not to be a recovery program for several assorted nations which happen to be located in Europe. It was intended to be a European recovery program—with emphasis on "European." Implicit in the expression is the idea that recovery, if it is to be achieved in accord with the principles of the original design to free participating nations of extraordinary outside assistance,

TRADE AND PRODUCTION AMONG NATIONS IN THE EUROPEAN RECOVERY PROGRAM

[1938 level=100]



must be worked out on a common base. It was sensed by the Congress that recovery must be accomplished by a drawing together of the participating nations; otherwise the program, coming to a close in 1952, might represent only an interval which had brought a term of increased activity to the depleted economies of the several participating nations but which had brought little or nothing of permanent significance.

In setting the program in this direction, the Congress did not attempt to settle the question whether economics has primacy over politics or politics has primacy over economics; it did not attempt to say whether there must be political developments as a condition precedent to the necessary economic integration, or whether such economic integration should come first and might then lead to closer political unity on a grand scale. The Congress recognized the essentiality of some permanent drawing together among the nations participating—some change in their institutions that would reflect the interdependence of their destinies and enable their economies to merge into a greater and more effective pattern of activity. The discernment of this necessity brought about the findings and declaration of policy in section 102 of the Economic Cooperation Act of

1948 and a strengthening of the expression of the ideas therein in the amendment of the basic act a year ago.

The role of the Organization for European Economic Cooperation.—As to the accomplishments in this direction, the first step to be noted is the Convention on European Economic Cooperation signed at Paris on April 16, 2 years ago. This convention contains the multi-lateral pledges of the participating countries and the charter of the Organization for European Economic Cooperation, a permanent body, with headquarters at Paris, charged with the responsibility to develop and carry through with the assistance of the United States the joint program for the economic rehabilitation of western Europe. Its functions were specified as follows:

(1) To prepare as often as necessary, on the basis of and after examination of national estimates or programs, such general production, import and export programs as appear necessary to further the objects of the Convention;

(2) To consider, in the light of national estimates or programs of development submitted by the Contracting Parties, the best use of productive capacity and manpower to further the objects of the Convention within both their metropolitan and overseas territories, and the measures necessary to achieve these ends;

(3) To promote consultation between the countries concerned, to consider the measures and create the machinery necessary for European economic cooperation especially in matters of trade, international payments and movement of labor;

(4) To investigate, wherever necessary, methods of coordinating the purchasing policies of Members;

(5) To assist Members, at their request, to surmount difficulties incurred in the execution of the European Recovery Program;

(6) To make recommendations, as may be appropriate, to the United States Government and, as need be, to other Governments or International Organizations, on the allocation of commodities among the Members, having due regard to the allocating functions of other International Organizations;

(7) To ensure the most efficient use of external aid and to contribute towards ensuring the most efficient use of indigenous resources;

(8) To prepare as often as necessary reports on the execution of the European Recovery Program and the use of external aid;

(9) To collect all such information as may facilitate the accomplishment of the tasks of the Organization * * *.

The Organization for European Economic Cooperation is the agency for collaboration among all the governments participating in the recovery program. As noted in this committee's report of a year ago on extension of the European recovery program:

With the establishment of the Organization for European Economic Cooperation the European recovery program ceased to be merely an objective of United States policy. It became the primary responsibility of the European nations themselves acting in concert.

The governing body within the Organization is the Council, which consists of representatives of the various governments participating. The day-to-day activities are carried on by an executive committee and a set of technical committees. The force of the organization has been increased by the creation of a central executive post. This action, taken at the close of January of this year, was at the instance of the United States. Its purpose, as described by Administrator Hoffman, was—

* * * that economic proposals could more readily and promptly be translated into the necessary political decisions.

The post has been filled by the appointment of Dr. Dirk Stikker, Foreign Minister of the Netherlands. The significance of this appointment remains to be developed by events. It was speculated upon in relation to European integration by Administrator Hoffman as follows:

* * * One of my great hopes is that one of the men who feels most strongly about it, and I might say almost passionately about it, is Dr. Stikker. He feels this just must be brought on, and that the time is short. With that keen conviction on his part, with the addition of a great deal of quiet drive, I think his going into this new post gives hope that you can get these obstacles knocked down. The Europeans carry out certain distinctions in rank to an extent that we do not even understand. I mean officials speak to officials and ministers speak to ministers and foremen speak to foremen and things like that, and that is perfectly natural. Dr. Stikker is a minister, and therefore as a minister he speaks to other ministers. That is very important. However, he has this deep conviction and a growing number of people have it. We are not alone.

Care should be taken to avoid exaggerating the importance and impact of the fact of the existence of the Organization for European Economic Cooperation. Its authority still derives from the governments subscribing to it. No authority inheres in the agency itself. Its Council, the decision-making body, still acts on the principle of unanimity. It is accordingly in the actions of the member governments rather than in the existence or the activities of the central Organization that one must find the basic clues to integration of Europe in the European recovery program.

Removing the impediments to commerce.—The question then is what have the governments done to remove the impediments to commerce among their territories. As background to this, it must be conceded that the task of reviving mutual trade which confronted the European countries after the war was a difficult one. The conditions and mechanisms which gave rise to the prewar trading patterns in Europe had been destroyed. Germany was largely eliminated as customer and source of supply. Price systems were distorted by subsidies, controls of varying efficiency, requisitioning by military authorities, and black markets. Currencies for the purposes of commercial dealings in volume were inconvertible; exchange rates were often artificial and at best untested. Reserves in gold and hard currency had to be husbanded for the huge requirements of importers from the dollar area. Many countries were slow in returning foreign trade to private channels. Under these conditions European countries resorted to bilateral trade and payments agreements which typically provided for exchanging certain specified categories of goods; for offsetting at an agreed rate of exchange the sums representing goods shipped in one direction against the value of those shipped in the other; and finally, to cover the inevitable lack of balance in this trade, for lines of credit to be granted by the central bank in each country to the other, thus eliminating the necessity for day-to-day balancing of accounts, and permitting the development of substantial creditor and debtor positions over a period of time based upon ultimate settlement in gold or by other means.

Trade under these bilateral agreements showed some revival in 1946. Early in 1947 strains in the bilateral payments arrangements became visible. Practically no progress in intra-European trade beyond the level reached during the last quarter of 1946 was made in 1947. This leveling off was due in part to increased payments difficulties. In

many crucial payments relationships bilateral balance was not achieved and lines of credit became exhausted. At the same time, practically all European countries were more and more hard pressed for the financing of their purchases from the Western Hemisphere. The intra-European debtors were therefore increasingly unwilling to transfer gold or dollar balances in settlement of their debts, and the creditors became increasingly unwilling to extend new credits to the debtors because of the poor prospects of eventual repayment and concern over domestic inflationary pressures.

Developing the first Intra-European payments plan.—One of the major tasks for the European recovery program was the abatement of these difficulties. Initially the Economic Cooperation Administration financed a portion of intra-European trade by allowing the participants to purchase with program dollars needed supplies from other participants. This was a temporary device to meet a pressing problem; it did not constitute a permanent acceptance of the necessity to finance intra-European trade with dollars.

This device gave way to a more thoroughgoing approach to the problem in an intra-European payments plan signed by the participants in the recovery program on October 16, 1948. Under the plan, the participating countries estimated their anticipated surpluses and deficits of payments with each other during a specified period. Once these estimates were agreed upon, the creditor country in each case committed itself to establish accounts in its own currency in favor of its debtor to the amount of the estimated payment deficit. These accounts, called drawing rights, were made available as grants rather than lines of credit. For example, Belgium might be able to export to France the equivalent of \$40,000,000 worth of goods and services in excess of the value of the goods and services which France was in a position to export to Belgium. France, not holding Belgian credits and not having adequate gold or dollar reserves, could not buy these needed additional goods and services from Belgium. Under the payments plan, however, Belgium would agree to grant to France drawing rights in Belgian francs up to the equivalent of \$40,000,000. Though a creditor of France, Belgium might have a dollar deficit in trade with the Western Hemisphere. How would Belgium acquire the dollars to meet this deficit? Under the payments plan \$40,000,000 of the aid allotted to Belgium out of Economic Cooperation Administration funds would be conditional upon Belgium's granting equivalent drawing rights to France. In other words, Belgium would be required in effect to earn the \$40,000,000 by passing on an equivalent amount of aid to France in the form of goods and services paid for in Belgian francs. Belgium's obligations would be discharged by passing on the assistance to France. France would be obliged to deposit counterpart funds commensurate with the aid thus received from Belgium.

Accomplishments of the Intra-European payments plan through 1949.—This payments scheme, in which the process exemplified above was repeated 78 times in a set of creditor-debtor arrangements, was maintained unchanged for 9 months from October 1948 to June 1949. During this period trade among the participants was of the order of \$2,000,000,000. Some 40 percent thereof was cleared within the payments scheme and the balance by accumulation of debts and payment in gold or dollars or other means outside the scheme. About

one-eighth of the clearances within the scheme was due to multilateral debt cancellation and the rest due to use of drawing rights.

As renewed in mid-1949 the payments plan contained modifications in the direction of multilateralism. Of the \$802,000,000 in drawing rights established for 1949-50, \$285,000,000 was made multilateral. Except in the case of drawing rights granted by Belgium where special provisions proved necessary, 25 percent of drawing rights granted to participating countries was made multilateral and could be used to settle deficits with any other countries covered by the agreement. In the case of Belgium rather more than 50 percent of drawing rights was multilateral.

An accompanying table records the changes that took place in the net surpluses or deficits of the participating countries and their associated monetary areas with other participants from the beginning of the first payments scheme to the close of 1949. The figures include some capital as well as current transactions. The figures for the last two quarters of 1949 are affected by special factors associated with devaluation.

Net surpluses and deficits of countries in the intra-European payments plan and their associated monetary areas with other participants

(Millions of dollars)

	1948, October to December	1949			
		January to March	April to June	July to 18 September	19 September to December
Austria.....	-3.7	-34.3	-33.3	-11.1	-29.0
Belgium.....	+64.7	+64.5	+118.3	+99.9	-5.1
Denmark.....	-32.8	-5.6	+15.7	+12.9	+16.8
France.....	-77.8	-57.5	-38.4	+134.2	+11.0
Germany.....	+14.2	+46.1	+17.7	+31.6	-110.4
Greece.....	-26.5	-23.4	-39.2	-31.2	-40.4
Italy.....	+60.2	+73.0	+82.4	+83.2	+4.5
Netherlands.....	-13.8	-107.7	-33.2	+6.0	+14.9
Norway.....	-62.1	-23.8	-21.8	-24.6	-38.1
Portugal.....	-34.5	-36.4	-27.9	+9.8	+7
Sweden.....	+51.1	+9	+18.0	+50.6	+44.4
Switzerland.....	+14.5	+20.0	+44.6	+61.6	-32.4
Turkey.....	+5.2	+8.4	-7.4	-2.9	+20.5
United Kingdom ¹	+41.3	+75.8	-95.5	-420.0	+142.6
Total of net surpluses.....	251.2	288.7	296.7	489.8	255.4

¹ Including Ireland, Iceland, and other countries in the sterling area.

Shortcomings of the existing system.—The defects of the intra-European payments plans up to now, as developed in an analysis given in the testimony of Mr. Bissell, have been two:

* * * First of all, it has tended to perpetuate, or has done nothing to break down, the bilateralism of trade * * *. It is still true that Belgium receives conditional aid, and then Belgium extends that aid in turn in specific amounts to France, to Britain, to the Netherlands, for instance. It is still true with the payments plan that France or Britain or the Netherlands receives a certain amount of dollars in aid directly from us. It receives a certain number of Belgian francs, a certain number of German marks, and a certain number of pounds sterling.

Therefore, each of these European governments has, as it were, half a dozen different pockets with a different kind of money in each and a perfectly fixed amount of money in each. And the extent to which, therefore, a country that

wants to buy steel can shop around, between Germany and France and Belgium and England, is very much limited.

Now, that defect that is inherent in the bilateralism of these arrangements is reinforced by another of the mechanical sort. This payments plan has depended on forward estimates. Wherever those estimates have turned out to be wrong, a country will find that it is running out of, say, German marks, but it has a lot of sterling left. Well, that means that for a few months there is every incentive to try to buy in England to use up the sterling and restrict purchases in Germany because they are short in marks, or whatever country's currency it may be. Clearly, that induces distortions.

In the first year, by and large, I think the technicians guessed remarkably well, and this problem was not a serious one, but just about a month after they finished making their guesses for this year we had the devaluations of European currencies. They naturally completely altered trading relationships and trading patterns. The result has been that this year's guesses, made in advance, have turned out to be quite wide of the mark.

* * * * * * *

The other defect is that although the payments plan * * * has * * * operated to free up European trade, and permits a large gross in the volume of trade within Europe, there is nothing * * * that tends to cure the disease. That is, there is nothing * * * that provides any incentive to creditor countries or to debtor countries, to try to bring their trade into reasonable balance or close to balance within Europe.

Thus as measured by completed developments, the record, until the recent past, has given meager evidence on which to base hopes that the participating nations would use the European recovery program to consolidate their efforts to bring about a permanent solution of western Europe's economic ills rather than permitting it to become merely a passing period in which they enjoyed American bounty.

C. THE PROPOSED EUROPEAN PAYMENTS UNION

The move to provide a more adequate payments plan.—A development of considerable potential and in immediate prospect is the establishment of a new European payments union gaged to strengthen multi-lateral trade.

To correct the defects in the existing payments scheme as noted above, the Economic Cooperation Administration took the initiative last fall toward bringing about a new payments arrangement more clearly reflecting the central objectives of the European recovery program.

The impulse originated in an address directed to the nations of the Organization for European Economic Cooperation by Administrator Hoffman on October 31. After 3 months of study, at the close of January 1950, the Council of the Organization for European Economic Cooperation accepted the principles of a new set of payments arrangements. The Council's resolution expressed the will to form a payments union in keeping with broad principles.

The arrangements have not as yet been completed. An obstacle to its taking final form has been the position of the United Kingdom which must adjust its position as banker of the sterling area to the obligations it would have as a participant in the European payments union. Recent days have brought increasing indications that this dual relationship may be worked out; accordingly the likelihood of a more adequate European payments arrangement may be said to be increasing.

The new payments plan, as it emerges, will be the result of the Europeans' own efforts and own consent—albeit, with indispensable

stimulus from the Economic Cooperation Administration. As related by Administrator Hoffman:

* * * I feel that a great deal of progress has been made * * * in getting acceptance of the idea that this must move forward, and it must move forward not in order to comply with any directive from us. In other words, to be successful you have got to bring these people along to where they finally make up their minds that this is hard to do but they are going to do it.

There is one situation which has developed which gives us our real hope that this can be brought off and brought off in such a manner that there can be no criticism from anybody anywhere about it. In the first instance we told the members of the Council of the OEEC what we felt should constitute a first step toward integration: We did not say, "This is what you must do," but we said, "these are our ideas as to what would be an adequate first step." Then the members of the Council, after considering it, came to a unanimous decision as to what they would do. This was their decision. In other words, we did not say, "This is our program which we think will do this for you," but we said, "Here are certain goals we are mutually agreed upon. Here are certain avenues that should be explored as avenues that would take take us toward that goal, but you figure it out for yourselves." * * *

Now, this is their program and all we have kept insisting is that they carry out their own program.

The basic principles.—The European payments union as contemplated by the Council of the Organization would be designed to fulfill the principles set forth below, as quoted from the Organization's second report:

* * * In the first place they must facilitate the largest possible measure of liberalization of trade among the participating countries.

Secondly, they must be compatible with and support other decisions and policies * * * for the solution of the over-all western European problem. In particular, they must help, not hinder, the participating countries in their efforts to become independent of extraordinary external assistance; and they must encourage all members to achieve or maintain a high and stable level of trade and employment * * *.

Thirdly, they must be of a nature to make possible the transition from the post-war world—and in particular the first 2 years of ERP—to the period after 1952, and to provide, during the last 2 years of ERP and subsequently, some cushion to play the part which European gold and foreign exchange reserves, many of which are now depleted, cannot be expected immediately to play. It will also be necessary to make it possible for countries which improve their position to strengthen their reserves, and to encourage them to do so.

Fourthly, they must be devised in such a manner as to give reasonable hope that they will continue after the termination of the ERP period and thus provide a payments machinery of a durable character, such as may serve the needs of a trading area free from quantitative trade and exchange restrictions. To this end, they must on the one hand make some provision for such intra-European settlements to be made in gold, dollars, or other acceptable currencies of countries outside the system, as will correspond structurally to the pattern of trade of the member countries among themselves and with the outside world, while on the other hand recognizing that, in the light of the probable scarcity of dollars, there will necessarily be a limit to such transfers.

Clearinghouse functions.—A primary characteristic of the proposed arrangements is that they would serve as a clearinghouse. As described in the testimony of Mr. Bissell:

* * * as with a commercial bank clearinghouse, each of the central banks in Europe will be a member of this central clearinghouse, and monthly or quarterly or however often settlement dates may be, each member central bank * * * will report the claims it holds * * * on other banks. Those will then be cleared in the clearinghouse exactly as they are in a clearinghouse among commercial banks in this country.

* * * when the clearing operation is finished, then, of course, each central bank in Europe finds itself either in debt to the clearinghouse by the amount of its trade deficit with all the other participating countries during the preceding month, or else it finds that the clearinghouse owes it an amount of money which

represents the payment surplus with the whole rest of Europe for the preceding month. * * * it is that which is so important in making this a multilateral payments system instead of simply a bilateral payments system.

A second characteristic concerns the manner of settlement of debts between a central bank and the clearinghouse. This will be in part by credits advanced by the participating countries themselves and in part by financing through the Economic Cooperation Administration.

As explained in the second report of the Organization for European Economic Cooperation—

Short term credits would be used automatically to settle these net debit and credit positions until they were exhausted. There would be no bilateral link between the net creditor and the net debtor in respect of lending by or borrowing from the EPU; the net creditor would in fact give a short term credit to the EPU and the EPU would give a short term credit to the net debtor.

If the facilities of the system are to be preserved unencumbered, it would be essential to insure that the short term lines of credit are continually reestablished. Whenever any part of the short term credits granted by the EPU to a debtor or by a creditor to the EPU had been utilized for an agreed period, they should be deemed to have financed a semi-permanent deficit and would have to be reimbursed. Such short term credits would normally be redeemed by the use of medium or long term credits * * *.

The function of dollars.—This leads on to the question of the redress of debtor and creditor positions beyond short-term settlements. In the words of the Organization's report—

When the short term lines of credit were exhausted, recourse would be had to the medium or long term lines of credit to settle automatically net credit or debit positions with the EPU. There is general agreement that during the use of this medium or long term line of credit the debtors should at the same time pay dollars to the EPU and that, in order to discourage excessive positions, the proportions of dollar payments would steadily increase, until, by the time the debtor's line of credit was nearly exhausted, the greater part of any net deficit position would be settled by dollar payments.

Similarly, net credit positions on medium or long term would be settled automatically by a combination of dollar payments by the EPU to the creditor, and the granting of credits by the creditor to EPU.

Emphasis should be placed on the function of credit extended by the European nations themselves in this system. As pointed out by Mr. Bissell—

* * * one of the purposes of that element in the procedure is to imply an incentive to the creditor countries in this system. We do not want to make it too easy to earn dollars in Europe. If it is too easy to earn dollars in Europe, these countries will not have the incentive and the pressure to earn dollars outside of Europe. And, since earning dollars in Europe is merely earning them away from one or the other participating countries with which we are concerned, we obviously do not want to make that too attractive an opportunity.

Also, another reason for bringing this credit element into operations of the payments union is that we want to begin to build something now that will have the possibility of lasting beyond the ERP when there is no more ECA aid. And it is our view that by the time the ECA is out of the picture, this kind of a clearinghouse should be able to operate with the settlements made entirely in gold, plus credits among the European countries themselves, with no third element corresponding to the conditional aid of the present payments plan.

At the same time the employment of dollars in some degree would be essential; mechanism may be expected to work because of the presence of dollars as a lubricant. In the words of the Organization's report —

It will be necessary, in the payments arrangements now envisaged by the Organization, that a part of United States aid be used for the settlement of financial

positions arising in intra-European trade. In addition to the direct dollar aid needed by each country for its own recovery program, it will be desirable that some part of the aid for 1950-51 be put into a special fund of dollars for use in connection with the new payments arrangements. The part of the aid destined for use in this special fund must be in a form that makes it possible to finance fully and freely all transfers which may arise in the payments arrangements now proposed.

Also, it should be noted that dollars will be needed beyond the normal workings of the proposed system. The Organization's report notes:

There will be some special cases which will call for special treatment. These cases may be dealt with inside or outside the general system; but any special allotments of direct or indirect United States aid made to meet them must be separated from the normal financial facilities of the system.

The report adds:

It will also be necessary for United States aid to be used to assist some particular countries to finance such intra-European deficits as may be called "structural" or "exceptional", in that, for one reason or another, there is no prospect of them being eliminated during the immediate future. This indirect aid will be provided in a manner which has still to be determined. It will be an ECA responsibility to allocate ECA dollars in connection with such "structural" or "exceptional" deficits. Indirect aid will be quite distinct from the normal facilities to be provided by the new multilateral payments scheme, though it will probably be administered inside the new system.

Scrutiny of financial policies by the payments union.—A third characteristic would relate to the use of the central institution to exercise active scrutiny of the over-all financial policies of the participating countries. As expressed in the Organization's report—

The equilibrium necessary for the proper functioning of a multilateral payments system may be endangered by inflationary or deflationary pressures. Inflationary or deflationary policies must not be allowed to delay the solution of Europe's general problem, to endanger the liberation of trade and the maintenance of a high and stable level of employment, or to render ineffective the mechanism introduced to provide for the transferability of European currencies.

* * * any organ set up to supervise these new payments arrangements must have not only the right but the positive duty to consult continuously with members on their relevant economic and financial policies and to use the privileges and facilities of the system to promote the underlying conditions indispensable to continued transferability.

The report observes further—

Whenever the position of a member, whether a net creditor or a net debtor, was, in the opinion of the management, the consequence of an undesirable monetary, financial or general economic policy being followed by him, it would be their duty to place conditions on access to the facilities of the EPU. They would also have the power of varying the amount of dollar payments, asking more from a net debtor or paying less to a net creditor, though it is for consideration whether such discretion should or should not be exercised while the first part of the medium or long term line of credit was being used.

The power of the management would not be limited to modifying the normal rules adversely to a member. In any case when a member was in difficulties and time was needed for the necessary corrective policies to have their effect, special additional facilities could be given to him.

Organizational relationships.—The management of the payments union would, of course, work in close relationship with the Council of the Organization for European Cooperation. It is anticipated that the management will be in the hands of a small board whose

members would represent particular governments. The board would be empowered to act with some majority less than unanimity. As indicated in the report of the Organization for European Economic Cooperation, the Economic Cooperation Administration would be associated with the board as an observer so long as dollars were being used and its approval would be necessary for any use of dollars.

It is intended also that operations of the payments union, supervised by the board, will be carried out by the Bank for International Settlements. There is also the question of relationship to the International Monetary Fund, since the payments union would be seeking to accomplish on a western European scale what the International Monetary Fund was intended to accomplish on a world scale. As observed in the report of the Organization for European Economic Cooperation—

These matters are of great interest to the International Monetary Fund of which many participating countries are members, and these countries will be concerned to ensure that obligations incurred by them as members of the EPU should be consistent with obligations which they may have as members of the International Monetary Fund. Close cooperation and consultation with the International Monetary Fund are desirable, and it will be necessary to examine what shall be the appropriate relationships.

Need for reduction of quotas.—As a device for increasing multilateralism in trade, the payments union must be supported by companion actions to reduce restrictions in all facets of trade. This necessity has been recognized, if not as yet in action, then at least in declarations by the Council of the Organization for European Economic Cooperation. As expressed in an undertaking of the Council—

1. Member countries must make it their aim to remove, as soon as such a payments scheme comes into force, quantitative restrictions on at least 60 percent of their imports on private account from other member countries taken as a group, in the respective fields of food and feeding stuffs, raw materials and manufactured goods counted separately.

2. The Council shall decide as soon as possible after June 30, 1950, what further progress during 1950 participating countries should undertake with a view to attaining a liberalization of 75 percent of their imports on private account from other participating countries taken as a group.

This decision shall be made in the light of the circumstances then obtaining, including the result obtained as far as the suppression of practices that may prejudice free competition among European countries is concerned.

In any event quotas still existing after December 31, 1950, would have to be justified.

Further negotiations to the end of achieving the aims set forth in paragraph 2 above would take place as soon as the objectives in paragraph 1 had been attained. The undertaking of the Council continues:

* * * During these negotiations, member countries should take the following recommendations into account:

(a) This new stage of liberalisation can be used for the purpose of harmonising the liberalisation lists submitted by member countries. * * *

(b) To prepare the way for the progressive measures of liberalisation to be taken during 1950, member countries could meanwhile take steps to enlarge existing quotas.

(c) As a first step towards permitting progress towards complete freedom of transactions and transfers on a reciprocal basis, member countries shall:

1. Establish a stand still on the introduction of restrictions both to transfer and to contract in respect of all invisible transactions on current account.

II. Abolish all restrictions on these current invisible transactions which are connected with the movement of goods, the importation of which is free from quantitative restrictions in pursuance of the decisions reached by the organization on liberalisation of intra-European trade.

III. Relax to the greatest possible extent restrictions on other current invisible transactions so long as this can be done without danger to their balances of payments.

Meanwhile, studies would be pressed and recommendations made concerning the liberalization of invisible transactions and financial transfers and concerning the tariff policies of the participating countries.

The need for action.—As to the first essential step, the formation of the payments union, the second report of the Organization for European Economic Cooperation reflects a note of urgency in recommending the undertaking. It recognizes the difficulties. It recognizes also the necessity that there be action without undue delay. The report notes:

* * * In the first place, there is now a very high level of activity in most participating countries; even a slight loosening of the various national economies would greatly increase the resistance to a relaxation of import controls. Secondly, so long as there is a substantial volume of United States aid to participating countries, it is possible in various ways to cushion the effects of freer trade and payments; as the aid diminishes, this will become progressively more difficult. In general, it is clear that the longer restrictions persist, the more entrenched and widespread are the interests that depend on them and the more difficult it becomes to break them down.

At another juncture the report says:

The difficulties * * * must be faced and overcome. If important results are to begin to emerge soon after 1952, it is necessary to take immediate steps toward the creation of a larger market. Conditions are now more favorable than they were during the early postwar years. While production was low, it was necessary to concentrate on an increase in the volume; it was hard for countries to allow the free export of scarce commodities. While strong inflationary pressure persisted, it was difficult to relax import controls without risking serious payments difficulties.

Production has now recovered to a large extent and inflationary pressure has been greatly reduced. If the present favorable opportunity to free trade and payments and to insure greater specialization is not taken, it may be more difficult later on. * * *

The above words reflect courage and discernment. It is to be hoped that the participating governments themselves will demonstrate the same attributes by early positive action along the lines already accepted in principle.

D. THE CONTENT OF THE BILL RELATING TO THE EUROPEAN RECOVERY PROGRAM

Analysis of the original request.—The request as originally placed before the committee by the Economic Cooperation Administration was for a \$3,099,100,000 authorization for the fiscal year 1951. It was estimated that \$149,100,000 would carry over from appropriations made for the current fiscal year. Authority to permit continued use of the sums carried over was sought. In addition, a new authorization of appropriations of \$2,950,000,000 was asked. The total of the

carry-over and the new request would equal the total sum sought for the coming year.

An accompanying table analyzes the request in relation to the total of funds that would be available for obligation. It gives data for preceding periods of the program for purposes of comparison.

Summary of funds available for obligation by Economic Cooperation Administration

	Actual, Apr. 3, 1948-June 30, 1949	Estimate, 1950	Estimate, 1951
DIRECT OBLIGATIONS			
Appropriation or estimate.....	\$5, 074, 000, 000	\$3, 628, 380, 000	\$2, 950, 000, 000
Public-debt authorization ¹	972, 300, 000	150, 000, 000	.....
Recapture from Public Law 389.....	14, 500, 000	5, 000, 000	.....
Total.....	6, 060, 800, 000	3, 783, 380, 000	2, 950, 000, 000
Prior year balance of unallotted funds, reappropriated.....	.....	78, 821, 869	149, 100, 000
Balance of unallotted funds reappropriated for subsequent year.....	-78, 821, 869	-149, 100, 000	.....
Total direct obligations and allotments.....	5, 981, 978, 131	3, 713, 101, 869	3, 099, 100, 000
Balance of allotted funds reappropriated for subsequent year.....	-46, 941, 194	.....	.....
Prior year balance of allotted funds reappropriated.....	.....	46, 941, 194	.....
Total direct obligations.....	5, 935, 036, 937	3, 760, 043, 063	3, 099, 100, 000
REIMBURSABLE OBLIGATIONS			
Reimbursements for services performed.....	.....	166, 000	147, 500
Total obligations.....	5, 935, 036, 937	3, 760, 209, 063	3, 099, 247, 500

¹ Excludes \$150,000,000 public-debt authorization for investment guaranties.

A second accompanying table analyzes the request from the standpoint of types of activity involved. Comparative data for other years are included.

Obligations by activities in appropriations made or requested for European recovery program

	Actual, Apr. 3, 1948-June 30, 1949	Estimate, 1950	Estimate, 1951
DIRECT OBLIGATIONS			
Grants and loans for recovery.....	\$5, 906, 058, 806	\$3, 705, 228, 063	\$3, 045, 995, 000
Deficiency materials projects.....	622, 500	20, 000, 000	20, 000, 000
Technical assistance.....	2, 419, 826	9, 000, 000	15, 000, 000
Ocean freight, voluntary foreign aid.....	12, 082, 205	10, 500, 000	2, 800, 000
Confidential fund.....	3, 579	50, 000	50, 000
Administration.....	13, 850, 021	15, 265, 000	15, 255, 000
Total direct obligations.....	5, 935, 036, 937	3, 760, 043, 063	3, 099, 100, 000
REIMBURSABLE OBLIGATIONS			
Administration.....	.....	166, 000	147, 500
Total obligations.....	5, 935, 036, 937	3, 760, 209, 063	3, 099, 247, 500

A third accompanying table analyzes the request, from the standpoint of the relationship of the factors contained in it, to equivalent factors appropriated for in previous years.

Comparative summary of appropriations and authorizations for European recovery program

Item	Actual, Apr. 3, 1948-June 30, 1949	Estimate, 1950	Estimate, 1951
Direct country aid.....	\$5,953,000,000	¹ \$4,056,152,508	\$3,099,995,000
Supplementary aid to Greece.....	-----	-----	36,000,000
Other assistance.....	15,128,110	39,550,000	37,850,000
Administration.....	13,850,021	15,265,000	15,255,000
Total obligations and allotments.....	5,981,978,131	4,110,967,508	3,099,100,000
Allotments unobligated.....	-46,941,194	-----	-----
Prior year allotments obligated.....	-----	46,941,194	-----
Comparative transfer from government and relief in occupied areas (GARIOA) for Germany.....	-----	-397,865,639	-----
Total direct obligations.....	5,935,036,937	3,760,043,063	3,099,100,000
Prior year balance reappropriated:			
Allotted.....	-----	-46,941,194	-----
Unallotted.....	-----	-78,821,869	-149,100,000
Balance reappropriated for subsequent years:			
Allotted.....	46,941,194	-----	-----
Unallotted.....	78,821,869	149,100,000	-----
Total.....	6,060,800,000	3,783,380,000	-----
Appropriation request.....	-----	-----	2,950,000,000

¹ Includes \$397,865,639 from appropriations for government and relief in occupied areas (GARIOA) for Germany.

Of the total of \$3,099,100,000 sought, a sum of \$2,925,000,000 would go for country-aid programs of the Economic Cooperation Administration related exclusively to objectives of the European recovery program. An accompanying table shows the country-aid programs in terms of dollar value of assistance. Comparative figures of the current year and the projected year are given. The relationship of the country-aid programs and the dollar deficits and the reserve changes in the countries concerned is indicated. In some instances the reserve change is positive. In such instances the assistance in dollars has been in the form of conditional aid—that is, in consideration of aid passed on to another country as a grant. The country programs will be discussed at greater length below in connection with the committee's decision to have greater direct use of surplus commodities brought about in the program.

Country aid programs of the Economic Cooperation Administration, fiscal years 1950 and 1951

[Millions of dollars]

	Fiscal year 1950			Fiscal year 1951			
	Dollar deficit	Aid	Reserve change	Dollar deficit	Pipe line change ¹	Aid	Reserve change
Austria.....	-169.5	+166.4	-3.1	-135.5	+10.0	+124.4	-1.1
Belgium.....	-194.2	+256.9	+62.7	-185.3	+35.0	+142.8	-7.5
Denmark.....	-86.2	+87.0	+0.8	-76.5	+10.0	+65.1	-1.4
Free Territory of Trieste.....	-13.4	+13.4	-----	-10.0	-----	+10.0	-----
France.....	-613.1	+673.1	² +60.0	-549.3	+40.0	+502.8	-6.5
Germany.....	-741.4	³ +740.3	-1.1	-594.3	+37.0	+552.9	-4.4
Greece.....	-156.3	+156.3	-----	-148.8	-----	+148.8	-----
Iceland.....	-7.0	+7.0	-----	-5.2	-----	+5.2	-----
Ireland.....	-57.2	+44.9	-12.3	-39.5	+6.0	+33.5	-----
Italy.....	-355.6	+364.0	+8.4	-319.5	+18.0	+290.6	-10.9
Netherlands.....	-260.7	+295.6	² +34.9	-226.3	+30.0	+192.8	-3.5
Norway.....	-97.1	+90.0	-7.1	-66.6	+3.0	+67.1	+3.5
Portugal.....	-48.3	+31.5	-16.8	-22.5	-----	+23.5	+1.0
Sweden.....	-48.5	+48.0	-0.5	-21.1	+3.0	+34.3	+16.2
Turkey.....	-68.2	+59.0	-9.2	-48.8	+2.0	+44.1	-2.7
United Kingdom.....	-956.1	+919.8	-36.3	-724.0	+50.0	+687.1	+13.1
Total.....	-3,872.8	³ +3,953.2	² +80.4	-3,173.2	+244.0	+2,925.0	-4.2

¹ Pipe-line change indicates dollar value of goods for which procurement authorizations have been issued but which have not been received as yet.

² The increase of reserves in fiscal year 1950 in the case of France and the Netherlands is due, to the extent of \$91,700,000, to the return of gold taken from them during the war.

³ Includes \$397,900,000 for government and relief in occupied areas (GARIOA).

Other expenses contemplated in the request total \$174,100,000.

Of this sum, \$85,000,000 would go for special projects. These consist of power projects involving more than one country and overseas development undertakings.

For the power projects, the request is \$40,000,000. These are nine in number. Five are for thermal produced power, three for hydroelectric power, and one for transmission of hydroelectric power. Countries to be served by these developments are France, Belgium, the Netherlands, Luxemburg, Germany, Switzerland, Italy, Austria, Norway, Sweden, and Denmark. It should be borne in mind that a shortage of electric power is one of the limiting factors in European industrial development and that these projects relate directly to the accomplishment of the purposes of the program. Also, the projects are only in part financed by the Economic Cooperation Administration, from which source about \$110,500,000 of a total investment amounting to about \$294,000,000 will be derived. The projects will involve the development of about 1,000,000 kilowatts.

For overseas developments \$45,000,000 is sought. Included are such items as road development, drainage, and the like—short-term undertakings designed to bring about immediate increase in overseas production. The dollar assistance related to these developments will comprise only about one-tenth of the total outlay, the balance being in local currencies. Overseas territories of the United Kingdom, France, Belgium, the Netherlands, and Portugal are concerned in these projects.

Also included in the \$174,100,000 are common-use items for Greece. These would require \$36,000,000. The term "common-use items" denotes items that relate both to the economic recovery program and

The dollars for development of strategic-material sources will be in addition to the funds drawn for that purpose out of the 5 percent reserved for United States uses from the local currency counterpart funds. The relationship between the dollars to be spent and the dollar equivalents from the counterpart funds is shown in the accompanying table (it should be noted that the dollar total in the table varies slightly from the estimated \$20,000,000). In general, the Economic Cooperation Administration explains, dollar funds are used in this program only when dollar-bought equipment is essential to the undertaking or will hasten the increased production that is sought.

Economic Cooperation Administration strategic materials projects, fiscal year 1951

[Dollars and dollar equivalents]

Country (including overseas territory)	Fiscal year 1951 (estimate)		
	Total	5 percent counterpart dollar equivalents	ECA dollars
Total.....	28,964,000	8,610,000	20,354,000
United Kingdom.....	11,062,000	2,282,000	8,780,000
France.....	3,975,000	2,760,000	1,215,000
Greece and Italy.....	4,323,000	2,968,000	1,355,000
Turkey.....			
Netherlands.....	660,000		660,000
Scandinavia and Ireland.....	3,350,000	500,000	2,850,000
Austria.....			
Portugal.....	5,460,000		5,460,000
Germany (Federal Republic).....	134,000	100,000	34,000

The country-aid programs.—The critical item in the over-all programs is that dealing with the country programs, for which \$2,925,000,000 is allocated in the estimates. It is here that the reductions would have to be made, in the main, if any appreciable cut were ordered by the Congress. It is in this part of the projected program that the aims of European recovery program will be served or frustrated, depending on the adequacy of the funds made available. The committee examined the projected figures with greatest care to assure itself that no opportunity might be missed for a saving that would not be prejudicial to the program. The commodity groups within the country programs are shown in an accompanying table. Data for the present fiscal year are included for purposes of comparison with the projected year to show in what parts of the program the principal reductions from the present year are planned. (Details for individual countries are shown in tables on pp. 454-457 of committee hearings on H. R. 7378 and H. R. 7797.)

The committee determined upon the following line of action—to cut the requested authorization by \$1,000,000,000 and to provide a compensatory authorization to use in the European recovery program \$1,000,000,000 worth of surplus agricultural commodities to be acquired from the Commodity Credit Corporation. The action was deliberated at great length in the committee. The division was close. The prevailing view, however, was that this method would best serve to relieve the situation regarding agricultural surpluses and the budgetary situation and at the same time would not prejudice the objective of aiding European recovery.

Commodity groups in European recovery program financed by Economic Cooperation Administration in fiscal years 1950 and 1951

Commodity	Program, fiscal year 1950 ¹	Requested program, fiscal year 1951
Food and agricultural imports:		
Food.....	\$662,400,000	\$596,900,000
Feed and fertilizer.....	154,000,000	154,400,000
Natural fibers.....	464,400,000	503,500,000
Other agricultural products.....	175,800,000	141,700,000
Total food and agricultural products.....	1,456,600,000	1,396,500,000
Industrial imports:		
Fuels.....	350,800,000	301,400,000
Industrial raw materials.....	550,100,000	404,000,000
Capital equipment.....	766,100,000	516,300,000
Other manufactures and raw materials.....	152,700,000	71,000,000
Total industrial imports.....	1,819,700,000	1,292,700,000
Total commodity imports.....	3,276,300,000	2,689,200,000
Transportation.....	266,100,000	235,800,000
Total program financed by Economic Cooperation Administration.....	3,542,400,000	2,925,000,000
Carry-over from previous appropriations.....	-44,000,000	
Government and relief in occupied areas for Germany.....	+397,900,000	
Offshore procurement by other participating countries in Belgium.....	+56,900,000	
Total allotment from fiscal-year appropriation.....	3,953,200,000	2,925,000,000

¹ Includes Indonesia.

Other provisions regarding commodities.—Most of the other provisions in subsection (c) make subsidiary changes in section 112 of the act relating to surplus agricultural commodities.

It is in point here to consider three other parts of the subsection in question relating to certain commodities.

Paragraph (1) of the subsection strikes out subsections (b) and (c) of section 111 of the act. These sections of the act:

(b) The procurement of petroleum and petroleum products under this title shall to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this title, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds necessary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour procured in the United States for transfer by grant to such countries under this title shall not be less than 12½ per centum of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title.

It is sufficient to note, in explanation of the committee's action, that these provisions of the act were originally based upon situations of fact that no longer obtain.

A third matter to be noted in passing relates to two new provisos concerning the procurement of wheat or wheat flour under the International Wheat Agreement of 1949. One is contained in subparagraph (ii) of paragraph (2) of subsection (c) of section 102 and the other is in subparagraph (iii) of the same paragraph. These relate to acquisition of wheat and wheat flour from the Commodity Credit Corporation

and from private sources. Their effect is to insure that flour and wheat acquired from the Commodity Credit Corporation and turned over to participating countries in the form of grants will be made available at the prices established under the International Wheat Agreement to such receiving countries as are entitled to buy under that agreement.

It should be kept in mind that western Europe has a permanent food deficit. This must be filled by food from the dollar area if western Europe is not to go hungry. The deficit will continue indefinitely, notwithstanding the great recovery in production that is being achieved. In time the western Europeans will, it is expected, recover sufficiently to be able to pay for all their required food from the dollar area in dollars they have earned. They will not be able to do so during the coming fiscal year, however.

According to present estimates by the Economic Cooperation Administration, countries participating in the program will import from the United States during the fiscal year 1951 a total of \$1,645,000,000 worth of agricultural products. This includes such imports financed both by the Economic Cooperation Administration and by the recipient countries out of their own resources. The Economic Cooperation Administration estimates that agricultural imports from all dollar sources financed by program funds during the fiscal year 1951 will total \$1,395,500,000. Of this amount the major portion—about \$1,122,900,000 worth—will be procured from the United States, according to present estimates. The balance will be procured from other countries in the dollar area. An accompanying table indicates the relationship of Commodity Credit Corporation stocks of food and agricultural products with such products in the European recovery program estimates for the coming fiscal year.

Commodity Credit Corporation stocks and loans, Jan. 31, 1950, compared with estimates of commodities from United States sources, to be financed by Economic Cooperation Administration, fiscal year 1951

	Imports financed by Economic Cooperation Administration (FAS)	Commodity Credit Corporation stocks, Jan. 31, 1950	Commodity Credit Corporation loans, Jan. 31, 1950	Loan due date
Cotton.....	\$474, 700, 000	\$614, 500, 000	\$382, 500, 000	June 30.
Wheat (and rye).....	457, 200, 000	{ ¹ 382, 900, 000	585, 000, 000	Apr. 30.
Coarse grains.....	135, 200, 000	{ 74, 300, 000	648, 000, 000	Apr. 30 to Aug. 31
Soybeans.....	12, 000, 000	{ 209, 700, 000	15, 900, 000	May 31.
Linseed and linseed oil.....	3, 000, 000	{ ¹ 6, 900, 000	29, 600, 000	Apr. 30.
Cheese.....	5, 000, 000	{ 5, 100, 000		June 1.
Peanuts.....	7, 500, 000	{ 201, 600, 000	17, 600, 000	June 1.
Eggs.....	2, 500, 000	{ 8, 500, 000		
Wool.....	7, 000, 000	{ 98, 100, 000		
Rosin.....	8, 000, 000	{ 40, 100, 000	12, 300, 000	Mar. 31.
Turpentine.....	1, 500, 000	{ 17, 100, 000	1, 300, 000	Do.
Dried fruit.....	9, 300, 000	{ ¹ 1, 000, 000		
		{ 500, 000		
		{ ¹ 5, 700, 000	(²)	
		{ 3, 600, 000	-3, 600, 000	
Total.....	1, 122, 900, 000	{ 1, 595, 300, 000	1, 692, 200, 000	
		{ 83, 500, 000	3, 600, 000	

¹ Jan. 31, 1950, stocks less than estimated requirements by Economic Cooperation Administration for fiscal year 1951. The lower figures within brackets indicate the extent by which Commodity Credit Corporation stocks fell short of program requirements.

² Jan. 31, 1950, stocks plus loans (if any) less than estimated requirements financed by Economic Cooperation Administration.

The committee's action regarding the authorization.—Subparagraph (i) of paragraph (1) of subsection (e) of section 102 reflects the committee's actions in regard to the authorization. The amount as requested is cut by \$1,000,000,000 to a figure of \$1,950,000,000.

This reduction is to be considered along with the action taken by the committee as reflected in subsection (c) of section 102. This provision revises section 112 of the act in certain particulars.

The principal one is to provide for furnishing surplus agricultural commodities in kind to the countries participating in the European recovery program up to \$1,000,000,000 in original cost or market value. Since the anticipated procurement by all participating countries of food and agricultural products from the United States during fiscal year 1951, including purchases financed by their own earnings as well as by funds from the Economic Cooperation Administration, is \$1,645,000,000, the proposal in this bill would still leave \$645,000,000 of agricultural products—roughly two-fifths of the participating countries' needs—to be financed by the recipients themselves or by dollars from Economic Cooperation Administration funds.

In the past the Secretary of Agriculture has used the discretion given him in the Economic Cooperation Act so that only \$115,000,000 worth of food and agricultural products has been procured from Government surpluses out of an Economic Cooperation Administration program involving \$2,489,800,000 worth of such products. The effect of the revision of the statute now proposed would be to compel a change in practice. To the extent of \$1,000,000,000, the surpluses on hand would be used instead of financing open market private buying of the same products. On the other hand, to the extent that such products were not taken off the markets through purchase, financed by the Economic Cooperation, they would tend to become surplus and thus be taken off by acquisition by the Commodity Credit Corporation.

The surplus agricultural commodities used in the program would, of course, not be given away. The ultimate recipients would still pay for them in their own currencies. The receiving countries would have to deposit counterpart funds equivalent in value to the cost calculated on the basis of actual gross cost not to exceed the domestic market price at time and place of delivery or, in the case of wheat and flour tendered to countries participating in the International Wheat Agreement, in value equivalent to the cost as calculated by prices under the said agreement.

Provisions related to liberalization of trade.—The key provision in the title related to liberalization of trade in western Europe is found in paragraph (3) of subsection (b) of section 102. It would amend section 111 of the Economic Cooperation Act of 1948, as amended, by adding a new subsection. This subsection would authorize the Administrator to transfer funds directly to any central institution or other organization established by two or more participating countries or to any countries in connection with operations of such institution or organization, such funds to be used on conditions determined by the Administrator for the purpose of promoting multilateral trade, facilitating transferability of currencies, and eliminating existing arrangements which impede multilateral trade. This provision is intended to enable the use of Economic Cooperation Act funds to aid in the operation of the proposed European Payments Union discussed earlier in this report. Under the existing legislation the Economic

Cooperation Administration can only finance the purchase of goods and services for the participating countries. The latter receive aid only in the form of procurement authorizations which obligate program funds only for the purchase of specified quantities and values of specified goods and services. Such procurement authorizations would be of no use in the operation of a Payments Union. It could derive support only from assistance in the form of dollars.

It must be borne in mind that the form of specific modes of operation of such a Payments Union have not yet been developed. The precise procedure by which dollars will be employed to bolster and support the currencies of the participating countries in such a way as to open the way for multilateral trade cannot be foreseen at this time. A question that rises in this relationship involves the terms on which dollars will be supplied. The committee took note of a memorandum on this question prepared by the Economic Cooperation Administration:

The reasonable and logical question has been raised as to whether the transfer of ECA dollars in connection with the operation of the proposed European Payments Union should be matched by a commensurate deposit of local currency.

At the outset ECA would like to state that under certain circumstances there should be a counterpart deposit of local currency to match the dollars transferred by ECA. These circumstances would arise whenever a debtor country received an advance through the Payments Union or from ECA, which did not carry with it the obligation of repayment, i. e., whenever a debtor country receives a grant. As implied by this statement, debtors will also receive advances from the Payments Union which will be in the form of credits and subject to repayment. These would be rightfully regarded by the debtor as a loan which should not carry with it the obligation to deposit local currency in addition to the obligation of repayment.

The question still left unanswered is whether the European Payments Union, as an entity, should be required to make a counterpart deposit in connection with the dollars transferred to it. The theory underlying this question is that regardless of whether the debtor receives credits from the Payments Union, the dollars transferred to the Payments Union are in the form of grants which should generate a counterpart deposit. The difficulty with requiring such a deposit is that the Payments Union would have no local currency of its own with which to make a deposit. The only local currency available to the Payments Union will be the currency of its members which may be needed for the current operations of the Union.

The role played by our control of counterpart funds will become less significant as a result of the institution of the proposed Payments Union. The primary purpose of requiring and controlling the use of counterpart funds was to influence the adoption by the participating countries of sound internal fiscal policies. Under the proposed Payments Union plan, the possible loss of gold or dollars will be an incentive to member countries to correct inflationary or deflationary conditions and to otherwise adopt sound and effective fiscal policies. Thus, more effective influence will be exercised over internal financial policies through the proposed Payments Union than is presently exercised through our control of counterpart funds.

Another point which should be considered relates to the suggestion that ECA should obtain repayment from the Payments Union to the extent that it receives repayment in gold or dollars of advances made to debtor countries. The adoption of this suggestion would have rather serious consequences. It would have a restrictive effect on the operations of the Payments Union. It would mean that its gold or dollar resources which would otherwise be available for use in its operations would be depleted, if not completely exhausted, by a repayment to the United States. It is questionable whether the Payments Union could operate successfully or permanently under these circumstances.

The institution of an effective and permanent European Payments Union is an essential part of our drive for European integration as the basis for the creation of strong and stable democracies. It is our considered judgment that the imposition of a dollar obligation on the proposed European Payments Union would undermine its permanence and effectiveness.

The committee has included language to require the deposit of counterpart funds for assistance provided in dollar form to any payments union or other such device for liberalizing trade in instances in which repayment is not required. The terms of repayment, if any such should be established, would be set by the Administrator after consultation with the National Advisory Council on International Monetary and Financial Problems. The committee was assured that in any arrangement entered into the Economic Cooperation Administration—

* * * would of course keep in the closest touch with all of its operations and would have the final determination of the purposes for which the Union used ECA dollars.

An important provision bearing on the prospective Payments Union is found in paragraph (1) of subsection (e) of section 102. The provision relates to the authorization for appropriations. It reserves \$600,000,000 thereof for use only for the purposes of bringing about arrangements for liberalizing trade in accordance with the principles of subsection (d) of section 111 of the act as amended by this bill. It should be noted that the effect is not to limit the expenditure of the \$600,000,000 exclusively to the operations of the proposed Payments Union. The funds concerned may be employed in support of companion arrangements to liberalize trade. The purpose of the committee in establishing this condition on the use of \$600,000,000 is to stimulate the development of more satisfactory trade relationships in the area of the recovery program. The issue whether to write in such a condition was discussed with Administrator Hoffman in the course of his testimony regarding the bill as originally proposed by the Economic Cooperation Administration, making such use of funds permissive but not establishing any such limitation:

MR. RICHARDS. * * * They are always going to do these things but they do not seem to get to it. I do not believe they are going to do it until something is written in this bill for you to use as a lever. What do you think of writing something in this bill of that nature?

MR. HOFFMAN. As you know, we are not proposing there be such a change in the law. That may or may not be necessary. But nevertheless we want the Congress to understand what we propose doing. The amendment proposed in the bill, instead of advancing funds in all cases directly to the participating nations, would give us the right, after setting aside a certain amount of the funds, to advance those funds to a central institution. The funds so advanced would in turn reach the individual nations but in such a way that we think the effect of recovery would be multiplied.

The colloquy continued:

MR. RICHARDS. I believe you have said there is going to be no permanent road to prosperity for Europe after 1952 unless they do these things.

MR. HOFFMAN. None in my opinion.

MR. RICHARDS. For 2 years they have been promising to do these things. They made some headway but they have not done these things. Do you think they will do these things after 1952 when we bring this to a close?

MR. HOFFMAN. I think this must be done and be done now. In other words, I think the next 90 days, from the standpoint of European recovery and from the standpoint of United States security and continued prosperity, are a very vital 90 days.

MR. RICHARDS. * * * They are not going to turn down this money and I have found out they are not going to do these things if they can have their cake and eat it too. I believe we ought to write it into law. If they do not want the money we might just as well know it now.

In connection with the development of a payments union note should be made also of a provision in paragraph (1) of subsection (f) of section 102 of the bill amending paragraph (6) of subsection (b) of section 115 of the act. The provisions of the act in question refer to the obligation of depositing counterpart funds by recipients of aid in the form of grants and the permissible uses of such funds. The effect of the amendment proposed in the bill would be to permit the use of such funds in support of the operations of a European Payments Union or other undertaking for liberalizing trade entered into by two or more countries. Under the present act such use of counterpart funds would be questionable, since it is provided they may be used only within the country which puts them up. For the purposes in view, the amendment would permit their use elsewhere. The restriction to use within the country is retained for other uses of the counterpart funds, however.

Other provisions related to the main objectives of the program.—Section 102 of the bill contains several other provisions bearing on the purposes of this program as they concern the development of a closer unity of organization and action among the nations participating in this program.

One of the provisions amends section 102 of the act which contains the findings and declaration of policy. This provision is in paragraph (1) of subsection (a). It states the objective of the people of the United States to encourage the economic unification and political federation of Europe. As the act now stands the expression of encouragement relates only to the "unification" of Europe. The new language makes it clear that the objective must be not merely one in terms of trade and production but also one related to the establishment of a wider area of political unity. The same provision refers to the advantages enjoyed by the United States with regard to freedom from internal barriers "to trade and to the free movement of persons." This modifies an expression in the present act referring only to "trade barriers." This new language is intended to express concern over the impediments placed in the way of the mobility of the potential working force of western Europe.

A provision related to free movement of persons is found in paragraph (2) of subsection (f) of section 102. This would amend subsection (e) of section 115 of the act so as to charge the Administrator with the duty to "encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized." In this connection, it should be noted that the question was raised during the committee's hearings as to whether the Economic Cooperation Administration would require additional legislative authority to further the program of emigration from Italy. After careful consideration it was decided that no additional authority was required to carry out the program planned by that agency. As explained by Mr. J. D. Zellerbach, Chief of the Economic Cooperation Administration mission to Italy, the Administration intends to finance technical surveys in South America and to finance the equipping of small pilot projects in South America for Italian emigrants. Such expenditures would be considered to constitute the furnishing of assist-

ance to Italy within the scope of subsection (a) of section 111 of the Economic Cooperation Act of 1948, as amended, since the services and commodities thus financed would be of direct benefit to the Italian economy by implementing the program of emigration from Italy, a program which Congress has previously recognized expressly as essential for Italian recovery. While the commodities required for equipping the pilot projects would be shipped directly to South America (or to other areas admitting Italian emigrants), their transfer would be directly and immediately beneficial to the Italian economy, and they would therefore constitute primarily assistance to Italy rather than assistance to the overseas site of their installation.

In paragraph (2) of subsection (a) of section 102 the bill takes note of another opportunity for the participating nations to take affirmative action in the field of economic policy. This provision would amend section 102 (b) of the act so as to include "increased productivity, maximum employment, and freedom from restrictive business practices" as among the aims which the European recovery program is intended to stimulate.

Provisions related to guaranties.—The committee took special note of the disappointing record which has been made with respect to the part of the European recovery program related to guaranties of convertibility into United States dollars of local currencies realized on investments in countries participating in the program. The investments concerned are in the field of information media—on which an over-all limit of \$10,000,000 for any 1 year is placed—and in industry. The over-all limit for both types together is \$150,000,000 as set in paragraph (3) of section (b) of section 111. This figure has not been approached. An accompanying table shows the accomplishment as of January 31, 1950. The second as to industrial investments falls particularly short of the hopes of the Congress.

Investment guaranties in the European recovery program cumulative, Apr. 3, 1948, to Jan. 31, 1950

	Total	United Kingdom	Germany (Fed. Rep.)	France	Netherlands	Italy	Austria	Norway
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Total guaranties issued and under consideration.....	56,493,996							
Total guaranties issued.....	7,511,768	3,538,815	2,545,374	1,064,362	129,880	126,845	58,892	47,600
Capital investment.....	4,683,477	3,538,815		1,064,362		80,300		
Information media.....	2,828,291		2,545,374		129,880	46,545	58,892	47,600
Motion picture projects.....	1,163,539		1,163,539					
Magazine projects.....	753,765		585,465		63,180	11,170	46,350	47,600
Book projects.....	692,047		584,430		66,700	35,375	5,542	
Newspaper and news agency projects.....	218,940		211,940				7,000	
Guaranty applications under consideration.....	48,982,228							
Capital investment.....	33,309,476							
Forward contracting.....	5,364,600							
Information media.....	10,308,152							

The proposed amendment in subparagraph (ii) of paragraph (1) of subsection (b) of section 102 would enlarge the definition of investment to make it clear that the term includes not only the furnishing of tangible property but also of services, of funds applied either to the operations of the approved enterprise or to the acquisition of ownership therein, and of such intangibles as patents and technique. It also would make clear that this investment may be made by way of loan, full or partial ownership, on participation in profits or royalties. It would extend guaranty coverages to include not only convertibility of currency realized on investment but also losses on the investment resulting from seizure, confiscation, or destruction by any government; destruction by revolution or war; any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued. This provision also would increase from \$150,000,000 to \$300,000,000 the public debt funds provided for in the act available to discharge liabilities incurred under any guaranties. Language is included to make clear the intent of the Congress that the guaranty provision "should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this Act."

In expressing this view the committee takes note also of the explanation given by the Economic Cooperation Administration:

The relatively small number of guaranties written reflects several factors—(a) the ECA legislation provides only for a guaranty against the risk of nonconvertibility of local currency earned by the investor, (b) in general, the outflow of private investment is presently on the decline as a reflection of cut-backs in the amount of net investment currently being made abroad by American petroleum interests, which have been the major source of new private investment abroad during the postwar period, (c) investors appear to be deterred not only by risks in addition to the risk of nonconvertibility of currency, but also by the fact that a good investment market exists in the United States where the political risks associated with foreign investment are not present.

Provisions related to administration.—Finally, note should be taken of two provisions in the bill relating to administrative practices. One is found in paragraph (3) of subsection (b) of section 102. It amends section 111 of the act to provide flexibility regarding appropriations and counterpart funds relating to assistance to Germany.

Last year's funds for economic assistance to Germany were made available partly through the Economic Cooperation Administration appropriation and partly through the appropriation for government and relief in occupied areas (GARIOA). The latter portion was available also for other occupation purposes. For the coming fiscal year it is contemplated that there will be no GARIOA appropriation for Germany and that all funds for economic assistance to Germany will come from the appropriation authorized by this bill. It is desirable, therefore, to make provision so that both dollars and local currency can continue to be used in case of necessity for expenses in connection with the occupation of Germany similar to those for which GARIOA appropriations were available last year.

The other administrative provision, paragraph (3) of subsection (f) of section 102, incorporates into the basic legislation the provision, included in last year's appropriation act, with respect to use of local currency for informational purposes.

II. PROVISIONS RELATING TO THE FAR EAST

A. PROVISIONS RELATING TO USE OF RESIDUAL FUNDS APPROPRIATED FOR ASSISTANCE TO THE REPUBLIC OF CHINA

The provisions of the bill.—Section 103 of title I of the bill relates to uses for residual funds from appropriations made in pursuance of the China Aid Act of 1948. Of money so appropriated by Public Law 793, Eightieth Congress, \$99,350,000 was unobligated as of March 17, 1950. Out of \$171,650,000 that had been obligated it was anticipated that \$4,756,000 would become deobligated. It was anticipated also that of the sum still unobligated, \$9,750,000 would become obligated before June 30, 1950. (the date on which existing authorizations would cease), under the program already in progress. This means that the present proposal therefore involves the use of approximately \$94,356,000. The bill would make the following uses of these funds for the fiscal year 1951: At least \$40,000,000 would be reserved for assistance to areas of China found by the President to be free of Communist domination. Not to exceed \$6,000,000 would be allocated to the Secretary of State and would remain available until used in a program of assistance to selected citizens of China for academic and scientific pursuits in educational institutions in the United States. The remaining portion, slightly less than \$50,000,000, would be available for economic assistance in the general area of China.

Assistance to China.—The committee has recently reported on the subject of economic assistance to non-Communist areas of China. This was in House Report No. 1571, Eighty-first Congress, reporting the legislation which was enacted as the Far Eastern Economic Assistance Act of 1950. The provision in subsection (a) of section 103 of the bill would extend until June 30, 1951, the President's authority to use the funds involved in the same piece of legislation. Authority under the Far Eastern Economic Assistance Act of 1950 would expire at the close of the current fiscal year. The bill now reported would enable the President to continue assistance to Formosa and Hainan, where resistance to Communist conquest persists.

Aid to Chinese academic persons.—The provision in subsection (b) of section 103 would permit an expanded program of assistance to Chinese who are refugees from communism. This committee has reported at length on this program in House Report No. 1039, Eighty-first Congress. The legislation then reported, which would have devoted \$4,000,000 of the funds appropriated by Public Law 793, Eightieth Congress, to a program of assistance to Chinese students, was not enacted, but the same purpose was served by a provision in the Public Law 327, Eighty-first Congress, an appropriation act. The \$4,000,000 thus made available was in addition to a sum of \$500,000 made available to the Department of State by the Economic Cooperation Administration at the request of the Republic of China for the purpose of giving assistance to Chinese students undergoing technical training.

The committee was informed that of the \$500,000 allocation from the Economic Cooperation Administration to the Department of State, \$498,000 had been encumbered in 594 grants, leaving a balance of \$2,000 unencumbered, and that of the \$4,000,000 made available by Public Law 793, \$1,608,228 had been encumbered, leaving a balance of \$2,391,772.

A memorandum from the Department of State informed the committee that the balances thus remaining would suffice for the existing programs for care of Chinese students through the academic year ending in June 1952, assuming "that these students will cease to need Federal assistance as soon as they have reached their immediate objective." The memorandum discussed, however, the inherent limitations of the existing program:

* * * Aid is currently restricted to students who were engaged in studies in the United States during the academic year 1948-49. It is not possible for the Department to assist any of the 638 Chinese students who arrived in the United States during the summer of 1949, many of whom have since become destitute. It is not possible for the Department to assist students who were invalids in 1948-49, or who since have become physically unable to carry full-time courses of study. The Department is not authorized to assist mature research scholars and professors who have sought asylum in this country from China. The Department has no funds to grant scholarships to promising students and mature scholars now in Europe, or other countries of the Western Hemisphere, who do not wish to return to China and make their skills available to the construction of a communistic nation. * * *

The committee was impressed by the need to expand the program along four lines. One line would entail assistance to Chinese students now in the United States ineligible for assistance under the present program. It is estimated that these, numbering about 600, would require \$1,100,000 for assistance on a 2-year basis and \$2,400,000 for assistance on a 5-year basis. The second line would involve assistance to students who do not wish to return to China upon completion of their immediate academic objectives. Recommendations by their academic superiors for further study in this country would be required as a condition for continued assistance to these. It is estimated that \$1,000,000 would be required for assistance to the estimated 1,000 in this category on a 2-year basis and \$2,500,000 on a 5-year basis. The third line would be assistance to advanced scholars and research workers not now qualified for assistance under current legislation. It is estimated that this category comprises about 400 individuals. It is anticipated that a 2-year assistance program for them would require about \$2,000,000. The fourth line would involve the awarding of scholarships on a competitive basis to picked men and women who are now engaged in academic pursuits outside of China and outside the United States and who wish to avoid returning to the homeland and making their skills available to the Communist regime. It is estimated that about 500 highly qualified persons in this category will be found and that assistance to them on a 2-year basis would entail the expenditure of about \$500,000.

The committee came to the conclusion that about \$6,000,000 would suffice for a 2-year program along the lines indicated. This would provide enough for some degree of leeway. It is anticipated the

funds on hand for the program already approved will be somewhat more than required for the purpose. The committee wrote in language to emphasize the usefulness of private institutions in carrying out the undertakings contemplated. It must be emphasized that the programs should be carried through with an eye to economy. This should be achieved through careful administrative supervision to insure that the assistance is confined to bona fide students and academic practitioners who are in actual need. It is intended that the funds made available may be used for necessary administration and for necessary minimum transportation of recipients of assistance within the United States to and from the educational institutions concerned.

Assistance in the general area of China.—The provision in subsection (c) of section 104 relating to economic assistance to countries in the general area of China is best interpreted by reading it in connection with subsection (b) of section 104, which would amend the Far Eastern Economic Assistance Act by adding a new section 5, which would read as follows:

The Congress hereby expresses itself as favoring the creation by the free countries and the free peoples of the Far East of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

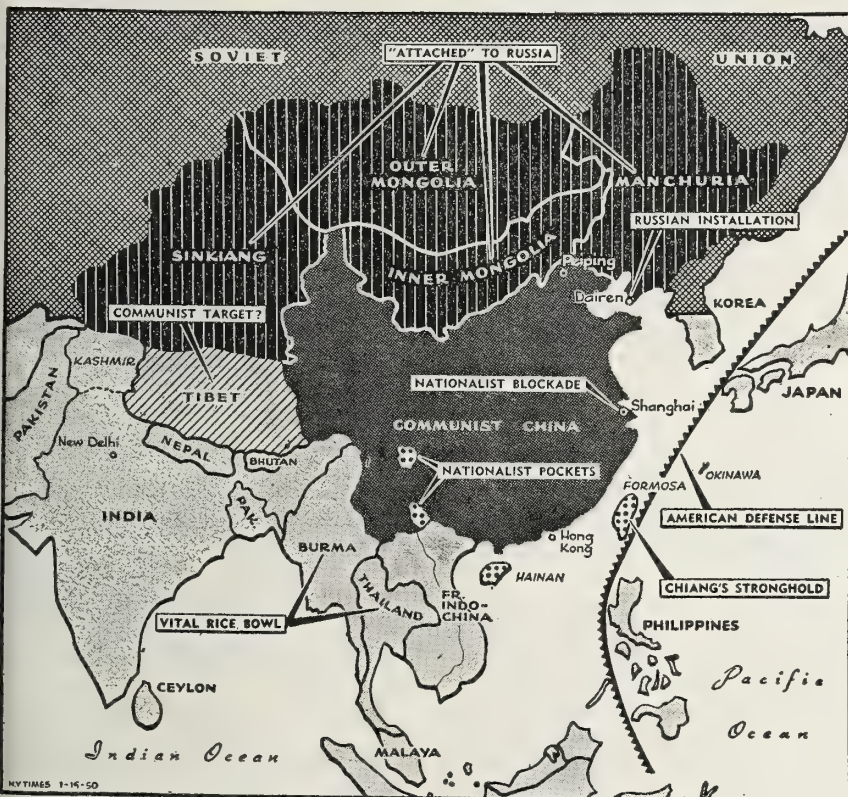
This echoes language which originated with this committee and which found its first congressional expression in the Mutual Defense Assistance Act of 1949 (Public Law 329, 80th Cong.). The appropriateness of this language in the present legislation is obvious.

What opportunities to give economic assistance to nations in the general area of China cannot be predicted. The area, however, should be considered in accord with the explanation as given in the conference report on the Mutual Defense Assistance Act (H. Rept. No. 0000, 81st Cong.).

* * * the term "general area" may require explanation. This phrase is somewhat more restrictive than would be the phrase "the Far East." At the same time it is not intended that the phrase be interpreted as confining use of the funds to China proper. In view of the difficulty of defining in advance all of the contingencies which may develop in the unfolding situation in China, the members of the committee of conference attempted no greater precision than is contained in the term "general area." This term, however, is to be interpreted in relation to the phrase: "the concern of the United States in the present situation in China." The area envisaged is the area which bears immediately upon that situation, and which is borne upon immediately by that situation. It is consonant with the unusual flexibility in the authority given to the President by this provision that China and the other countries in that general area should be only generally designated in order that the scope of assistance might be largely determined through experience as needs arise.

The strategic situation in the area concerned is indicated in an accompanying map.

THE STRATEGIC SITUATION IN THE GENERAL AREA OF CHINA



In acting upon this provision, the committee took note of the remarks of the Secretary of State at San Francisco on March 15 to the effect that the United States was ready to give "appropriate" military, technical, and economic help to Asiatic countries with stable governments and a real desire for freedom. The significance of making provision for such assistance, should the opportunity develop, should be linked with the provisions of the Mutual Defense Assistance Act providing the President with a \$75,000,000 fund to be used for assistance in the general area of China, without limitation as to type of assistance or as to amount and without any requirement for vouchering.

In specifying that such assistance should be of the type authorized by the Economic Cooperation Act, the committee expresses the intent that the Economic Cooperation Administration should administer such a program if such a program should develop. It is impossible to specify in entirety just what specific provisions of the Economic Cooperation Act should be applied to such assistance. That must be determined in the light of the particular circumstances of the particular recipients. Such a program, however, should clearly be based fully upon the principle of self-help and mutual aid.

B. ASSISTANCE TO THE REPUBLIC OF KOREA

Background of the Korean aid program for fiscal year 1951.—In connection with that part of the title (subsecs. (a), (b), and (c) of sec. 104) relating to economic assistance for the Republic of Korea during the fiscal year 1951 it is well to recall the course of previous action.

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During the month of June 1949 this committee held an exhaustive inquiry into the developments in Korea from the time of the surrender of Japan in 1945 to the midpoint of the year 1949. The committee was then considering H. R. 5330, a bill to promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to the Republic of Korea. In House Report No. 962, Eighty-first Congress, this committee reported in detail on the developments as adduced in the hearings.

At that time the program of assistance had been carried on for 4 years without statutory authorization by the Congress. The legal basis had been various annual appropriation acts and the general obligation of the United States under international law as occupant of a territory seized from an enemy. The legislative situation during 1949, however, was such as to preclude action by the House on the proposed authorizing statute for a program that would develop the recovery aspects of assistance as distinguished from the relief aspects. Accordingly, assistance was continued through the year by virtue of a series of interim appropriation acts which granted a total of \$60,000,000 for economic assistance through February 15, 1950.

The bill H. R. 5330 was brought to a vote in the House on January 19, 1950. After being amended so as to reduce the authorization to \$60,000,000 for the balance of the fiscal year, the bill failed of passage by one vote. A motion to reconsider was tabled on January 20, 1950. A Senate bill, S. 2319, companion to H. R. 5330, was taken from the

Speaker's desk and referred to the Committee on Foreign Affairs. On January 31 the committee reported this bill as a vehicle for bringing about a reconsideration of the earlier vote which had defeated H. R. 5330. Taking note that the expiration for authority under section 12 of Public Law 47, Eighty-first Congress, to use funds appropriated for assistance to non-Communist areas of China would expire after February 15, 1950, simultaneously with the expiration of the existing appropriations for assistance to the Republic of Korea, the committee amended the bill S. 2319 to permit further assistance both to non-Communist areas of China and to the Republic of Korea. The authorizations in each case would expire after June 30, 1950. The amended bill S. 2319 passed the House on February 9. It was signed by the President as Public Law 447, Eighty-first Congress. The committee noted in reporting the bill (H. Rept. No. 1571, 81st Cong.):

* * * It is anticipated that the Congress will be enabled to reappraise the situations with respect to each of these authorizations between now and the end of the current session and decide at the proper time on the question of extending them beyond the fiscal year 1950.

Presentation of the new program.—The committee's two earlier reports during this Congress touching upon Korea, House Reports 962 and 1571, cover the historical situation in sufficient detail to dispense with the need of further elaboration. The main considerations in connection with the new bill, insofar as it relates to Korea, are the political significance of the Republic of Korea, the economic prospect, and the substance of the proposed program.

As described in the presentation, the basic economic aims of the Korean program are to—

- (1) Continue development of coal and electric power.
- (2) Increase agricultural production with the aim of producing an export surplus of cereals while maintaining the standard of living. The fertilizer program for fiscal year 1951 is planned to provide sufficient food to make possible the export of 425,000 metric tons of rice in fiscal year 1952. During 1951, agricultural exports, principally rice, are expected to amount in value to about two-thirds of Korean exports.
- (3) Develop the fisheries industry to maximize the exportable surplus of marine products. Fish exports are a principal source of foreign exchange.
- (4) Provide raw and semifinished materials for the operation of essential industry and for the maintenance, improvement, and development of transportation facilities, and for the more effective utilization of indigenous products such as coal.
- (5) Furnish the textile industry with cotton and raw materials adequate to meet the minimum requirements for domestic consumption.
- (6) Furnish capital goods and equipment for the production of goods which will reduce imports of necessities or will increase exports.
- (7) Assist in the training of Korean technicians and specialists for work in the fields directly related to the recovery effort.
- (8) Assist the Government of Korea, and its operating personnel, in the formulation and development of policies and administrative arrangements necessary for the efficient utilization of United States economic aid.
- (9) Attain a balance of payments by 1953 which will permit the Republic to finance any deficits by private investments or by international loans.

The size of the request.—The Economic Cooperation Administration has requested a total authorization of \$100,000,000 for the fiscal year 1951 for assistance to the Republic of Korea. This amount is moderate in comparison to figures anticipated earlier. At the time of the reporting of H. R. 5330 on July 1, 1949, the amount anticipated as need for assistance in the fiscal year 1951 was \$115,000,000. This remained the estimated figure as of the time the House voted on S. 2319. The request thus represents a reduction of approximately 13 percent from what had been anticipated. The reduction compares with the 20-percent reduction in estimates for the fiscal year 1950 as between the original request in connection with H. R. 5330 and the amended request contained in S. 2319 as enacted. These figures indicate that the effort has been directed to the obtaining of maximum recovery in return for minimum amounts of dollars and that the Koreans themselves have shown a will to achieve as much as possible by their own efforts.

The request for fiscal year 1951, moreover, represents a 16-percent reduction from the authorization for the fiscal year 1950. It compares favorably also with the amount—\$144,000,000—spent by this country on assistance to South Korea during the fiscal year 1949. It represents a reduction from the costs of assistance during the fiscal year 1948—\$113,000,000—and is not appreciably above the figure for the fiscal year 1947, when the program in South Korea was almost entirely a relief undertaking. The amount for the latter year was \$93,000,000. The record of assistance to the Republic of Korea demonstrates that it is a decreasing liability and that the expectation that the area will soon cease altogether to be an economic liability is founded upon strong grounds.

The outlook for the future.—Under the projected estimates relating to Korean recovery and assistance requirements, the estimate of assistance required in the fiscal year 1952 remains at 85 percent. It is to be hoped, of course, that in due season this estimate, too, can be reduced in proportion to the preceding estimates.

The outlook is that the need for extraordinary assistance from the United States will cease in the fiscal year 1953. This outlook is based, of course, on the assumption that hostilities in the Far East in general and on the Korean Peninsula in particular, will not eventuate into full-scale international conflict. It is based, moreover, on the assumption that the present cleavage between the two sectors of Korea will continue. Should there be a healing of the breach between the two areas, on terms consistent with the canons of democratic and responsible government, the need for assistance would probably be reduced. An accompanying table presents the projected recovery and need for assistance in the Republic of Korea as based on the indicated assumptions.

Estimated balance of payments for Republic of Korea, for fiscal years 1950-54

	1950	1951	1952	1953	1954
Current accounts:					
In-payments:					
Commodity exports.....	\$26,400,000	\$50,600,000	\$63,700,000	\$69,600,000	\$73,300,000
Invisibles.....	1,000,000	1,200,000	1,300,000	1,400,000	1,500,000
Total in-payments.....	27,400,000	51,800,000	65,000,000	71,000,000	74,800,000
Out-payments:					
Korean funding.....	24,000,000	45,900,000	55,500,000	71,600,000	68,300,000
United States funding.....	88,000,000	75,300,000	63,200,000	-----	-----
Total.....	112,000,000	121,200,000	118,700,000	71,600,000	68,300,000
Invisibles:					
Korean funding.....	3,400,000	5,900,000	9,500,000	14,700,000	11,000,000
United States funding.....	32,000,000	24,700,000	21,800,000	-----	-----
Total.....	35,400,000	30,600,000	31,300,000	14,700,000	11,000,000
Total out-payments.....	147,400,000	151,800,000	150,000,000	86,300,000	79,300,000
Current account deficit.....	120,000,000	100,000,000	85,000,000	15,300,000	4,500,000
United States aid:					
Commodity imports.....	88,000,000	75,300,000	63,200,000	-----	-----
Invisible items.....	32,000,000	24,700,000	21,800,000	-----	-----
Total United States aid.....	120,000,000	100,000,000	85,000,000	-----	-----

The key to a self-sustaining basis for the economy of South Korea is in part the development of sources of supply for domestic needs within the area and in part the development of exports. An accompanying table gives the essentials of the program in terms of export development.

Estimated value of exports for Republic of Korea, by fiscal years

Category	1950	1951	1952	1953	1954
Rice ¹	\$12,500,000	\$31,000,000	\$42,500,000	\$45,000,000	\$45,000,000
Other agricultural products.....	1,298,000	2,713,000	3,035,000	3,315,000	3,800,000
Marine products.....	8,773,000	10,998,000	12,000,000	13,000,000	14,000,000
Minerals, metals.....	2,578,000	4,087,000	4,200,000	5,500,000	7,000,000
Manufactures and semimanufactures.....	1,250,000	1,775,000	2,000,000	2,800,000	3,500,000
Total.....	26,399,000	50,573,000	63,735,000	69,615,000	73,300,000
Miscellaneous and invisibles.....	1,000,000	1,200,000	1,300,000	1,400,000	1,500,000
Total.....	27,399,000	51,773,000	65,035,000	71,015,000	74,800,000

¹ Assumed rice exports are as follows, in terms of metric tons and prices: 1950, 100,000 at \$125; 1951, 275,000 at \$112; 1952, 425,000 at \$100; 1953, 450,000 at \$100; and 1954, 500,000 at \$90.

Details of the program.—In evaluating the program it is possible to get a far more detailed understanding than is possible with respect to most other foreign assistance programs, notably the European recovery program. The South Korean program covers a strictly limited area. Its economic potential is subject to fairly precise calculation. The availability of foreign markets for its products is also susceptible of fairly precise estimate. The result is that the Korean program breaks down into precise amounts of specific items. The program for the fiscal year 1951 is presented in an accompanying table. For comparison, to indicate the trends in assistance, the estimates for the current fiscal year are included. The table follows.

*Detailed estimates by projects of proposed program of assistance to Republic of Korea,
for fiscal years 1950-51*

	Estimate, fiscal year 1950		Estimate, fiscal year 1951	
	Metric tons	Cost	Metric tons	Cost
Food products:				
Fish oil.....	300	\$119,000	-----	None
Salt.....	50,000	540,000	-----	None
Subtotal.....	50,300	659,000	-----	None
Fertilizers and agricultural supplies:				
Fertilizer.....				
Nitrogenous.....	363,462	24,689,880	475,000	\$29,590,080
(N).....	(98,709)		(130,000)	
Superphosphate.....	215,559	7,729,120	289,170	10,250,120
(P ₂ O ₅).....	(28,516)		(48,000)	
Phosphate rock.....	10,000	200,000		
Potash.....	25,000	1,355,000	36,000	1,890,000
(K ₂ O).....	(12,000)		(18,000)	
Pesticides.....	1,634	696,870	1,500	493,400
Subtotal.....	615,655	34,670,870	801,670	42,223,600
Petroleum products:				
Kerosene.....	34,276	1,424,515	9,485	317,856
Diesel oil.....	43,303	1,461,185	56,700	1,690,227
Navy special fuel oil.....	75,849	1,860,643	84,997	1,544,400
Lubricating oils.....	12,125	1,025,595	12,933	970,637
Grease.....	915	233,399	696	146,880
Gasoline.....	56,405	2,617,609	-----	None
Wax.....	100	19,984	-----	None
Subtotal.....	222,973	8,642,930	164,811	4,670,000
Medical supplies.....	200	310,000	-----	None
Raw and semifinished materials:				
Raw cotton (for textiles).....	19,200	13,534,000	10,540	7,500,000
Raw cotton (for tire cord).....	265	265,000	400	412,000
Manila fiber.....	1,600	816,000	1,400	742,000
Sulfite pulp.....	None	None	4,975	676,600
Sulfate pulp.....	4,900	704,000	200	24,200
Cement.....	50,000	800,000	50,000	800,000
Asphalt.....	15,000	845,000	10,000	560,000
Coal-tar pitch.....	18,850	1,100,000	20,000	591,000
Creosote.....	6,300	700,000	5,500	757,000
Chemicals.....	11,780	2,501,150	4,840	1,000,000
Rubber.....	3,800	1,300,000	2,915	1,000,000
Lumber.....	140,000	6,333,000	59,250	2,700,000
Iron and steel products.....	28,530	2,983,000	19,100	1,900,000
Tin plate.....	450	110,000	600	129,600
Nonferrous metals.....	1,040	478,050	994	500,000
Cotton yarn.....	1,300	1,422,000	-----	None
Worsted yarn.....	262	500,000	-----	None
Hides and skins.....	-----	-----	-----	None
Subtotal.....	303,277	34,391,200	190,714	19,292,400
Industrial equipment and supplies:				
Iron and steel products.....	6,870	1,374,000	10,125	1,500,000
Mining equipment.....	1,240	496,000	1,600	200,000
Special tools and gages.....	-----	None	40	150,000
Electrical apparatus.....	1,850	739,000	1,000	400,000
Pusan Marine Base equipment.....	400	200,000	400	200,000
Rubber-plant equipment.....	-----	None	200	115,000
Streetcars.....	900	481,000	-----	None
Miscellaneous equipment.....	-----	492,000	-----	None
Subtotal.....	11,260	3,782,000	13,365	2,565,000
Recovery projects:				
Coal-mine development.....	3,230	2,325,000	2,175	2,500,000
Steam-generating plants.....	3,000	3,044,000	3,000	1,521,000
Sumjin Gang hydroelectric plant.....	25,000	877,000	28,200	750,000
Railroad construction.....	26,300	2,630,000	76,500	2,000,000
Fishing vessels.....	-----	3,705,000	-----	2,000,000
Coal-carrying vessels.....	-----	2,935,000	-----	2,000,000
Cement plant.....	-----	100,000	21,740	3,000,000
Fertilizer plant.....	3,600	4,382,000	12,000	7,580,000

Detailed estimates by projects of proposed program of assistance to Republic of Korea, for fiscal years 1950-51—Continued

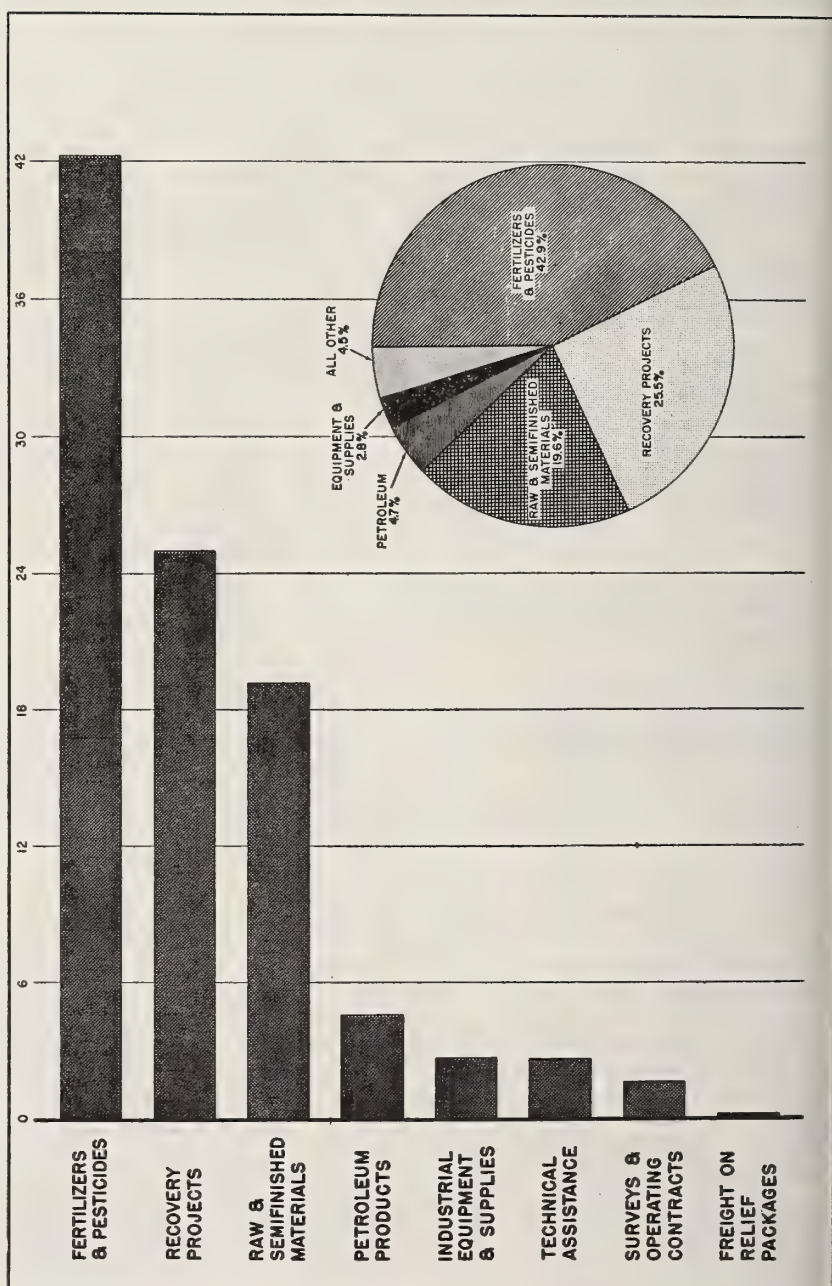
	Estimate, fiscal year 1950		Estimate, fiscal year 1951	
	Metric tons	Cost	Metric tons	Cost
Recovery projects—Continued				
Bridge construction.....	72, 000	\$2, 391, 000	28, 330	\$1, 000, 000
Irrigation and land reclamation.....	60, 000	1, 720, 000	50, 000	1, 500, 000
Flood control.....	-----	None	16, 380	400, 000
Saltern construction.....	2, 400	151, 000	1, 232	44, 000
Harbor dredging.....	-----	None	1, 000	440, 000
Flat glass plant.....	-----	None	2, 200	550, 000
Railroad electrification.....	20	123, 000	-----	None
Sangdong tungsten mine.....	625	334, 000	-----	None
Samwha iron works.....	700	325, 000	-----	None
Coal utilization.....	600	300, 000	-----	None
Silk-mill rehabilitation.....	-----	25, 000	-----	None
Subtotal.....	197, 475	25, 361, 000	242, 757	25, 285, 000
Surveys and operating contracts:				
Power ship and power barge.....	-----	563, 000	-----	525, 000
Instructors in operation of Baltic coastal vessels.....	-----	199, 000	-----	250, 000
Marine base in Pusan.....	-----	177, 000	-----	215, 000
Hydroelectric power.....	-----	100, 000	-----	235, 000
Kimpo Airport operation.....	-----	630, 000	-----	400, 000
Handicraft export survey.....	-----	120, 000	-----	None
Chartering and repair of vessels.....	-----	100, 000	-----	None
KOSCO agreement.....	-----	61, 000	-----	None
Subtotal.....	-----	1, 950, 000	-----	1, 625, 000
Ocean freight:				
Transportation of relief packages.....	-----	60, 000	-----	60, 000
Transportation on previous period shipments.....	-----	4, 776, 000	-----	None
Subtotal.....	-----	4, 836, 000	-----	60, 000
Technical assistance:				
Management and training.....	-----	1, 800, 000	-----	1, 650, 000
Technical training institute.....	-----	410, 000	-----	430, 000
Training Koreans in the United States.....	-----	475, 000	-----	129, 000
Special training and assistance projects.....	-----	100, 000	-----	170, 000
Training supplies and equipment.....	1, 000	962, 000	500	400, 000
Subtotal.....	1, 000	3, 747, 000	500	2, 779, 000
Administration.....	-----	1, 650, 000	-----	1, 500, 000
Grand total.....	1, 402, 140	120, 000, 000	1, 413, 817	100, 000, 000

The program detailed above is presented graphically on an accompanying page (with the exception of the item for administration). The graph gives a ready means of comparing the sizes of the various major items in the program. The committee gave particular attention to two of the items shown: the recovery projects and technical assistance, as these two bear in a most direct and substantial way on the prospect for recovery in South Korea.

Recovery projects.—As presented to the committee, the recovery projects involve construction of bridges, transportation facilities, irrigation facilities, flood-control projects, electric-power facilities, cement and fertilizer-production facilities, fishing and coal-carrying vessels, mining equipment, and industrial machinery. In addition to capital expenditure for projects, provision has been made for supplies for deferred maintenance and replacement of worn-out facilities. The committee was told that—

* * * Korea in common with most other countries emerged from the war period with a badly depleted physical plant and a backlog of demand for producer goods. Since the recovery projects are the key to the solution of the economic

ECONOMIC ASSISTANCE TO THE REPUBLIC OF KOREA: PROPOSED EXPENDITURES FOR FISCAL YEAR 1951



problem in Korea, and since a considerable amount of pre-engineering work is being accomplished under the fiscal year 1950 program, planned allocations for this category in fiscal year 1951 are approximately the same as in fiscal year 1950. * * *

With relation to coal, electric power, and fertilizer—described as the three most important factors in the rehabilitation of the Korean economy—the committee was informed as follows:

* * * Through capital expenditures for mining equipment, it is planned to continue development begun in fiscal year 1950 of new anthracite coal fields in the Hambaik-Samchok area in the eastern part of Korea. This area is believed to have reserves of more than 200,000,000 metric tons. Expenditures for mining equipment and mine development, utilizing the results of geological surveys, will be required to obtain the coal output necessary for industrial recovery, and to maximize utilization of indigenous coal in lieu of present imports. Coal-carrying equipment is needed to transport coal from the Samchok mining area to the major port and rail head (Pusan), located at the southern tip of the peninsula. Concurrently, with the increase of anthracite coal production, expansion of electric power facilities started in fiscal year 1950 will be continued with the construction of a new thermal electric plant at Samchok, utilizing both Korean and American construction materials. The cut-off of power from North Korea on May 14, 1948, by the Soviets and the improbability that the country will be united or that power transmission from North Korea will be resumed has made it necessary to develop more power resources in South Korea. In addition to the thermal electric plant * * * it is planned to repair and complete existing thermal and hydroelectric facilities. The construction of a plant for the production of nitrogen fertilizer, begun in fiscal year 1950, will be carried forward. The plant will produce fertilizer now being imported to maintain the fertility of the Korean soil.

As to those portions of the effort related to improvement of transportation facilities, the committee was told:

It is proposed to continue the program of bridge construction started in fiscal year 1950. Bridges are needed in the mountainous Korean countryside in order to provide passage over the many streams, particularly during the period of spring floods and the summer rainy season. The railroad construction planned is to complete a link between the already existing lines of the western central portion of the country with the Samchok industrial area on the east coast. The proposed railroad lines will also open up new areas for exploitation of coal, ore, and lumber resources. * * *

Two other items among the recovery projects relate to irrigation and flood control. As to these, the committee was informed:

* * * The funds requested for irrigation are designed to expand the area of ricelands under controlled irrigation. Flood-control projects have the objective of decreasing the heavy annual loss which Korean agriculture suffers from floods. In terms of the rice crop alone, this loss averages over 160,000 metric tons annually.

The fishing industry also is involved in the rehabilitation effort. Some headway in this part of the program has already been made. The committee was reminded that—

* * * Before the war, Korea ranked sixth in the fishing nations of the world. Production during the war and during the occupation was extremely low, mainly because of a shortage of boats and fishing gear. If the fishing industry can be built up, a valuable source of foreign exchange and food for internal consumption will be provided. The Koreans are skilled fishermen and can use the boats and gear which have been requested without special training.

Another typical item is the construction of a cement plant. Such a plant, according to information given the committee, is needed in order to enable South Korea to produce locally the large quantities of cement needed for normal requirements and for construction projects and for irrigation purposes. This plant is expected to result in substantial savings of foreign exchange which would otherwise have to be expended for necessary cement imports.

A graphic presentation of the recovery items is given on an accompanying page. This relates the various items to their objectives as they bear on the general purpose of creating a self-sustaining basis for the South Korean economy. In appraising this part of the program, it is well to keep in mind that the Koreans themselves by their own efforts are contributing to the achievement of the goal along with the assistance rendered by the United States. The committee was informed that the industrial rehabilitation program—

* * * involves, in addition to economic assistance from the United States, extensive use by the Korean Government of indigenous raw materials, fabricated products, and labor. The Korean people have been called upon to help themselves to the maximum extent possible in developing and stabilizing their economy and government. In the aid agreement between the United States and Korea, signed on December 10, 1948, the Korean Government agreed to exert all possible efforts to assure maximum production, collection, and equitable distribution of locally produced supplies and to make the most effective use of Korean resources possible.

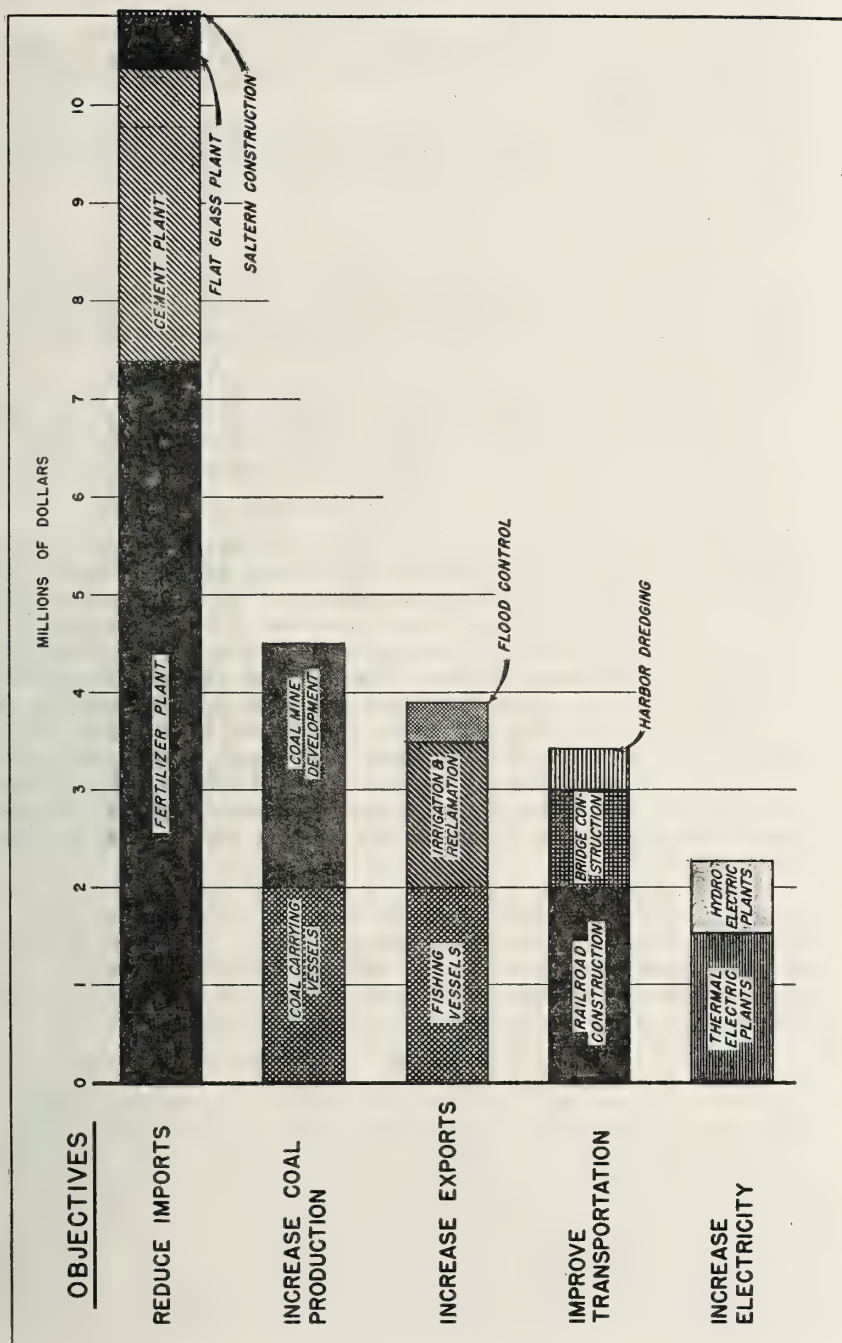
Technical assistance.—The importance of the technical assistance component of the South Korean economic aid program was pointed out to the committee in the following words, which develop the point that in a sense the overseas administration of the program is in part essentially an effort along the lines of technical assistance:

From the standpoint of promoting economic recovery, a technical assistance program is of key importance in South Korea. The cumulative effect of funds expended for this purpose will result in increased prosperity within Korea, in industry, agriculture, fishing, and other activities which play an important part in the economic recovery of the country. The technical assistance program is designed to assist in developing an import-export program, in determining requirements and export availabilities, in developing export industries, in increasing agricultural and industrial output, in maintaining essential services such as transportation and communications, in improving administration, and in effecting financial reforms needed to stabilize the economy. The basic function of the technical assistance staff will be to assist in the training of Koreans in technical and agricultural skills. The technological training division will specialize in this type of work and the major portion of the training of Koreans will be carried out in Korea.

During the 40 years that Korea was under Japanese rule, the majority of positions involving technical and administrative responsibility were in Japanese hands. Because of Korean objection to the continued presence of Japanese nationals in Korea, the United States Army forces in Korea at the time of occupation repatriated all the Japanese in Korea. Since Korean business and industry was thereby stripped of technicians and administrators, the United States is necessarily being called upon to provide far more assistance and guidance to the Korean Government than is the case with any of the European recovery-program countries. Some of the factors which serve to explain the staffing requirements of the Economic Cooperation Administration mission are: (1) The recent establishment of the Korean Government and the problems of organization facing it; (2) the fact that over 80 percent of the former vested Japanese industrial properties in Korea were turned over to the Government which is now responsible for their operation pending transfer to private interests and quasi-governmental corporations, which is now in progress; (3) the deficiency of Korean private businessmen in any degree of import-export know-how; (4) the lack of trained technicians and managers in Korean industry, mining, transportation, and communications; and (5) the relative inexperience of the Korean agencies established to work on planning, requirements and purchasing.

In a further explanation of this aspect, the committee was told:

* * * A major portion of the personnel of the ECA mission to Korea (144 of 200 at the beginning of the year and reducing to 120 of 170 by January 1, 1951) will be assigned to advisory technical functions because Koreans with adequate knowledge, experience, and training are not yet available in sufficient numbers. This group will advise and assist Koreans in many managerial and technical



aspects of industry, mining, finance, transportation, communications, and trade, as well as in various phases of government administration. It will also provide extensive on-the-job training in the conduct of technical activities.

Organizationally, the American personnel are interlocked with the employees working on the administrative or overhead functions. By so doing, the supervision problem is reduced to a minimum without impairment to the efficiency of the mission organization.

A second phase of the technical assistance program has been developed through the establishment of a Korea Technical Institute in January of this year. A note on this institute was given in information put before the committee:

* * * The instruction program for the institute is determined by Korea's basic economic needs and is therefore directed to a large extent to training for skilled jobs, by American and Korean teachers. Training is also provided for vocational instructors, key technicians, plant supervisors, and plant foremen in the practical application of technical skills and related supervisory, administrative, and educational functions.

The Korean Technical Institute is being operated through its first year by an American nonprofit educational institution. Korean instructors are being trained to take over the operation and management of the institute as soon as it is possible. The curriculum is being gradually expanded to include all of the basically essential skills. Therefore it is necessary to maintain a substantial number of American instructors for a second year. It is planned to amend the contract with the American educational institution so as to continue its services through fiscal year 1951.

The institute represents a joint effort of the two Governments. Buildings and equipment available in Korea are provided by the Korean Government, as well as the salaries of all Korean instruction personnel and scholarship and living allowances for deserving students. A large part of the essential supplies and equipment have been procured from the United States. Part of the pay of the teaching staff—that which goes to American teachers—is also paid by this Government. The institute gives indispensable training in the techniques of machine, electric, and sheet-metal shops, communications, electrical transmission, agriculture, and fishery. In the committee's view, this item of the program reflects admirably the constructive imagination with which the Korean aid program has been carried on.

A third item in the technical assistance program relates to the training of Koreans in the United States. In the fiscal year 1949, 18 Korean specialists were sent to observe and study American industrial and agricultural techniques and practices. During the current fiscal year an additional 65 specialists have been sent for a similar purpose. As to the plans for the next fiscal year, the committee was told:

* * * The benefits of such projects upon the industrial recovery of South Korea make it essential to provide funds for the continuance of this program during the fiscal year 1951. It is therefore, proposed to send about 50 Korean trainees to the United States for technical training in selected fields. Koreans with a knowledge of English will be selected whenever possible and, in addition, prior to leaving Korea, will be given an intensive course in English. Special English training facilities now being established by the State Department in Korea will be used. In the United States the specialists and trainees will be placed in American plants, fisheries, farms, and agricultural experiment stations, including both private and Government agencies. Their itinerary and plan of work will be closely supervised by ECA staff members and by persons selected by ECA in the places where trainees are assigned. The training received by the Koreans will be of a practical nature as opposed to academic technical training and will fit them for operating tasks upon their return to Korea.

APPENDIX I

SUMMARY OF HEARINGS

Testimony regarding the extension of the European recovery program opened on February 21 when the Committee on Foreign Affairs, sitting jointly in a morning session with the Committee on Foreign Relations of the Senate, heard the Honorable Paul G. Hoffman, Administrator for Economic Cooperation, and the Honorable Dean Acheson, Secretary of State. Mr. Hoffman discussed in their broad aspects the progress and the lags in the European recovery program in its first 2 years. Mr. Acheson spoke of the broad implications of continuation of the program in relation to the struggle for power between the free nations and the nations within the Soviet orbit.

In the afternoon of February 21 the Committee on Foreign Affairs heard the Secretary of State at greater length in a public session. The issues of the discussion were broadened both in scope and in time; the relationship between European problems and the political problems of the Orient were explored, and attention was given to the economic problems that will obtain in the sequel to the European recovery program.

On February 22 the committee held a morning session, open to the public, with the Honorable W. Averell Harriman, United States special representative in Europe, as witness. This session dwelled principally upon the activities of the Organization for European Economic Cooperation.

On February 24 the committee heard Mr. Hoffman again and Mr. Richard M. Bissell, Jr., Assistant Administrator of the Economic Cooperation Administration. Mr. Hoffman discussed in particular the accomplishments and the lags with regard to concrete cooperation among the western European nations—in other words, the integration issue—and the current financial posture of European recovery. Mr. Bissell discussed the problems of commerce in petroleum as related to the recovery program.

Beginning with a morning session on February 28, the committee directed its attention to the particular problems of key countries participating in the program. Mr. W. John Kenney, chief of the Economic Cooperation Administration mission to the United Kingdom, testified regarding recovery progress in the United Kingdom. His testimony covered such aspects as the effect of devaluation of the pound, the effect of the British social program upon economic recovery, and the special problems of British relationship to the Continent of Europe and to the sterling area. Mr. Kenney continued his testimony in a morning session on March 1.

On March 2 the committee held a morning and an afternoon session. The witnesses were Mr. J. D. Zellerbach, chief of the Economic Cooperation Administration mission to Italy, Mr. Vincent M. Barnett, special assistant to Mr. Zellerbach, and Mr. Robert M. Hanes, chief of the Economic Cooperation Administration mission in western Germany. Mr. Zellerbach dealt with the general recovery picture in Italy and such special problems as population pressure, tax reform, and land reform as they relate to Italian recovery. Mr. Hanes discussed the relationship of German recovery to the revival of western

Europe in general and the special problems of developing the conditions of freedom in German business.

On March 3 the witnesses before the committee in an all-day session were Gen. William J. Donovan, Chairman of the American Committee on United Europe, and Mr. Barry Bingham, chief of the Economic Cooperation Administration mission to France. General Donovan analyzed the accomplishments and the obstacles relating to the development of unity among the western European nations. He also discussed special problems created by the divergence of policy between the United States and the United Kingdom in relation to China. Mr. Bingham traced the record of recovery in France and the special relationship of France to European integration.

On March 7 the committee directed its attention to two vital aspects of the program—public information concerning the aims and accomplishments of the program within the recipient countries and labor relations within the recipient countries, particularly the situation as between Communist-dominated labor forces and free labor. The witnesses during a morning session were Mr. Roscoe Drummond, Chief of the Information Division, and Mr. Boris Shiskin, Chief of the Labor Division, both of the Office of the United States Special Representative in Europe.

On March 8 the committee turned its attention to the question of extending the recovery program now in progress in the Republic of Korea. Secretary of State Acheson and Administrator Hoffman appeared before the committee in a morning session. Mr. Acheson described the political implications of Korean assistance. Mr. Hoffman described the general economic outlines of the recovery undertaking there. In an afternoon session that day the committee heard Dr. A. J. Johnson, Director of the Korea Division of the Economic Cooperation Administration. Dr. Johnson presented the program in detail.

On March 9 the committee heard Dr. Johnson again and Dr. Arthur Bunce, Chief of the Economic Cooperation Administration mission to the Republic of Korea, who testified as to the local aspects and problems of the Korean program.

On March 10 the European recovery program was again the subject. The committee heard Mr. Bissell in a discussion of the contents of the recovery program for the approaching fiscal year and of the proposed European payments union. Mr. Bissell was accompanied by Mr. C. J. Dwyer, of the Petroleum Branch, Economic Cooperation Administration, who discussed problems of petroleum between the dollar area and the area of the recovery program.

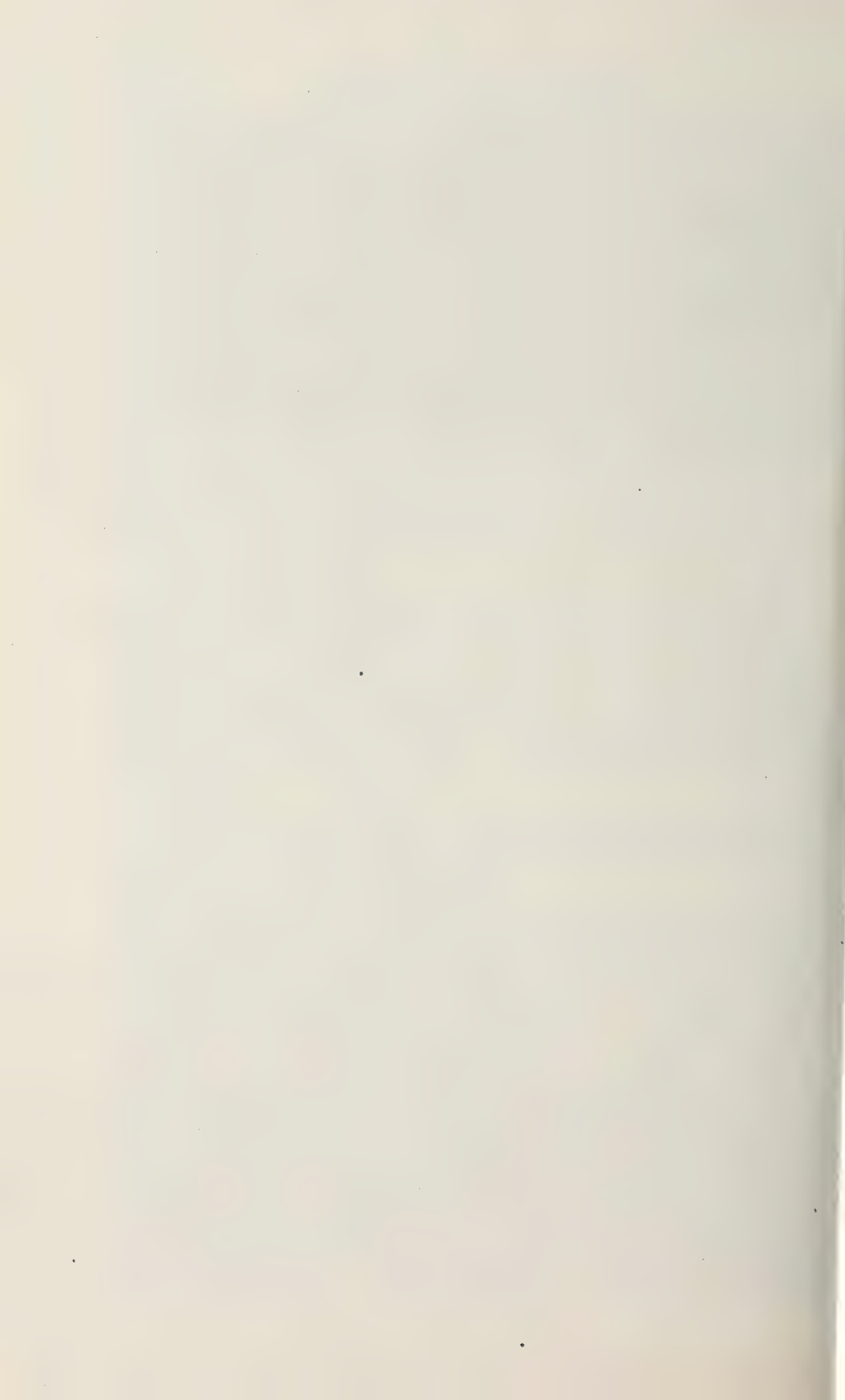
On March 14 the committee heard a number of public witnesses in discussions of various phases and various viewpoints on the legislation. Included were Mr. Henry Reuss, representing Americans for Democratic Action; Mrs. Anna Lord Strauss, president, League of Women Voters of the United States; Mr. James Finucane, associate secretary, National Council for Prevention of War; Mr. John C. Lynn, assistant legislative director, American Farm Bureau Federation; Mr. J. T. Sanders, representing the National Grange; and Mr. Robert Emmet Rodes, commander, Morocco Post, No. 1, American Legion.

On March 15 the hearings closed with the testimony of two more public witnesses, Mr. L. Dan Jones, attorney, representing the Inde-

pendent Petroleum Association of America, and Mr. Henry Hazlitt, contributing editor of Newsweek magazine.

Besides the information adduced from the witnesses, the committee was benefited by a thorough documentation of progress, problems, programs, and prospects of the European recovery effort prepared by the Economic Cooperation Administration; by the periodic reports to the Congress required by section 123 of the Economic Cooperation Act; by the second annual report of the Organization for European Economic Cooperation; and by various published studies of the Joint Committee on Foreign Economic Cooperation in pursuance of its mandate under section 124 of the Economic Cooperation Act. With respect to Korea the committee was assisted in its study by two reports of high quality issued by the Economic Cooperation Administration, one entitled "Republic of Korea: Economic Guides" and the other "Korea Aid Program: Fiscal Year 1951."







tickets out of a feeling of compulsion would agree that it was not amusing. But it was staged along the lines of any other dinner which included musical entertainment. The Republicans had musical numbers and sought no exemption from the tax merely because they were sandwiched in between speeches. That is the peculiar construction which the Treasury Department in a long and labored opinion placed on the character of the Truman event.

Absurdity was piled upon absurdity when it was declared that the musical numbers of the Truman party were, after all, of brief duration—mere interludes between the speeches—with the whole program leading up to that period of ineffable bliss—the address of the President. Such reasoning is remindful of the young woman's excuse for her illegitimate baby—after all, it was only a small baby.

Mr. Speaker, the President has recently had a lot to say about tax loopholes. His party high command is expert at creating them. It helped greatly in adding upward of a half million dollars to the Truman party bank account. Maybe the Republicans should have chiseled themselves a little loophole. The American Heart Association would have benefited accordingly. That is where the profits from the Republican dinner and entertainment went.

CALL OF THE HOUSE

Mr. SMITH of Wisconsin. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 122]

Auchincloss	Gilmer	Nixon
Barden	Grant	Norton
Baring	Gwinn	Plumley
Battle	Hale	Reed, Ill.
Bennett, Fla.	Hébert	Reed, N. Y.
Bennett, Mich.	Hoffman, Ill.	Rivers
Blatnik	Jackson, Wash.	Sabath
Buckley, Ill.	Jennings	Sadowski
Bulwinkle	Kennedy	Simpson, Ill.
Burdick	Kruse	Smathers
Carroll	Kunkel	Smith, Ohio
Celler	Lichtenwalter	Staggers
Cooley	McDonough	Stanley
Crawford	Macy	Wheeler
Dawson	Miles	Whitaker
Dingell	Monroney	Withrow
Douglas	Morrison	Wolcott
Eaton	Multer	Wood
Fellows	Murphy	Worley
Fulton	Nelson	

The SPEAKER. On this roll call 372 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. TAURIELLO, Mr. DAVIES of New York, Mr. MEYER, and Mr. GAVIN asked and were given permission to extend their remarks.

Mr. DOLLINGER asked and was given permission to extend his remarks and include an address.

Mr. LANE asked and was given permission to extend his remarks and include extraneous matters.

Mr. PRESTON asked and was given permission to extend his remarks and include a newspaper article.

Mr. MOULDER asked and was given permission to extend his remarks and include a letter from William H. Becker in support of House Concurrent Resolution 64.

Mr. MILLER of Maryland asked and was given permission to extend his remarks and include an editorial.

Mrs. ROGERS of Massachusetts asked and was given permission to extend her remarks and include a newspaper clipping.

Mr. GRAHAM asked and was given permission to extend his remarks and include a short editorial.

Mr. MASON asked and was given permission to extend his remarks and include an editorial from the Richmond Times-Dispatch.

Mr. REED of New York (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks in four instances.

Mr. KEARNS asked and was given permission to extend his remarks and include a speech delivered before the Detroit Bar Association.

Mr. KILBURN asked and was given permission to extend his remarks and include a letter.

Mr. PATTERSON asked and was given permission to extend his remarks and include an article.

Mr. O'HARA of Illinois asked and was given permission to extend his remarks in two separate instances.

Mr. McCORMACK asked and was given permission to extend his remarks and include an editorial.

Mr. RANKIN asked and was given permission to extend his remarks and include a statement by Henry J. Taylor on the subject of power from the sun.

Mr. ANGELL asked and was given permission to extend his remarks in two instances and in each to include extraneous matter.

AMENDING THE NATURAL GAS ACT

Mr. HARRIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1758) to amend the Natural Gas Act approved June 21, 1938, as amended, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert "That subsection (b) of section 1 of the Natural Gas Act, approved June 21, 1938, is amended (1) by inserting after the word 'but' the words 'except as provided in subsequent sections of this act,' and (2) by inserting before the period at the end thereof the following: 'or to any arm's-length sale of natural gas made by one producer or gatherer to another producer or gatherer or made at or prior to the point of delivery of such gas into interstate transmission facilities (of a natural-gas company) or to incidental transportation of natural gas necessary for delivery of such gas to such other producer or gatherer or

into interstate transmission facilities (of a natural-gas company): *Provided*, That such arm's-length sale and incidental transportation are by a producer or gatherer not otherwise engaged in and not controlled by or controlling a person otherwise engaged in the transportation or sale of natural gas for resale in interstate commerce.'

"Sec. 2. Section 1 of such act is amended by adding after subsection (b) thereof the following new subsection:

"(c) It shall be the duty of the Commission to assemble and keep current pertinent information relevant to determination of whether, by reason of lack of effective competition among producers or gatherers of natural gas, the flow of natural gas into interstate commerce is being or will be unduly retarded or interfered with or the price of natural gas sold in interstate commerce for resale is being or will be unduly affected. If, at any time, the Commission shall so determine, it shall report to the President and to the Congress its conclusions, together with the data upon which its conclusions are based, and its recommendations, if any, for remedial action.'

"Sec. 3. Subsection (6) of section 2 of such act is amended by inserting before the first word thereof the following: 'Subject to the limitations of section 1 (b).'

"Sec. 4. Section 2 of such act is amended by adding at the end thereof the following new subsection:

"(10) A sale shall be deemed to be at 'arm's length' unless (1) it is by a person who is in such relation to the buyer by reason of voting-stock interest, common officers or directors, or other evidence of affiliation, that there is liable to be an absence of independent bargaining between them, or (2) the sale is, in fact, not arrived at by independent bargaining between the buyer and seller."

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. MARCANTONIO, Mr. BIEMILLER, Mr. CROSSER, and Mr. JAVITS objected.

FOREIGN ECONOMIC ASSISTANCE

Mr. KEE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 7797) to provide foreign economic assistance.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 7797, with Mr. HARRIS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Are there further amendments to section 102?

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: On page 8, line 14, strike out the colon and in lieu thereof insert a period. Strike out the remainder of the paragraph through line 23.

Mr. SMITH of Wisconsin. Mr. Chairman, if you will refer to the bill you will note that I am striking out the proviso section beginning at line 14. This amendment in no way affects the money authorized under this bill; it does, however, strike from the bill the authorization to carry over from the present fiscal year the sum of \$150,000,000 to the fiscal year 1951.

I know there are those who feel that in view of the fine administrative record made by Mr. Hoffman, the fact that he has saved this \$150,000,000, we ought as a reward, perhaps, and in recognition of that fine service permit him to have this carry-over for use next year.

It is my position, Mr. Chairman, that we have no right to say to the taxpayers of this country that we are going to give the Administrator \$150,000,000 more to play with than he has asked for 1951. In considering this matter we must take into consideration, it seems to me, our own fiscal situation. Here we are with a huge debt. We are going to be \$6,000,000,000 in the red at the end of this fiscal year. When we consider our total obligations, \$150,000,000 is a mighty small amount.

Yesterday a press dispatch from Berlin stated that the ECA is going to ask for the sum of \$82,500,000 to be used to assist the unemployed in Berlin. That is, \$82,000,000 to be used in the next 4 months to assist the unemployed in that city. What about our own unemployed? We have 5,000,000 unemployed in the United States today. This money can be used to help finance some unemployment compensation which one of these early days we are going to be called upon to approve. Only yesterday before a committee in the other body General Eisenhower stated that we have cut our national defense appropriations a little too deep and it is his idea that Congress will have to appropriate another half billion dollars for national defense. I ask you again, Mr. Chairman, where are we going to get the money?

On yesterday we had another press report from London in which Sir Stafford Cripps made the prediction that in 1950 the Labor Government would be able to reduce its deficit 50 percent. I read from this report:

The forecast, however, was based primarily on the assumption that trade with America, including American purchases of British raw materials, would be sustained.

Even Britain is looking for some economy. They are looking for better days with our help. I am not objecting to that, but I am wondering where is our first responsibility? We have a responsibility to our own American taxpayers.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from New York.

Mr. JAVITS. I would like the gentleman to get the facts clear. If the gentleman will refer to page 33 of the committee report he will find that the total request of the ECA is not for \$2,950,000,000 but the total request of the ECA comes to \$3,100,000,000. The thing I would like to correct is that this amount which the gentleman is seeking to cut out is requested. Whether we cut

it out is another matter, but it is requested as a part of the ECA appropriation for reasons which I will take up in my own time. But I do not want the committee to understand that this is a gift to Mr. Hoffman because he saved that amount of money last year.

Mr. SMITH of Wisconsin. Yes, but it does not affect the program one iota.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Idaho.

Mr. WHITE of Idaho. I think the gentleman asked a very pertinent question when he asked, "Where are you going to get the money." One way would be to get it from the mining industry, particularly the nonferrous mining industry. That is one of the biggest taxpayers, and we are cutting off that source of income by destroying the American mining industry. I think the gentleman asked a very pertinent question.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Illinois.

Mr. JONAS. The gentleman made a very effective statement and, as he said, there are about 5,000,000 people out of work presently.

Mr. SMITH of Wisconsin. That is right.

Mr. JONAS. I take it the gentleman is not taking into consideration the recent figures on the June graduating class of institutions of higher learning which shows that there will be another 1,200,000 out of work, so that the total will be 6,200,000 by the 1st of July.

Mr. SMITH of Wisconsin. I thank the gentleman for that contribution.

I want to refer to this news dispatch again from London, and Sir Stafford Cripps. The article goes on to say that—

The document made clear that Britain's economic outlook for this year depends entirely on the expectation that American business will continue along the present general lines of prosperity.

Of course, parenthetically, Mr. Cripps did not take into consideration the Irish Members in this body.

This means primarily a continuation of European-recovery program on a substantial, though reduced, scale.

Now, Mr. Chairman, I submit that my amendment ought to pass because this money, which they are asking to carry over, if denied to them, will not in any way affect this program. There is plenty of cushion in the request that has been made by ECA. I submit that the amendment ought to be adopted.

Mr. MANSFIELD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I dislike very much to rise in opposition to the amendment offered by my good friend and esteemed colleague the gentleman from Wisconsin [Mr. SMITH]. We all admire him and respect the gentleman from Wisconsin because he has his views, they are honest, and we all know he is trying in his own way to do the right thing.

However, this House has already put into effect a cut amounting to \$250,000,-

000 as it affects this program. If we were to accept the amendment offered by the gentleman from Wisconsin, it would mean a further cut of approximately \$150,000,000. This is the \$150,000,000 which Mr. Hoffman and the ECA saved last year—\$150,000,000 which they told this Congress that they had saved and which they deducted from their original request for an appropriation of \$3,100,000,000.

Now, I think that speaks well for the ECA and that it is good sound business. I think we ought to reward a Federal administrator who will come back to the Congress and show that he has made a saving in the agency over which he has supervision. You know, the cheapest wars to win are those that do not begin, and I think that the Marshall program has been of tremendous significance and importance in helping us in this cold war in which we are now engaged. Most of the Members in this body will recall that when this program was first discussed it was stated, if it was undertaken, that the risk was a calculated one, that the whole program would cost somewhere around \$16,000,000,000 or \$17,000,000,000, and that very likely it would take 4 years to consummate. We made no promises as to what we would do. We told the people of this country what we thought might be the result and we took that chance—that calculated risk. Had we not engaged in the Marshall program, it is my considered belief that western Europe would be Communist-controlled today. In that event, we would be isolated and the net result would be that we would be spending more billions than this program will cost in our defense.

Mr. McSWEENEY. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from Ohio.

Mr. McSWEENEY. May I not say that we in the Congress are at fault, sometimes, when we penalize people who try to save. We say they do not need it and we do not give it to them, and they lose incentive of trying to save. I found that true in departmental appropriations, and so forth.

Mr. MANSFIELD. I agree with the gentleman from Ohio. Of course, all the Members are familiar with the Federal agencies which come before us every year with no surpluses. This agency, with a minimum of personnel and under excellent administration, makes a saving based primarily, I believe, on the devaluation of the currencies last year, and we want to take it away.

The gentleman from Wisconsin has mentioned the unemployed in this country and how we should help them. I agree with him wholeheartedly. I think we should look after our own people, but I think also we should not lose sight of the kind of world in which we live and the position this country occupies in the chaotic conditions which are now before us. The issue, in reality, is a peaceful world. That is what we are striving for and that is why we are engaged in this proposal. We are seeking through Marshall aid to insure our own security, to give hope to people, and to create the foundations for a lasting peace for all people throughout the world.

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from West Virginia.

Mr. KEE. May I ask the gentleman from Montana if it is not true that it is shown in the testimony before the committee that Mr. Hoffman never doubted that he would be permitted to use the money that was left over, and that he took the \$149,000,000 that he had saved into consideration in making the estimates of what would be required to carry on the Marshall plan for the coming year?

Mr. MANSFIELD. The chairman of our committee is correct. He will recall that the original sum was lessened by this saying, and that is the sum now before this body at this time.

Mr. KEE. Was not this matter discussed in the committee, and was it not almost unanimously determined that to cut this from the amount allowed would be a penalty against Mr. Hoffman for saving?

Mr. MANSFIELD. The gentleman is correct.

Mr. KEE. What would be the gentleman's estimate of the result of this action of Congress, if we should cut this amount from the bill, upon the operations in the future of other agencies that must depend upon appropriations to pay their expenses?

Mr. MANSFIELD. The answer to that is obvious. We will not reward good businesslike administration and we will help to perpetuate the using up of all funds available each fiscal year, whether they are needed or not.

The CHAIRMAN. The time of the gentleman from Montana has expired.

Mr. MANSFIELD. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. MANSFIELD. The gentleman from Wisconsin was talking about the funds to be used by ECA in taking care of the unemployed in the Berlin area. I am sure that he and the other Members of this body are aware of the fact that at the present time there is coming into existence a so-called youth movement in the east German state, the Soviet-dominated part of Germany, and that around May 1, according to press reports, there is going to be a big push into the western sector of Berlin. I think it is up to us to do all we can to hold the fort in Berlin and not allow this contemplated push to become a success because, were it to be successful, it might well lead to another world war.

I feel that in the future much of the course of this country's foreign policy as it affects western Europe is going to depend on whether or not we are able to retain our bridgehead in Berlin. We did it last year with the airlift. We intend to do it this year and to keep these Soviet-dominated movements from coming in, breaking up the situation and defeating the bridgehead we have constructed in that part of the world.

I call the attention of the Committee also to the fact that Germany is a tremendously important country and that west Germany comes under the ERP. We have set up there or helped to set up the so-called Federal Republic of west Germany. Although Germany today is, in some respects, the weakest country in all of western Europe, she is potentially the strongest nation. There she is between the Allied Powers and the Soviets, and here we are trying to bring about a cut in an appropriation, with the result that if it is accepted by this body our position in western Europe may well be weakened. I urge this Committee not to uphold the amendment which is now before us.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. WHITE of Idaho. The gentleman was describing some conditions before he started to answer questions. Does he think that the remedy for those conditions is the sacrifice of the domestic mining industry?

Mr. MANSFIELD. Not at all. The gentleman knows that he and I did all we could to get a bill, S. 2107, through this House. I feel we still should try to get that bill through because it means a lot to our own people.

Mr. WHITE of Idaho. Do you not think in the light of present market conditions and the conditions of the country that the mining industry is being sacrificed?

Mr. MANSFIELD. I will repeat what I said yesterday, that a good many of these strategic materials which are coming in are materials which we lack here or are in extremely short supply. These include rubber, sisal, industrial diamonds, palm oil, graphite, sperm oil, cryolite, tantalite, beryl, and so forth.

Mr. WHITE of Idaho. The gentleman represents a great copper-producing district in the State of Montana. Does he know that all the copper brought into this country is coming in from South America and as a result, copper mines are closing up here?

Mr. MANSFIELD. The gentleman knows I am aware of that. He knows also I have been fighting against the lifting of this 2-cent-a-pound excise tax on copper and I will continue that fight against a further suspension of this tax.

Mr. RICH. Mr. Chairman, I move to strike out the last word, and rise in support of the Smith amendment.

Mr. Chairman, I listened with a great deal of interest to the gentleman from Montana and the gentleman from West Virginia explain why this amendment should not be adopted. It seems to me they have made the most ridiculous arguments I have ever heard when one talks about what he wants to do for the people of this country, like the gentleman from Montana, to help the miners in Montana, and yet he is trying to do everything he can to spend all the money he can for all the people in the world, not thinking anything about the people in the United States, especially the taxpayers. It just burns me up when I hear arguments like that.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. GAVIN. I want to call attention to the fact that it is now proposed to close up or curtail activities of 12 hospitals for servicemen and veterans and their dependents as an economy move in order to save \$30,000,000. I would like to see the Members of the House of Representatives be just as much concerned about the welfare of our own people as they are concerned about the welfare of these other people.

Mr. RICH. It is about time that the Congress and the people of America woke up to see what the Congress is doing to them. I tell you they are taking the shirts off the backs of the American people and they are putting all the people all over the world on the backs of the taxpayers of America. If the American people do not wake up, pretty soon they will find out that we do not have any country left, and that we are subservient to some of these countries in Europe. Instead of our helping them, they will be dictating to us. I say it is a deplorable situation. I take my hat off to the gentleman from Wisconsin [Mr. SMITH] for what he is trying to do on this Committee on Foreign Affairs. He is the only member of the Committee on Foreign Affairs that I want to follow at this time on this bill. I think they are more foreign than they are domestic. I think they are more interested in trying to help the people of foreign countries than they are in looking after the people of America.

It certainly ought to be recognized mighty soon by the Congress. If you do not recognize it, pretty soon I hope the people back in your districts will recognize it and leave a lot of you at home where you belong.

It was said here a little while ago that \$150,000,000 is only a small amount. It is a dickens of a lot of money to me. I think any one of us would be glad to have a thousand dollars. There would be a lot of people in this country who would like to have a thousand dollars. There are 5,000,000 people out of work in America. You talk about economy and you talk about trying to take care of your own people. We ought to be looking after our own people, instead of trying to help everybody else all over the world. We are not only trying to help everybody all over the world, but this Committee on Foreign Affairs, in my judgment, is meddling in everybody's business all over the world. What did you do yesterday? Why, you tried to interfere with Great Britain in order to help Ireland. What did Ireland do in the war? They refused to help us. They would not even let us land on their shores. Now we are trying to help Britain. I do not want to help Britain. That is nothing but a Socialist government. I do not want to get mixed up in their affairs. I do not want to have anything to do with them as long as they are running a Socialist government over there. I would not give a nickel to run a Socialist government in America. I do not want anything to do with it. You are not only meddling there but you are try-

ing to interfere with Israel. Let the people of Israel alone. Let Spain alone. Let all of those countries alone who want to run their own governments. Let Italy run their affairs, Spain likewise. Instead of that, however, this Foreign Affairs Committee is sticking its nose into everybody's business all over the world. It is about time we stayed at home and looked after our own people or we will not have any country to look after. Certainly you will not have any government we can call free America. You members of the Foreign Affairs Committee do not need to smile at me. I love you all individually and I like your individual smiles, but I do not like the things you are trying to do, and I want you to know it, and I want the American people to know it.

Now, what are we trying to do here? We are trying to save \$150,000,000 by the amendment that was offered by the gentleman from Wisconsin [Mr. SMITH].

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. RICH] has expired.

Mr. RICH. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. I think Mr. Hoffman did a good job in trying to save \$150,000,000 last year, because he did not spend it. Now, you are so anxious to give it away that you want him to have that money, and by giving it to him you say, "You spend it, Mr. Hoffman." Let us give Mr. Hoffman credit for saving that \$150,000,000. Let us put it back into the Treasury of the United States. Let us help the taxpayers of this country to the tune of \$150,000,000. It is a wonderful thing that Mr. Hoffman tried to do that. I want to give him credit for it. But I want to save that \$150,000,000 so that JOHN TABER will not have to work so hard to try to get the money for these appropriation bills that you are going to bring in here next week. You are just going to break us down and tear us to pieces, and you are going to destroy us with your squandering of money in foreign countries. Be wise and economize.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. RICH] has again expired.

Mr. VORYS. Mr. Chairman, I just want to give you the arithmetic on this so that you can weigh it in passing on this amendment. I offered a similar amendment in committee, but it was voted down.

On page II-42 of the budget estimate, which was presented to the Appropriations Committee, and was also made available to our committee, is a statement, "Economic Cooperation Administration; Summary: All Participating Countries; Estimated Balance of Payments in Gold and Dollars and all Currencies"; and at the end of the page, after a long calculation, we find that the balance "total gold and dollars" for '50 and '51 is \$2,925,000,000. That is the balance of payments proposition on which

the Marshall plan has been based from the start; Europe was shy of dollars, could not meet her necessary payments, and that deficit balance is what must be made up for Europe to recover.

The present bill contains authorization for \$2,700,000,000 due to the amendment adopted the day before yesterday. It also authorizes guaranties, originally \$300,000,000, but a portion of which had been used, so there is new guaranty money in this bill in the amount of \$292,000,000. Thus if the pending amendment is adopted we will still have in the bill resources, through guaranties and authorization of \$2,992,000,000. You ask, if the dollar need is only \$2,925,000,000 what is this carry-over to be used for? You will find this listed on pages 33 and 34 of the report. In addition to the dollar balance needed, the carry-over is to be spent as follows: \$40,000,000 for power projects, \$45,000,000 for overseas development, \$36,000,000 for Greece; technical assistance, \$15,000,000; a total of \$136,000,000. All of these are nice things but they are not needed on the balance of payments theory. If you add to the \$2,925,000,000 which is the estimated balance of payments needed, \$15,500,000 for administration, you get \$2,940,500,000; and more than that will be made available under this bill if the Smith amendment is adopted.

Just one word about who gets rewarded when a faithful servant has saved money. If somebody found your watch and brought it to you and said: "I have been so honest that I returned your watch. Will you give me the watch as a reward?" You would say, "No." You might give him a tip or something as a reward for his honesty but you would not give him back the watch that belongs to you. In somewhat the same way, while I hail the efficiency of Paul Hoffman in saving \$149,100,000 for the American taxpayer, I want the taxpayer to get the benefit of his saving, not ECA. I therefore think that we are not penalizing Paul Hoffman or ECA, but we are simply accepting with thanks his splendid work when we cancel out this carry-over and say, "Fine, that is some money that you saved, Paul; and thanks for letting us put it back in the Treasury."

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. GAVIN. I wish to compliment the gentleman. He referred to the American taxpayer. That is the first time in this debate, this furious scrap that we have had here as to how we are going to spend this money, that I have heard the American taxpayer considered. I am telling you now that unless the American taxpayer is given some consideration in matters of this kind there are many going to hear from him this coming fall.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Minnesota.

Mr. JUDD. Will my good friend from Ohio sponsor an amendment to increase by \$150,000,000 the authorization which now stands at \$2,700,000,000 so that it will be \$2,850,000,000? That is what you would have to do if you want to have the program carried on.

When Mr. Hoffman saved this money he could have returned it to the Treasury and asked for \$150,000,000 more new money to meet his needs. Instead he left it as part of the program and reduced accordingly the request for new money, the effect of the Smith amendment is not just to take back what was saved; it cuts the whole appropriation by another \$150,000,000.

Mr. VORYS. Will the gentleman take his own time on that?

Mr. JUDD. I asked the gentleman whether he would sponsor such an amendment.

Mr. VORYS. No; I would not, because I think that, based on the figures presented to us, if they will for once use the guaranty provision, which has been largely expanded in the bill before us, the resources in dollars will be available for western Europe which they need, even though the amendment is adopted. It will be a tight fit if that happens; it is even possible that some of the country-aid program might need to be reduced, but when we remember that the country-aid programs in general are based not on any exact estimate of what countries need as in former years but were based on a 25-percent cut—that is where the \$2,925,000,000 comes from—if it should become necessary to make the cut 26 or 27 percent instead of 25, I do not believe it would cause the collapse of this effort which I am anxious to have carried through. I just wanted to present, however, the arithmetic of the situation as it appears in the records of our committee.

Mr. JUDD. Does the gentleman believe that if this \$150,000,000 were given to Mr. Paul Hoffman and he did not need it for the success of the program, he would go ahead and spend it? Does the gentleman think the taxpayers will lose a dime if we authorize this amount for him to use if needed?

Mr. VORYS. No; I think Paul Hoffman will not spend any money that he does not need.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. JAVITS. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, let us be honest with ourselves. This is nothing but a move to cut this authorization another \$150,000,000 and no fancy words can gloss over that fact. I shall therefore address myself to those Members of the House who voted against a cut of \$500,000,000. Some of those Members were willing to go along with a cut of \$250,000,000. I ask them whether they want to step that up to a cut of \$400,000,000, because that is exactly what this amounts to. No one believes that the Committee on Foreign Affairs is giving anybody a perquisite or gift of the \$150,000,000 that has been

left in the funds. We are doing no such thing. As the gentleman from Minnesota [Mr. Judd] said, this would have been a bill for \$3,100,000,000 if this carry-over of \$150,000,000 was not in here.

In our committee where this was thoroughly discussed, this very same move failed by a very large vote, and there is a very substantial reason for that. This is the reason: If you will read the committee report on page 33, which was referred to, you will find that in addition to the \$2,925,000,000 for country aid programs the request of ECA was for \$174,000,000, and that request was absolutely essential and carried certain items which Members are very much interested in, even those who are advocating a cut.

One of the items is \$36,000,000 for both the economic and military assistance program in Greece. In view of the fact that Greece has finally won its war against the Communist menace, how many Members of the House want to cut into that essential element of aid to Greece?

Secondly, it includes, and I call this particularly to the attention of the Members, \$2,800,000 for ocean freight for relief packages sent to countries receiving assistance on a grant basis. You all know what a help these relief package transmittals have been. I ask the Members whether they want to cut that program out. That is exactly what the Committee would be doing if it adopts the pending amendment.

In addition to that, there is requested \$45,000,000 for developments in the overseas territories of these particular nations concerned with this program such as road building, drainage, and the like. These short-term operations are designed to give dollar assistance to the countries affected by ECA. The only way they are ever going to come back is if their territories and colonial possessions are able to supply them with the raw materials that they have to buy in these dollar areas.

This expenditure of \$45,000,000 will produce and pay back in recovery at 10 to 1 for every dollar expended. In terms of recovery should they spend that \$45,000,000 the return is worth \$450,000,000.

Mr. Chairman, if we want to end the European recovery program in 1952 we have to be honest with the program. We cannot cheat the program and we cannot cheat ourselves if we are going to be able to stop it in 1952. So I appeal especially to those members of the committee who defeated the move to cut this \$500,000,000 not to be taken in by this new move that is nothing but an action designed to make the cut of \$250,000,000, which apparently the Committee desired, into a cut of \$400,000,000.

Mr. O'HARA of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Minnesota.

Mr. O'HARA of Minnesota. May I say to the gentleman that I fully appreciate and believe him when he says this program will end in 1952, but he knows and I know there will be some continuation, some form of continuation of this program, is that not a fact?

Mr. JAVITS. I do not believe that there will be a continuation of the European recovery program after 1952. I believe that the United States will have to continue to do something in the world of free peoples in respect of the stability of the free world's economy. This we will do, I emphasize, in the interest of our own security and economic well-being. I do not know what that will be, but I do not think it will be an over-all recovery program like this.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Pennsylvania.

Mr. RICH. Is it not true that when they first started this Marshall plan we were given to understand that it would only be for that year, and then later on they said it would terminate the next year, and now they say we will have it for 3 years, and if you put in point four of the President's program you will have it for all years? Let me ask the gentleman this: How are the American people going to stand it? This great annual cost. You will have all the foreign countries on the backs of the American people, and the American people will be on their bellies.

Mr. JAVITS. I would like to pay my respects to my colleague, but I think he overlooks one important thing. What a good many of us are trying to do here is to keep us from being isolated; not isolationists. The great danger the United States faces is that we will break the backs of our people and our economy if our defense budget becomes \$35,000,000,000 instead of \$15,000,000,000. This is exactly what it will cost if you try to isolate the United States and try to build a steel fence around it, and then history has always shown we will have a war.

What we who are for this bill are trying to do is to have the country pay expenditures for peace, which will retain the peace, and which will retain the lives of the 10,000,000 who may be killed in a next war. The philosophy the gentleman espouses here, I say with all respect, will cost us many billions of dollars and will eventually lead to a war that will destroy our country and our economy, and not save it.

Mr. RICH. You are not going to save our country in this way. You are going to do it if you do it in an economic way. What this bill is doing is to wreck this country. I am not an isolationist; I am a conservator for America first.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. Can the gentleman point out to us now, after the investments that we have made, where any stability or peace has been restored for the tremendous amounts of money we poured in? When this program was undertaken it was determined that we were going to bring about the integration of these countries; we were going to break down the barriers in these countries; we were going to bring about certain reformation through legislative procedures in these countries. We had a definite object, but all we have done, I might say to my very

good and able friend from New York, is to pour money in, but we have not achieved cooperation, integration, breaking down the barriers, certain reformations, and all those things that we talked about to bring about economic stability in the participating countries.

Mr. JAVITS. The first result we had to achieve was to keep the Communists from overrunning Europe; and I am thoroughly convinced, having been there, and the gentleman has been there, that if we had not gone there with the European recovery program, France, western Germany, Belgium, and Holland would now be Soviet satellites. They would have been completely infiltrated from within and overrun and now be behind the iron curtain. That was the great accomplishment of the first 2 years of this European recovery program, and that was certainly cheap at the price. In the next 2 years we have to devote ourselves to the needed integration. The Committee on Foreign Affairs has, I think, been fair. It has earmarked \$600,000,000 in this bill which the European nations cannot get; they cannot get a dollar of it, unless they integrate their markets and their economy exactly as the gentleman says.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BOGGS of Louisiana. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BOGGS of Louisiana. Mr. Chairman, the debate which has transpired here in the last few minutes about this amendment illustrates actually that the ones sponsoring these amendments are opposed to the entire ECA program. The assertion has been made that all we would do, if we vote for this amendment, would be to return \$150,000,000 to the Treasury of the United States. That just is not true. If you refer to page 11 of the report you will find there a statement by the Administrator in which he says:

We are asking that this sum of \$150,000,000 be carried over into the next fiscal year to help meet the 1950 and 1951 requirements of \$3,100,000,000. This leaves as our net request for new funds the sum of \$2,950,000,000.

That is just as clear as language can be. All that has really happened here and all that is contemplated is the transfer of \$150,000,000 to this year's authorization, thereby reducing this year's authorization by \$150,000,000.

This is the first opportunity I have had to speak on this very vital legislation, and I should like to address myself for a few moments to the central issues involved before the House of Representatives today which is simply whether America is willing to take the measures required to defeat Russian Communism without a third world war. To understand the issue, it seems to me we must examine the opponents of this program.

The principal objection, while it is cloaked in high phrases, comes from the

dyed-in-the-wool isolationists in this country. I make my observation not out of partisanship. They are the same men who shaped the policy of the United States from Harding to Pearl Harbor, as the distinguished commentator Walter Lippman, observed several days ago. They are the men who openly oppose and inherently fear cooperation with other people whose ideals and whose institutions are similar to ours. They are the men who voted against fortifying Guam, who voted just a few weeks before Pearl Harbor against arming our merchant ships, who voted just a few months before Pearl Harbor, losing by 1 vote, against extending the draft when the United States of America was more seriously threatened than at any time up until then in our history.

For a few short years after the war there was an effort to overcome isolationism in both parties in our country. No greater contribution has been made to the bipartisan policy of our Government than has been made by the former Secretary of War, Mr. Stimson, and by the great senior statesman from Michigan, Senator VANDENBERG.

Let me say that it is to the eternal credit of the Republican Party that this great program which we are now debating originated in the Eightieth Congress, which was controlled by that party.

I can mention many others. I mention the distinguished and beloved gentleman from New Jersey, Dr. EATON, the distinguished gentlewoman from Ohio [Mrs. BORROW], and the distinguished gentleman from New York [Mr. WADSWORTH], who stood in this well, at the height of isolationism, and guided to passage the defense measures needed at that critical time in the history of the United States.

I might mention the gentleman from Connecticut [Mr. LODGE], and many others, but I am afraid that they are a minority today in their party. I am afraid they are crying out again in the wilderness. I pay particular tribute to them because, being in the minority in their party, their position is even more difficult than it would be otherwise.

Everyone must understand the elementary problems involved in this situation. We are now at this very moment in a war. It does not involve artillery barrages, marching armies, or aerial bombardments. Yet, in my humble judgment it is as dangerous as total war, and as deadly serious as the shooting war which ended in 1945. The real danger, my colleagues, is that we can lose this war without firing a shot.

I do not question the patriotism and the sincere devotion to our country of the isolationists. It takes a long time for men to understand new forces. It has taken a long time for many Americans to understand the position of power and responsibility which the United States of America now has in the community of nations.

But certainly it is difficult for me to understand how Members, on either side of the aisle, can follow the gentleman from New York [Mr. MARCANTONIO], who is the leading opponent of this measure.

Most of you are familiar with the record of the gentleman from New York. I sat here in the House of Representatives during the Seventy-seventh Congress, during the time when lend-lease legislation was up and during the period of desperate preparation for the war which was upon us. The gentleman from New York voted against lend-lease. He voted against all our efforts to expand the Navy. He voted against our efforts to make the Air Force modern. He voted against our efforts to build a fighting army.

But after that Sunday morning in 1941 when Hitler's legions marched across the Russian frontier, the gentleman from New York became the most vociferous advocate of intervention in Europe. Now the gentleman from New York is opposed to this legislation. He has been opposed to it since its very inception. He opposed the security measures which we adopted here a few weeks ago. He opposed the legislation to extend the Un-American Activities Committee again just a few weeks ago.

I say to you, you sincere isolationists, that the gentleman from New York knows what he is doing. He understands the position which he is taking. But it is very difficult for me to understand how Members on either side of the aisle can follow his devious course at this time in the world's history.

I read his speech of Monday very carefully. His argument is that the program is being used for political purposes. I can assure the gentleman that he is correct in that the program is being used for political purposes, if by that he means to support the free peoples standing against communism all over the world. I must say, however, that it is difficult for me to understand how any Member of this body, regardless of party, who understands the menace of the hour, can give aid and comfort and support to the gentleman from New York [Mr. MARCANTONIO].

That brings me finally to the challenge of the hour. It is a personal challenge; it involves all of us and it involves particularly the Democratic Members of this body who have the responsibility for this Government at this vital hour in the world's history. It is so easy to follow the course of least resistance; it is so easy to write to our constituents, who are genuinely concerned about the state of the Nation's finances, that we have improved the budgetary difficulties by voting against this foreign spending. It is so easy to say that we will spend money only in America.

But is it the wise course? Is it the courageous course? Is it the patriotic course? We must have confidence in those who are charged with the responsibility for the security of our Nation. They are unanimous in their opinions that this program is necessary, not for humanitarian reasons, not to bail out some segment of our own economy, but it is necessary for the security and preservation of the United States of America. Shall we listen to these men or shall we listen to the gentleman from New York [Mr. MARCANTONIO]?

Shall we listen to them, or shall we listen to the isolationist members of the opposition party in this body, who from the period of Harding to Pearl Harbor preached the doctrine of isolationism which lulled this great Nation to sleep and made possible the bloodiest war that mankind has ever known.

Let us not delude ourselves. Fear, uncertainty, tension, lack of confidence, are the very things that the Kremlin wants at this stage. They are an inseparable part of the Soviet drive to impose on other peoples the Red totalitarian way of life—a way of life as different from ours as evil is different from good, as Christianity is different from atheism.

The history of the last few years demonstrates beyond a doubt that the Russian leaders will not change their conduct until the peoples of the free world convince them that they cannot profit from their present policies. We must press ahead with the Marshall plan, the Atlantic Pact, the projected point 4 program. We must recognize our place in the world and our responsibilities to free men everywhere. And we must have the courage to put the welfare of our country above short-sighted demands of selfish critics.

The Marshall plan is not perfect. Much remains to be done. The reforms contemplated in land and tax laws in many of the countries are still in the making. Political and economic unification must still be attained. But the forces of unification are stronger than at any time in the past. By continuing the program we may achieve unification. To kill or cripple the program means unification under the iron heel of a Godless, anti-Christian, atheistic Russia. It means sickening repetitions of the mock Cardinal Mindszenty trial and the trials of the leaders of Catholicism and Protestantism throughout the satellite countries; it means new forced confessions from American businessmen; it means, in short, the loss of liberty and freedom wherever the blight of the Kremlin is felt. It means a new dark age for civilization. Let us vote down the amendment.

Mr. TABER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, we have just listened to the typical argument that is made for this bill, to call those who wish to approach it from an honest standpoint and on its merits, names.

Let me say to you that I have personally favored foreign aid, if it was given honestly and it was appropriated on the basis of the needs that were established for those who came before us.

I have had to oppose this bill a great many times, and the appropriations for it, because they were brought here without the slightest idea of what was in them. Perhaps the most disservice that anyone can render to those who wish to have honest foreign aid is to misrepresent this situation.

Let me say that in 1948 the Appropriations Committee came to this floor, and we were subjected to the same kind of attack. We brought in a recommendation for \$4,000,000,000, and we were

given the same kind of criticism that the gentleman from Louisiana [Mr. Boggs] has just leveled at those who want an honest approach to this problem. Yet those funds that we then provided carried this program along for 15 months.

In 1949 the Appropriations Committee brought in a bill providing an additional \$1,074,000,000, and \$3,568,000,000 for the fiscal year 1950, and here we are handed a surplus.

But let me show you just exactly what has happened. In 1949 ECA came before the Congress, and they estimated that the dollar deficit in Austria would be \$239,000,000. Today they come before us and say that the deficit for that same period is \$169,000,000. They overestimated the amount required by only 50 percent.

They estimated the dollar deficit for France at \$1,135,000,000 when they were here a year ago. Presently they estimate the deficit for that same period at \$613,000,000.

For Germany they estimated the deficit at \$951,000,000. Now they estimate it for the same period at \$741,000,000.

They estimated the deficit for Italy at \$460,000,000. Now they estimate it at \$355,000,000.

For the Netherlands, \$342,000,000. Now, \$260,000,000. I am not going any further with that.

I submit a table showing in detail the story told last year and that of this year.

Fiscal year 1950

[Millions of dollars]

	Justifications of ECA brought up to committee in—	
	1949	1950
	<i>Dollar deficit</i>	<i>Dollar deficit</i>
Austria.....	239.0	169.5
Belgium.....	43.9	194.2
Denmark.....	95.7	86.2
Free Territory of Trieste.....		13.4
France.....	1,135.0	613.1
Germany.....	951.0	741.4
Greece.....	165.0	156.3
Iceland.....	6.7	7.0
Ireland.....	63.1	57.2
Italy.....	460.1	355.6
Netherlands.....	342.0	260.7
Norway.....	137.1	97.1
Portugal.....		48.3
Sweden.....	39.7	48.5
Turkey.....		68.2
United Kingdom.....	1,048.0	956.1
Total.....	4,729.3	3,872.8

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. GARY. I would just like to ask the gentleman if he will state the total estimates.

Mr. TABER. Yes. The total estimates of dollar deficits in those countries was \$4,729,000,000. The present estimates are \$3,872,000,000.

Mr. GARY. In other words, they were overestimated by about a billion dollars.

Mr. TABER. Yes. A 25-percent reduction. In other words, they were 25 percent over and above what they now say they actually will be.

Now, just so you will have the picture of how the thing is going at this time, I would like to call attention to an article

appearing in the New York Herald Tribune yesterday, that was called to your attention by the gentleman from Wisconsin [Mr. SMITH].

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has expired.

Mr. TABER. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. WHITE of Idaho. Reserving the right to object, Mr. Chairman, is the gentleman going to answer any questions?

Mr. TABER. I will answer any question that I can.

Mr. KEE. Mr. Chairman, reserving the right to object, and I will not object to this request, I would like to see if we can arrive at some agreement as to time on this amendment.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. H. CARL ANDERSEN. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from New York [Mr. TABER] asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. TABER. The situation is this with reference to Mr. Cripps, he states that the dollar deficit of Great Britain will be cut in half in the fiscal year ending March 31, 1951. That means that instead of the \$956,000,000 that they have estimated it to be for this year it will be \$486,000,000, or \$233,000,000 below the figures carried on page 33 of the committee's select report. That means that for this 1 year alone the need for dollars will be \$233,000,000 less for carrying on activities there.

Is there any reason to suppose that the estimates for the next fiscal year are not as much exaggerated as they were a year ago? If I did not feel that I owed a tremendous debt to the people of the United States because of the opportunity that I have had to go over this situation, I would not be here. I believe that if we want to preserve America, if we want to keep the United States in a position where she can help the rest of the world and where we can fight for the liberty of the American people and to try and keep the rest of the world free, we must show some sense and show some integrity in approaching this problem. I believe therefore that we should adopt this amendment.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. KEEFE. Then I understand that the figures which the gentleman has given, namely, the estimates of dollar deficits in the participating countries when totaled represent the total request for funds made by ECA.

Mr. TABER. No; the requests for ECA have been a percentage below the amount of their original estimates, but

the deficits have always panned out below the amount of the appropriations.

Mr. KEEFE. Then I understand the gentleman's statement to be that the overestimate of the deficits that have been made in the past can be expected to continue in the future as applied to this bill, and that the cutting of \$150,000,000 additional will not hurt the operations of ECA.

Mr. TABER. Absolutely not.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. WHITE of Idaho. The gentleman from Louisiana has spoken about isolationists. I ask the gentleman from New York if George Washington, when he assumed command of the American troops in the Revolutionary War and when he accepted the Presidency of this country, was not the greatest isolationist of all?

Mr. TABER. Perhaps he was; but it is not a question of isolationism. To my mind the isolationists are those who approach this problem blindly and refuse to analyze it honestly on the basis of need. That is my estimate of the isolationists. They never discuss the issues, they never discuss the need; they say only that this is a psychological situation that demands the appropriation of a certain amount of money.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. VORYS. The gentleman has stated what the Committee on Appropriations did in 1949. The Committee on Foreign Affairs cut the authorization \$200,000,000 last year below the request. There was a request for \$200,000,000 for future contracting. It was cut off. We now see from the figures the gentleman has quoted that in spite of the cuts in authorization and appropriation there has been recovery over there which has been extremely gratifying to those of us who have been for this plan from the start and have helped to fight it through this Congress in spite of what some people have said in the past few minutes.

Mr. TABER. I think one particular thing should be called to the attention of the committee at this time. We had the representatives of Germany before us. The present limit from a treaty or an agreement standpoint on steel tonnage is 11,000,000 tons. They cannot turn out more than 9,500,000 tons, not because they have not the equipment to do it, not because of any political prohibition, but because they cannot get the orders. That is a situation that has not been properly taken into consideration by the management of this organization.

Frankly, I admire Mr. Hoffman, and I think he has done a pretty good job generally, but I do feel that he is asking for too much money.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 15 minutes.

Mr. PHILLIPS of California. Mr. Chairman, I object.

Mr. KEE. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. The question is on the motion.

The question was taken; and the Chair being in doubt, the Committee divided; and there were—ayes 82, noes 62.

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. KEE and Mr. EDWIN ARTHUR HALL.

The Committee again divided; and the tellers reported that there were—ayes 128, noes 80.

So the motion was agreed to.

(Mr. TABER asked and was given permission to revise and extend his remarks and include a table.)

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. EDWIN ARTHUR HALL].

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I am supporting the move here today to cut \$150,000,000 off this ECA program.

I have gone along with foreign aid ever since its inception, but I think the time has come to raise a few questions before we send any more money abroad.

I hope I will not be smeared as a heretic when I say that flood-control works in my district should have priority to American funds over the President's plan to build dikes on the Zuider Zee in Holland.

Mr. Chairman, the homes and factories of the Endicott, Johnson City, Vestal, and Binghamton areas are now being threatened by the rising floodwaters of the Susquehanna and Chenango Rivers.

For several years I have tried to convince this House that we need \$4,000,000 to build flood walls to protect these homes and factories of our thousands of triple cities workers from destruction. My pleas have fallen on deaf ears.

But let any Tom, Dick, or Harry come in with a measure such as this one we are now debating and ask for billions of our taxpayers' moneys to be spent in foreign lands, and such a bill goes through like a house afire.

I have always looked upon this Congress as a place where rested a primary consideration for the American people. But we seem lately to have become a debating society in which the glibest talkers for throwing our dollars all over the world hold sway.

When this ECA program first came up it was pictured as a two-edge sword for freedom. One side was described as the blade which would cut to pieces the enemy ideologies threatening our beloved form of government. The other edge was sharpened to aid American industry and eliminate unemployment. We were told that foreign countries would place their orders for goods and services with us and this would be a boon to all.

Such action may have been taken to some extent, but our industries and agriculture have not received enough of these orders.

I have hoped in vain that ECA would be the necessary shot in the arm to the

economy of the United States, but it has not done as much for us as was promised.

Although I am constrained to vote for a reduction, I still hesitate to oppose the program completely because, as bad as it has turned out so far, our leaders request it to save the Nation from communism.

There is a growing belief back home that ECA could be operated more efficiently with less funds and more thought of how the program can help America along with the foreign countries. I heartily agree with this contention.

As to unemployment, I can tell you it is growing in the Triple Cities area; and if something is not done soon, there will be hardship among the rank and file of our people.

Of course, a statement like that will find little sympathy among those who are not concerned primarily with what is best for Americans.

But unemployment is worse today than it has been since before the war. I class it as America's No. 1 problem at the present time; and if we cannot do something to stop it, our way of life hangs in the balance.

Let us take a slice of this ECA money and rehabilitate our own unemployed, our needy, our fellow Americans, who ought to have first claim in our hearts.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Chairman, I rise at this time for only one purpose, and it is not to make any defense of my voting record. The gentleman from Louisiana [Mr. BOGGS] in his speech here a moment ago referred to my voting record. I have sat here patiently very often and listened to similar attacks, but there comes a time when an attack of that nature should be exposed.

The best way I can expose it is by referring to the gentleman's own voting record. He supports this legislation because he believes it will be used to defend the principles of democracy for which our Nation stands, and for which principles he professes great love. On that issue I now deal with the gentleman's voting record. He dealt with mine.

I know of no principle of democracy which is more important and more fundamental than the principle of equality. The gentleman from Louisiana has voted time and time again against every piece of legislation here which would in any manner and even in the slightest degree assert the principle of equality and would lead to the end of discrimination because of race, color, or creed. He voted against every piece of legislation that would establish in these United States the principle of equality, which is the basis of democracy, which he pretends to defend here by his support of this legislation.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I do not yield. It is unfair to ask me to yield when I have only a minute left, and the gentleman had 10 minutes.

Furthermore, I think the difference between the gentleman's philosophy of government and mine is very well delineated. The gentleman supported very

actively what in my opinion constitutes the enslavement of the people who work for a living in the United States when he supported the Taft-Hartley Act.

I submit that the gentleman's record has not been in the interests of the principles of freedom and democracy.

(Mr. MARCANTONIO asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, I have taken this brief moment only in order to yield to my distinguished colleague the gentleman from Pennsylvania [Mr. GAVIN] so that he may ask a question of the chairman of the committee. I have no desire to attempt to discuss any phase of this bill in 2 minutes' time.

Mr. GAVIN. I regret the chairman of the committee is not here, but I see the ranking minority member is. We have heard about the great need for this \$150,000,000 and the dire results of what is going to happen if they do not get this \$150,000,000 in the proposed set-up this year. They have not told you, however, about the hundreds of millions of dollars remaining in the counterpart funds of participating countries unexpended. This \$150,000,000 is just a trifle in the over-all picture. I would like to ask my friend and very able colleague how many hundreds of millions of dollars remain unexpended in the counterpart funds in all of the participating countries?

Mr. VORYS. The total deposits are \$4,850,000,000, and withdrawals are \$2,723,000,000. But you cannot spend counterpart funds for buying wheat in this country or coal in Pennsylvania.

The CHAIRMAN. Does the gentleman from Wisconsin yield, and if so, to whom?

Mr. KEEFE. Mr. Chairman, I believe I have completely yielded what time I had, but I shall attempt to say later what I would like to say when it is worth while making a statement.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. TOWE].

Mr. TOWE. Mr. Chairman, when the war ended I felt we had an obligation to help European nations and I therefore supported all of the programs designed to give economic aid and assistance abroad.

In my opinion we have now reached the limit to which we can go in foreign assistance. The financial condition of our own country is becoming weaker and weaker. The present administration is advocating huge spending programs at home, far beyond our financial capacity. I do not believe that when we are operating our own affairs on a deficit basis that we have any right to further impose a burden on our taxpayers by attempting to finance recovery abroad, and I therefore am opposed to the ECA bill.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. HAND].

Mr. HAND. Mr. Chairman, on last Friday, the gentleman from Wisconsin handling the time in opposition to this

bill was good enough to yield 10 minutes to me during general debate, which, on account of five quorum calls, I did not have an opportunity to use. I cannot obtain sufficient time now in debate to say what I would have liked to say last Friday, and I can only say that I am opposed to all parts of this program, a position consistent with the position I have taken heretofore.

Mr. Chairman, much was done during the days of the shooting war for military expediency, much that could never be justified under peacetime conditions. That was understandable, for we had a war to win, and the use of any means at our command was necessary.

I suppose the lend-lease program was the genesis of our foreign aid policy. Under the whip-lash of war, we poured unlimited billions everywhere. No waste was, nor could be measured against the necessity of victory for ourselves and our allies. Today the billions of military supplies and other materials that we shipped to Russia are bolstering the Soviet threat against us. But the gamble had to be taken.

Then, postwar, humanitarianism dictated the relief programs we inaugurated. Americans rebel at the prospect of whole nations facing starvation, at the plight of the untold thousands of war orphans, of the crippled and the maimed left in the path of war. And so again American dollars were thrown into the far corners of the world to alleviate human misery. America's bounty was poured into nearly every country in the world because of the emergency nature of the postwar needs.

It is quite true that there was no special obligation demanding that America alone assume the role of the self-appointed savior of mankind, and it is equally true that there was much to cause criticism in the administration of these emergency programs, yet the great heart of our people went out to the sufferers of the world. There was little objection to the foreign-aid programs during and immediately following the war.

Billions thus expended in prosecuting the war effort and in allaying the suffering when hostilities ceased were warranted, and were generously approved.

But the policy of continuing to pour more billions into every troubled spot on the face of the earth cannot be justified.

I pointed out to the House of Representatives in July 1946, when the British "loan" was being considered, we cannot buy the friendship of nations, nor can we mold the world with our money—especially with money that we have not got. That loan cost us nearly \$4,000,000,000. It might have helped the British Socialists. Did it help us?

The next step was the so-called Truman doctrine, which had its beginnings in 1947 with the \$400,000,000 gift to Greece and Turkey. The administration embarked on a foreign-aid program with far-reaching implications. We then specifically adopted a policy of imperialism. At that time Mr. Truman said:

I believe that it must be the policy of the United States to support free peoples who

are resisting attempted subjugation by armed minorities or by outside pressures. I believe that we must assist free people to work out their own destinies in their own way.

At that time I felt, and so told the House, that the \$400,000,000 was appropriated to the President to start America on a dark journey, a dangerous journey, an imperialistic adventure to every plague spot in the world. I do not believe we have either the duty or the right or the strength to attempt to control the political and economic destiny of the rest of the globe.

Subsequent events and subsequent billions thrown into the maelstrom of international politics have served only to point up the ultimate futility of such a program. What, through the years, has our bounty bought us? Only the questionable privilege of spending more and more billions upon ever-widening groups of peoples who now apparently feel that such generosity is their due.

Realistic people do not think of the Marshall plan as a success. Economic Cooperation Administrator Hoffman is frankly and openly disappointed in his efforts to get European nations together on agreements to stabilize currency and trade relations. We are still on a one-way street. Despite the billions we have lavished upon England, for example, Britain's fixed policy is to exclude us from trade. She takes the gift of our dollars, spends them elsewhere—and that without even smiling.

Now when I dared suggest that the Marshall plan was not a howling success, I could hear some friends say, "But the standard of living in Europe is better now than before the war." I dare say. But Congress has no constitutional right to spend the money of our people to improve European comforts. What about our objectives? Has it contained communism? Why it is not even intended to, or how explain our generous help to Yugoslavia, which is Communist in a most vicious form. Has it contained Russia? I wish it had, or could. Has it improved the chance for world peace? If you think so, read the headlines in your daily paper.

But we rush on with an expanding program of foreign aid that now takes over Asia through the recently passed bill providing economic assistance to south Korea and other areas in the Far East. If anyone thinks we can adopt the entire Continent of Asia to build up a barrier against Russia, he is due for some expensive surprises. We would have to multiply our foreign aid if we hoped to accomplish any real effect amongst these teeming millions.

A bill to give economic aid to southern Korea was defeated by one vote in the House on January 19, the first foreign-aid bill to be defeated since I have been a Member of Congress. I like to think that my negative vote was the one that defeated that measure. However, the defeated bill was revised and its name was changed to enlarge its scope from southern Korea to certain areas in the Far East, thereby making it worse, and when it was reintroduced, Congress passed it. It was the same baby, dressed in new clothes.

Among other things included in that legislation is the allocation of \$38,000,000 to purchase fertilizer for Korea, which is noted the world over for the natural fertility of its soil.

We cannot hope to maintain a position of strength and security if we are going to dissipate our strength in every troubled spot of the universe.

Today we can witness the full effect of our misguided national generosity in the attitude of nations that have benefited from our foreign-aid programs. When there is the slightest suggestion of curtailment or discontinuance of American aid, they assume the position of an injured party and complain bitterly that they are being mistreated by the United States. We cannot buy their lasting friendship, nor can we count too heavily on their support even while our generosity continues. It is futile to attempt to shape the destinies of the world and all of its peoples with the American purse string.

I think we should stop, before the purse is empty.

(Mr. HAND asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. VURSELL].

Mr. VURSELL. Mr. Chairman, out of the volume of words and considerable thought of the gentleman from Louisiana, he made one statement I think is true when he said that we can lose the war we are now in—he was referring to the cold war—that we can lose this country without firing a shot.

I agree that if some people have their way in representing the people of this country that is what would happen. That is what Stalin and Russia have been waiting for—the financial bankruptcy of this country. If that happens, we could lose without firing a shot. There are some of us here whom you may call isolationists, reactionaries, or what you will, who believe with General Eisenhower, as he stated before a Senate committee yesterday, that the first line of defense of this country is its financial solvency. We want to reduce this bill by \$150,000,000, which will make us that much stronger financially. It is not needed, and we should cut this much out of the bill. Everyone knows that the people want a drastic reduction in the money that we are giving away to other countries. I sent out a questionnaire on that particular subject and this morning I received 125 answers, under 3-cent stamps, every one demanding a drastic reduction in the cost of government so far as giving away money to other countries is concerned—with not a vote in the negative. We have a chance here to help reduce the cost of this legislation more drastically by supporting the amendment to reduce it \$150,000,000. That would make a total reduction of \$400,000,000. I wish you would join with us in making this reduction and give us a chance to vote for this bill on the final roll call by cutting it down to a reasonable figure.

The bill calls for more money than is absolutely necessary. We should not

burden our people with greater spending and higher taxes than are necessary.

I urge you to support this amendment which will save for our people \$150,000,000.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. VURSELL] has expired.

The Chair recognizes the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Chairman, I had not expected to talk on this bill because I had hoped that the House was going to leave the amount to be appropriated to the Appropriations Committee. As chairman of the subcommittee handling foreign aid, I want to say that our committee has been engaged for several weeks in hearing evidence as to the needs of the various countries.

It would seem to me that the proper procedure would be for the House to authorize the appropriations as provided in this bill and then let the exact amount of the expenditures be determined by the Appropriations Committee. If it does not report back a figure that is agreeable to the House, then there is ample opportunity to change it at that time.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield.

Mr. JUDD. I want to associate myself wholeheartedly with the gentleman. It seems to me that is precisely the procedure we should follow. It has been demonstrated by the figures stated by the gentleman from New York [Mr. TABER] that if we overestimate the amount needed, it does not do any damage because ECA has not spent more than was actually needed. But if we do not authorize as much as they estimate they need, then they may be caught in an unforeseen crisis where disaster might result.

Mr. GARY. Exactly. However, I arose for the purpose of referring to the figures mentioned by my distinguished colleague from New York [Mr. TABER]. I know that he did not intentionally misinform the House, but I was certain, when I asked him the question, that he was under a misapprehension. He quoted the wrong figure.

The facts are that the estimates of the net dollar position of the various countries for 1949 and 1950, made in the 1949 justifications, was \$3,872,800,000.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. KEE].

Mr. KEE. Mr. Chairman, I ask unanimous consent that I may yield my time to the gentleman from Arkansas [Mr. HAYS].

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. HAYS of Arkansas. I am sure that the House wants to know exactly what the issue is before we vote upon such an important motion as this, to strike \$150,000,000 from the authorization.

There should be no misunderstanding on the point, for it is evident from the language on page 11 of the hearings that the sum was carried into the estimates;

in other words, it was Mr. Hoffman's estimate, and here is his statement:

We are asking that the sum of \$150,000,000 be carried over into the next fiscal year to help meet the needs of the 1951 requirements.

That is clear. Now if we add this \$150,000,000 to the reduction we will have made it \$400,000,000 rather than \$250,000,000, provided in the Burleson amendment.

Now let me speak directly to the point raised by the gentleman from Louisiana [Mr. BOGGS]. Every Member of this House who knows me knows that from the very beginning of my service in the Congress I have tried to contribute to the bipartisan foreign policy. I would not have anything happen in the course of this debate to mar the spirit of bipartisanship, and it must not happen. I have previously stood in this well to defend the Republicans when certain words appeared in Democratic documents that reflected upon the Republican participation in foreign policy. I think it was a mistake for any Democrat to do that, and I renounced it. I am not disagreeing with the general thesis of my friend from Louisiana [Mr. BOGGS] as I interpret his plea for a forward-looking policy. But I believe he would agree that the preservation of America's role of leadership in the world must be without thought of partisanship. My own party almost abandoned its support of international cooperation back in 1924, following the First World War, and I renounced that position. Let us, as Democrats and Republicans, stand together without thought of party advantage when the world's peace is involved.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. SMITH of Wisconsin) there were—ayes 93, noes 128.

Mr. SMITH of Wisconsin. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. SMITH of Wisconsin and Mr. KEE.

The Committee again divided; and the tellers reported that there were—ayes 103, noes 154.

So the amendment was rejected.

Mr. YATES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YATES: On page 11, after line 18, add the following new subsection:

"The Administrator shall encourage to the greatest extent practicable, consistent with the objectives of this act, and under conditions such that the local currency is not used in a way that would reduce the foreign exchange of the participating countries trade between the United States and each of the participating countries which may be financed for in the currencies of the participating countries with which such trade is sought."

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from West Virginia.

Mr. KEE. With reference to the amendment offered by the gentleman from Illinois, as I understand, this

amendment is for the purpose of encouraging trade between the United States and the participating countries, the trade transactions to be paid for in the respective currencies of the participating countries; is that right?

Mr. YATES. The chairman is correct. It is supplemental to the present ECA program by which payment for transactions is made in dollars.

Mr. KEE. I have not had time to study the amendment closely, but that is my idea of what it is intended for, and personally I have no objection. I cannot speak for the entire committee, because the amendment was not presented to the committee.

Mr. YATES. I thank the chairman.

Mr. Chairman, the ECA program was originally set up to rehabilitate the economies of the free nations of Europe, to restore production, and to establish methods for stimulating free trade between such countries among themselves and with the United States. The program has, in great measure, been predicated upon strengthening the monetary currencies of each of the countries by eradicating the dollar gap. It was basic policy that the lack of dollars by the European countries prevented the normal channels of trade between such countries and our own because it was believed that the exporters of this country—the manufacturers, the farmers, the fishermen—all industries would refuse to accept foreign currencies for the items which they offered for sale. I think perhaps this was true during the first 2 years of the ECA program.

But during the 2 years, the ECA program has achieved much of its original intention. Production has increased and the currencies of the program countries have been stabilized in great measure. ECA is still necessary to continue the progress that has been made in this direction, and I believe the program should be supported. I believe that efforts should still be continued to eradicate the dollar gap because I think it is true that many of our exporters still demand dollars for their products. The best example of that, of course, is the Burleson amendment which insists that exporters of farm products be paid \$1,000,000,000 in dollars.

There are many business firms in this country, however, which I believe would be willing to take payment for their products in currencies of the foreign countries rather than insisting upon dollars. The pound, the franc, the lira, the kroner have been very much firmed up during the last 2 years and I feel certain that our businessmen might very well be willing to accept these in payment for their goods so that they, in turn, might use such currencies to purchase items produced in the foreign country. It has been insisted that ECA should end in 1952 and with that I agree. It has been correspondingly suggested that ECA will not have performed its complete function by 1952 and with that I am inclined to agree, also. Therefore, some means must be suggested of permitting European countries to continue to make progress in the development of their economies and open channels of trade

upon the expiration of ECA. There are many items which the countries of Europe will require to be allocated to the ECA program in order that our dollars may be used in payment therefor. But, correspondingly, there are many items which are produced by countries that will not be included within the ECA program. Such items might very well be found attractive to businessmen in this country. They should be given the opportunity to sell their products to Europe and accept payment in European currencies so they can, in turn, purchase non-ECA program items.

It is not my intention to cripple the ECA program. I think the amendment I am offering can work as a corollary to the program and give impetus to it in stimulating trade between our country and Europe.

I know that last year it was attempted to sell certain agricultural commodities to foreign purchasers for the currency of that country. The ECA officials at that time felt that it might interfere with the operation of the ECA program and frowned upon it. I understand that there has been a change in their attitude and that they have no objection to sales of items by foreign countries which would not ordinarily be used in attracting American dollars.

As I stated, this is supplementary to the ECA program and I believe necessary. I hope the amendment passes.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Connecticut.

Mr. LODGE. I would just like to point out to the gentleman that under the convertibility feature of the guaranty provision there is an attempt made to encourage by guaranties the sort of thing that I think the gentleman has in mind.

Mr. YATES. Well, the guaranties, of course, are intended to assure payment in American dollars. My amendment proposes to supplement that particular feature of the act. It is to permit American exporters, who want to accept payment in currencies of the participating country, to make purchases in those countries of items that are not included within the dollar program to purchase such items.

Mr. LODGE. The gentleman realizes that that can be done now without the gentleman's amendment.

Mr. YATES. If the gentleman will permit me, I do not believe that is true. I think that there has been some misunderstanding on that point in the past.

Mr. O'HARA of Minnesota. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I should like to direct an inquiry to the chairman of the committee, the distinguished gentleman from West Virginia, with reference to the proviso beginning in line 4 of page 11, which would add this sentence:

The Administrator shall also encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized.

The question I should like to direct to the gentleman or some other member of his committee is, just exactly what is meant by this language? Does it mean that under this program we will be telling the countries of the world where to send their emigrants?

Mr. KEE. I will be very happy to permit the gentleman from Connecticut [Mr. LODGE] to answer the gentleman's question.

Mr. LODGE. It seemed to some of us on the committee that you could not create a free market for 270,000,000 Europeans unless you attempted not only to reduce barriers to trade but also to encourage the free movement of persons. The problem of overpopulation is particularly critical in the case of Italy, where there is an annual population of some 450,000 people including an annual increase in the labor force of about 225,000 people. Now there are certain dependent overseas territories, which consist of British, Dutch, French, Belgian, and Portuguese possessions, where many of these people could go, thereby relieving the man power shortage in those areas and reducing the manpower crisis in the areas I have mentioned.

Mr. O'HARA of Minnesota. I do not want to yield all my time to the gentleman. I hope he is not going to try to take all my time.

Mr. LODGE. I am only trying to answer the question of my good friend from Minnesota.

Mr. O'HARA of Minnesota. I deeply appreciate the courtesy of my distinguished friend, but I should like to ask him another question. Who of those who are handling this program is to decide who is to emigrate and who is not to emigrate?

Mr. LODGE. I shall be glad to answer that question. In the first place, there is the question of who wants to emigrate. No compulsion is contemplated as far as I know. In the second place, there are various other organisms attempting to deal with this problem, one of the most difficult problems existing in the world today. There is the manpower commission of the OEEC; there is the Committee of the Council of Europe; there is the Economic and Social Council of the United Nations; and there is the International Labor Organization. All of these organisms are attempting to deal with this problem because it is a very important problem, not only with respect to the political situation in Europe but with respect to European recovery.

Mr. O'HARA of Minnesota. Would the gentleman say that this is included here for the purpose of allowing the Administrator to play around and to say—to Italy for example—"Well, if you will agree to certain emigration from your country we will make certain awards based upon that promise"—not necessarily for emigration, but as part of the transaction. Is that the situation?

Mr. LODGE. The point is that Prime Minister De Gasperi is incapable of dealing himself with a problem which calls for emigration. Therefore, the thought is that, since this is an important integral part of European recovery, it is appropriately something to which Mr. Hoff-

man could give his attention in order to relieve that burden on the Italian economy and thereby relieve the great burden on the American taxpayers.

Mr. O'HARA of Minnesota. It means, then, by indirection, that some of this money will go for some purpose which will permit the Italian Government to use some of its own funds for the emigration of these people?

Mr. LODGE. It means an eventual savings I will say to the gentleman from Minnesota. Last year we had a provision in the this bill which called for the chartering of 10 ships to Italy, in order to assist Italy in handling the transportation problem with regard to her emigrants. That provision is still in the act. This is a different proposition and it does not necessarily involve the expenditure of money.

Mr. O'HARA of Minnesota. Where would these people go when they leave Italy to be taken out of this program? Would they go to Africa?

Mr. LODGE. I have attempted to indicate to the gentleman that we specifically mentioned dependent areas. There are other places where they might go. In France, for instance, they are able to absorb a certain number of workers. But there are these vast undeveloped areas in which I believe workers can be useful particularly in connection with projects under the point 4 program.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. O'HARA of Minnesota. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. O'HARA of Minnesota. Mr. Chairman, the answer which has been given to me in the fine language of diplomacy means to me, and at least I may be permitted to draw my own conclusions, that under this program we have now gone into the emigration business, and this program is being used as a buzzer to tell people in Europe where they should go and what they should do. One of the complaints I heard during my trip to Europe was that many people who are the recipients of this program are not too happy about it. I do not mean that all of them are not happy, because they are benefiting by it financially and they are quite happy about that. But it now seems, in playing around with this program, we have come to the point where not only the State Department, but the ECA is going into the business of moving people from one country to some other country and all over the face of the earth.

If that is the purpose of this program, I hope sometime somebody will try honestly to justify to the American taxpayers why their money is being spent for such a purpose.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I am happy to yield to the gentleman.

Mr. LODGE. I would find it difficult, I will say to the gentleman, to justify to the American taxpayers the expenditure

of their money in an enterprise of this kind, unless certain helpful conditions were imposed. I believe that this program should have a federalizing influence. We must help these countries to integrate and thereby save the money of the American taxpayers. Demographic problems are an integral part of the whole business of integration.

Mr. O'HARA of Minnesota. Mr. Chairman, I appreciate there are some people in this country who think they know all about all of the answers to all of the problems of every country on the face of the earth. I must confess I am just not equal to it. I appreciate that the gentlemen on the Committee on Foreign Affairs are so endowed with mental attainments and by their associations that they are in a much better position to indulge in that sort of thinking than I am.

The CHAIRMAN. The time of the gentleman from Minnesota has expired. Mr. VORYS. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. LODGE. I would say to the gentleman that I am no match for him when it comes to irony, but I have attempted to answer his questions.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield.

Mr. VORYS. I think this is one of the most constructive and far-seeing things in the bill. The most important export from western Europe for the next few years is going to be people. They are overcrowded. They have about 10,000,000 of these expellee Germans in Germany, and a couple of million in Italy, that are probably permanently unemployed. This strikes at the idea of having them go out, as our forefathers did, to undeveloped and dependent areas, and do some pioneering to help develop the world and get off the backs of the taxpayers in Europe and in the United States. I think it is a swell idea.

Mr. O'HARA of Minnesota. Of course the gentleman from Ohio [Mr. VORYS] and the gentleman from Connecticut [Mr. LODGE] and the gentleman from New York [Mr. JAVITS], I see by his face, may think it is a marvelous idea.

Mr. JAVITS. This was not requested by the Administrator. The committee did this because the Members who traveled abroad saw it was so necessary.

Mr. O'HARA of Minnesota. Well, it is certainly helpful to get all of this before us, because I intend to offer a motion later to strike this from the bill, so that you will all have an opportunity.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield.

Mr. JUDD. May I ask my dear friend from Minnesota whether he felt yesterday that it was inadvisable to put any conditions on the money that is to go to England? For example, the condition that she do certain things with regard to Ireland.

Mr. O'HARA of Minnesota. Let me say to the gentleman I have never been classified as soup Irish. You will have an opportunity later on to find out who the real Irish and who the soup Irish are.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. O'HARA] has again expired.

Mr. KEE. Mr. Chairman, I would like to see if we can arrive at some agreement on closing debate. We have been debating this bill under the 5-minute rule on this same section in title I since Monday morning. I think it is about time we came to an end of the debate.

Mr. Chairman, I ask unanimous consent that all debate on title I of the bill and all amendments thereto close in 20 minutes.

Mr. WHITE of Idaho. Mr. Chairman, reserving the right to object, I have been on this floor 2 days with an amendment which I intended to offer to this section. Members have been granted time and extra time. I cannot stand here representing the people of my State and permit any such request to go through by unanimous consent. I want time on this section, and I propose to get it, if possible. So I must object.

Mr. MILLER of Nebraska. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MILLER of Nebraska. How many amendments are there on the Clerk's desk to title I?

The CHAIRMAN. The Chair is informed there are six amendments on the Clerk's desk to this title.

Is there objection to the request of the gentleman from West Virginia that all debate on title I and all amendments thereto close in 20 minutes?

Mr. SMITH of Wisconsin. Mr. Chairman, I object.

Mr. KEE. Mr. Chairman, I move that all debate on title I and all amendments thereto close in 30 minutes.

Mr. WHITE of Idaho. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WHITE of Idaho. I would like to know if this motion is debatable.

The CHAIRMAN. The motion is not debatable.

Mr. JOHNSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JOHNSON. If there are only 30 minutes allowed, how much time is to be allotted for each amendment?

The CHAIRMAN. The Chair is unable to determine that until the amendments are offered.

The question is on the motion offered by the gentleman from West Virginia [Mr. KEE].

The question was taken; and on a division (demanded by Mr. SMITH of Wisconsin) there were—ayes 104, noes 52.

So the motion was agreed to.

Mr. VORYS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. The Chair states that there are six or seven amendments pending. Would it be possible by unanimous consent to have the proponents of those amendments given a chance to explain their amendments and then have time assigned to the opponents so that we can have at least an orderly arrangement? I have no amendment pending and I have not asked for time, but I think it would make for orderly procedure if it could be done.

The CHAIRMAN. The motion of the gentleman from West Virginia has been agreed to by the Committee; the debate has been limited.

Mr. O'HARA of Minnesota. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'HARA of Minnesota. Would it be permissible and proper for the Chair to recognize first those Members who have amendments to offer?

The CHAIRMAN. The Chair will undertake so to do and dispose of the amendments as the Committee proceeds with their consideration during this debate.

Mr. DONDERO. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DONDERO. Would that time be taken out of the 30 minutes?

The CHAIRMAN. The time consumed in voting on amendments will not be taken out of the 30 minutes.

Mr. HESELTON. Mr. Chairman, I ask unanimous consent that the time allotted to me be assigned to the gentleman from Minnesota [Mr. JUDD].

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. FULTON. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. FULTON moves that the Committee do now rise and that the bill be reported to the House with the enacting clause stricken.

Mr. KEEFE. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. KEEFE. Mr. Chairman, I make the point of order against the preferential motion that it is dilatory. The gentleman from Pennsylvania is not opposed to this bill and is not in good faith asking that the enacting clause be stricken out; he is advocating this bill vehemently and is simply taking this means to get 5 minutes time when many others of us have been waiting for 2 days trying to get time, but in vain.

The CHAIRMAN. The Chair would like to inquire of the gentleman from Pennsylvania [Mr. FULTON] if he is opposed to the bill?

Mr. FULTON. In its present form I would be opposed to it.

The CHAIRMAN. The Chair must accept the statement of the gentleman from Pennsylvania.

The Chair overrules the point of order and recognizes the gentleman from

Pennsylvania in support of his preferential motion.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from California.

Mr. JOHNSON. Will the gentleman kindly tell us during the next 5 minutes exactly what in this bill he is opposed to so we will get his viewpoint?

Mr. FULTON. I may say to the gentleman that I feel the bill at the present time does not adequately reflect what the Congress should do, and I may further say at this particular time that I am opposed to the bill in this form because I want to get it amended.

One thing I do not like is that on page 3, line 16, under the guaranty provision there is put in specifically a provision that the guaranty is limited so that it does not protect against measures that the foreign country might put into effect, affecting the conversion of currency, such as devaluation. This, of course, means that no businessman will use the guaranty clause. That is one sincere fundamental objection to the bill and is made sincerely, I may say to the gentleman from Wisconsin.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Wisconsin.

Mr. KEEFE. Would the gentleman vote to recommit this bill back to the House Committee on Foreign Affairs if his amendment is not adopted?

Mr. FULTON. I will see the final form of the bill.

Mr. KEEFE. Yes.

Mr. FULTON. That is for the gentleman from Pennsylvania to decide, because the gentleman from Pennsylvania represents a Pennsylvania district. I may say to the gentleman that I have heard him many times on the floor and every time I have credited him with adequate representation of his district. I hope he will give me the same credit.

Mr. KEEFE. I credit the gentleman with representing his district. He does it very well. But he is representing the whole country as well as his district.

Mr. FULTON. The gentleman might be, but I am having a hard time just representing one district.

Mr. Chairman, under the guaranty clause as provided in the bill last year, there was only \$8,000,000 worth of guaranties used. That is, business could not see that the guaranty was of any assistance. The reason for that was that under the present practice the guaranty is really no better than the guaranty by the British Government because the British Government will give you convertibility and remit profits in dollars on British investments right now, which are United States owned.

The guaranty provision under ECA is one place where the American businessman is not getting the same deal that foreign businessmen get. The European payments plan is set up with \$600,000,000 under this bill, so that business transactions are made easy for the foreign businessmen dealing in other ECA countries, but the bill does not let the American businessman have that same as-

sistance for convertibility. Congress is not giving the American businessman a thing. In fact, under the \$300,000,000 guaranty clause now in the bill the American businessman must pay annually in advance a fee equal to one-tenth of 1 percent of the amount available to the holder of the guaranty for conversion during the ensuing year, in cases where the project covered by the guaranty is on a particular program approved by ECA and a part of the cost of which is being financed directly by ECA dollars.

Unless special circumstances exist rendering it desirable in the furtherance of the purposes of the ECA Act, to make a lower charge, in the case of projects no part of the cost of which is being financed directly by ECA—other than under the guaranty—a fee will be payable by the American businessman annually in advance equal to 1 percent of the amount available to the holder of the guaranty for conversion during the ensuing year, plus a stand-by fee of one-quarter of 1 percent of all additional amounts to become available in future years. If the contract covers a period less than 1 year, the fee payable will be prorated on the basis of 365 days in the year. In each case the American businessman must pay a fee.

The American businessman has this right to contract for a guaranty and

pays to get something. Therefore he certainly should be able in that succeeding year of the guaranty and for what period he contracts for, to get convertibility without the chance of devaluation by act of the ECA-recipient country wiping out all or a major part of his investments.

The guaranty clause, as written under ECA and in this bill, in a booby trap for the American businessman. Beware of the use of it, as it will be found to be a snare and a delusion. The foreign country by law can bilk the American businessman out of all or part of his long-time capital investment abroad, and the guaranty is worthless. The American businessman has been too smart to be caught in this ECA guaranty trap so far, and I hope he will avoid this pitfall in the future. The Wall Street Journal and Business Week and local chambers of commerce please copy.

Let us look to see what the devaluation of foreign currencies has been. Great Britain devalued 30½ percent in the last year; Ireland the same, Sweden the same, Iceland the same, Denmark the same, Norway the same; Greece devalued 33.2 percent, the Netherlands 30.2, Belgium 12.3, Austria 30 percent. In France, the franc went from 36.8 cents to 28.6 cents per franc.

The table follows:

TABLE 1

Country	Value before devaluation (September 1949)	After devaluation	Percentage of devaluation
Great Britain.....	\$4.03 per pound.....	\$2.80 per pound.....	20.5
Ireland.....	do.....	do.....	30.5
Sweden.....	27.80 cents per krona.....	19.30 cents per krona.....	30.5
Iceland.....	15.40 cents per krone.....	10.70 cents per krone.....	30.5
Denmark.....	20.80 cents per krone.....	14.50 cents per krone.....	30.5
Norway.....	20.20 cents per krone.....	14 cents per krone.....	30.5
Greece.....	0.01 cent per drachma.....	0.007 cent per drachma.....	33.2
Netherlands.....	37.70 cents per guilder.....	26.30 cents per guilder.....	30.2
Belgium.....	22.80 cents per franc.....	20 cents per franc.....	12.3
Austria.....	10 cents (November 1949) per shilling.....	7 cents per shilling.....	30.0
France.....	0.368 cent per franc.....	0.286 cent per franc.....	

After the First World War there were the same devaluations of the franc, the pound, and other currencies.

The table of devaluation after World War I follows:

TABLE 2

Country	Date of stabilization	Value at time of stabilization	Prewar value (December 1913)
France.....	December 1926.....	3.9492 cents per franc.....	19.2077 cents per franc.
United Kingdom.....	September 1931.....	388.9261 cents per pound.....	485.9298 cents per pound.
Belgium.....	April 1935.....	16.9430 cents per franc.....	19.0817 cents per franc.
Greece.....	April 1932.....	0.6041 cent per drachma.....	19.4458 cents per drachma.
Norway.....	September 1931.....	22.0737 cents per krone.....	27.8269 cents per krone.
Denmark.....	do.....	18.5875 cents per krone.....	26.7546 cents per krone.
Sweden.....	do.....	23.1140 cents per krona.....	27.8269 cents per krona.
Austria.....	October 1931.....	13.9158 cents per shilling.....	20.17 cents per shilling.

With 18 devaluations in the 18 years from 1931, the American businessman should realize that devaluation of his long time foreign investments is a practical certainty and is his greatest risk. The ECA Act blithely prevents guaranty even for 1 year against this devaluation and the American businessmen shrewdly will not use the guaranty nor invest at this time under ECA in long-time capital investments abroad, thus depriving the program of \$300,000,000 additional private venture capital. And a wise owl is the American businessman, as it can plainly be seen the substantial loss in his

capital he would already have lost in the 1 year 1949 under this booby trap of a guaranty.

Therefore, out of the \$150,000,000 guaranties authorized under the 1948 ECA Act only \$8,000,000 worth of guaranties have been used on all three types of guaranties which ECA is authorized to issue: First, investment; second, forward contracting, and third, informational media. These figures attest the failure of the guaranty programs under ECA to date.

Mr. Chairman, I withdraw my motion.

Mr. KEEFE. I object to this withdrawing of this preferential motion.

Mr. MANSFIELD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MANSFIELD. I would like some light on the present situation. As I understand, the committee agreed to limit debate to 30 minutes. Do the 5 minutes already consumed under the preferential motion come out of the 30 minutes?

The CHAIRMAN. They do not.

Mr. KEEFE. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. Well, the gentleman has had at least 2 hours on this floor to debate this thing, and I would like to have just a few minutes to talk about an amendment that I have had lying on the desk that I think is worth while. I cannot yield at this time, but if I get more time I will yield.

Mr. Chairman, we have heard on the floor of this House time and time again the desire expressed for the promotion of trade between this country and the countries of Europe. Now, how many of you know about the situation that has developed as between this country and the country of Morocco? Let me tell you about it. It was fully explored in the House Committee on Foreign Affairs, and they have not seen fit to do anything about it.

We have had a treaty with Morocco since 1836; a treaty that was ratified and confirmed by France under its protectorate over Morocco in 1936. That treaty proclaimed the open-door policy as far as Morocco and its trade with the United States were concerned, and it specified completely that under that treaty there would never be import duties levied beyond 12½ percent.

Following the last war a group of American GI's set up business in Morocco for the purpose of stimulating trade between the United States and Morocco. They did a thriving business, importing textiles and other goods manufactured in the United States, and returning to this country raw materials produced in Morocco, the very thing that you say this program is designed to achieve. Now, what happened? The French nationals who have contracts with American manufacturers, such as radios; refrigerators, and so on, were doing business in Morocco. They did not like these Americans setting up an import business. So, what did they succeed in doing? They got the country of Morocco to issue import embargoes; not raising the tariff duties, but to put up absolute embargo restrictions. And what did they do further? The restrictions were leveled exactly at the goods that were being imported by these Americans and was not leveled at American goods that were being shipped through the medium of French nationals who had contracts with American manufacturers. They have practically put these 31 GI's out of business, and except for the trade that goes through France, they have effectively stopped treaty relations between the

United States and the protectorate of Morocco.

Under the treaty it was the obligation of the Secretary of State to protest that action which was aimed at the United States and its nationals. He did so; weakly, may I say. Negotiations were entered into, but the net result of it all was that Secretary Acheson took the position, and did so formally, of approving the action of France that set up this embargo against the importation of American goods.

Now, this is of exceeding importance when you consider this point 4 program. The Secretary of State in a formal answer which he has filed to the suit here in the district court attempting to enjoin him from pursuing that course alleges that as Secretary of State he has the right and the power to abrogate, to modify, and to change any treaty such as entered into with Morocco without bringing it back to the United States Senate for ratification of the proposed abrogation or change.

What does that mean? We are told that treaties are the supreme law of the land, and they cannot be modified or abrogated without action by the United States Senate. If this situation is allowed to prevail and this Congress takes no action to protect its own nationals, it is a mockery, then, to stand here in the well of the House and talk about developing international trade.

Mr. Chairman, I have an amendment at the Clerk's desk that will cure the situation and restate our historic policy with respect to treaty obligations.

The CHAIRMAN. The question is on the motion offered by the gentleman from Pennsylvania [Mr. FULTON].

The motion was rejected.

Mr. JAVITS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JAVITS. Will the parliamentary situation permit a unanimous-consent request that amendments be voted on immediately after their proposal, within the time limitation?

The CHAIRMAN. Such a unanimous-consent request can be submitted, but it may be that some Members will want to express opposition to such amendments, so the Chair will undertake as best he can to recognize Members offering amendments and those opposed to the amendments, and dispose of the amendments as quickly as possible.

Mr. GAVIN. Mr. Chairman, we were on our feet seeking recognition before they offered their amendments. Why should they be given preferred consideration over us? I think they ought to be called in their order in the list of Members to be recognized.

The CHAIRMAN. The Chair will seek not to discriminate against the gentleman from Pennsylvania.

Mr. DONDERO. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DONDERO. I believe the Chair in answer to my previous question stated that the time used in reporting amend-

ments would not be taken out of the 30 minutes allowed for debate.

The CHAIRMAN. The time required for reporting amendments and voting on amendments will not be taken out of the 30 minutes allowed for debate.

Mr. CAVALCANTE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CAVALCANTE. Mr. Chairman, yesterday I notified the occupant of the chair that I had an amendment at the desk, and today I notified the occupant of the chair that I had an amendment there. Will the Chair kindly advise me whether I have been allotted any time at all of the 30 minutes allowed for debate?

The CHAIRMAN. The gentleman's name appears on the list of those to be recognized under the limitation of debate.

The question is on the amendment offered by the gentleman from Illinois [Mr. YATES].

The amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. GAVIN].

By unanimous consent, the time allotted to Mr. DONDERO and Mr. Gross was given to Mr. GAVIN.

Mr. GAVIN. Mr. Chairman, we have heard these dramatic appeals for this legislation. We have heard them explain why these \$3,000,000,000 are necessary. We have seen the vigorous fight that has been made to retain the \$150,000,000 which should be returned to the Treasury of the United States.

Now, let us have a little lesson today in simple arithmetic. I have a copy of the hearings before the Committee on Foreign Affairs. If you will turn to page 111 of part I of those hearings you will find the following figures. I want the committee to listen, and particularly the chairman. I would like the chairman to listen so if these facts and figures are not correct, you can proceed to tell us otherwise and the gentleman from Minnesota [Mr. Judd], who is familiar with foreign exchange, may I ask him to listen carefully, too.

We find the following figures: Status of European local currency counterpart accounts under Public Laws 472, 84, and 389, Eightieth Congress, as of December 31, 1949:

It states the total amount deposited is \$4,850,700,000.

Then, under Public Law 84 and 389: balances available for ECA approval, \$593,300,000.

Those two together total \$5,444,000,000.

Under withdrawal it states, under Public Law 472, \$2,723,500,000.

Then, under Public Law 84 and 389, withdrawals, \$478,700,000.

That is a total of \$3,202,200,000.

Now, we take the \$5,444,000,000 deposits and the withdrawals of \$3,202,800,000 and we have an unexpended balance in the counterpart funds as of December 31, 1949, of \$2,237,200,000. So we have an unexpended amount right now of \$2,237,000,000. Yet you are com-

ing here demanding every dime that you can possibly gouge out of the American taxpayers. If anybody wants to dispute the fact that this \$2,237,000,000 is unexpended, I would like to hear him.

These are unexpended counterpart funds. Upon inquiry when I was in Europe, I found that the programs of the ECA for use of counterpart funds for highways, waterways, and hydroelectric development, and other projects, have not proceeded fast enough to use up the counterpart funds which are available, and yet you are demanding that the American taxpayers put up millions and billions of dollars more when you have not spent the money set up in these counterpart funds, some \$2,000,000,000.

(Mr. GAVIN asked and was given permission to revise and extend his remarks.)

Mr. JUDD. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD, to reply to the gentleman and advise him as to the correctness of the things he has described somewhat incompletely, to put it mildly.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. CAVALCANTE].

Mr. CAVALCANTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CAVALCANTE: On page 2, after line 9, insert the following:

"(b) Revising section 103 (a) in the following particular:

"Insert before the period at the end thereof a colon and the following:

"And provided further, That such country has filed with the Economic Cooperation Administration (as hereinafter established) an itemized account of its governmental income, expenditures, assets, and indebtedness, together with a statement of its national economic and security requirements."

"And reletter subsections (b), (c), (d), (e), and (f) of section 102 as (c), (d), (e), (f), and (g), respectively."

Mr. CAVALCANTE. Mr. Chairman, my amendment was intended to close the door to a most despicable deception practiced upon a Member of this House who, in good faith, sought honest information from ECA so that this Member might intelligently vote on this type of legislation. However, the time allotted to me is so short that I will not attempt to discuss the amendment. I trust that the chairman of the Committee on Foreign Affairs, who has shut off debate by his unfortunate motion to that effect, is satisfied. It was ironical to have observed the many Members who had previously spoken on the question for 10 to 15 minutes under unanimous consent were the very first ones to rise in support of the motion that shut off the debate.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. CAVALCANTE].

The amendment was rejected.

Mr. FULTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON: On page 3, line 16, strike out the words "other than" and insert the word "including."

Mr. FULTON. Would the chairman advise whether he objects to this correcting amendment on guaranties?

Mr. KEE. I have not heard the amendment reported. I do not know what is in the amendment. Has it been reported?

The CHAIRMAN. The amendment has been reported.

(Without objection, the amendment was again reported.)

Mr. FULTON. Mr. Chairman, this permits the United States businessmen to buy a guaranty, which includes a provision against devaluation of currency by a foreign country.

Mr. KEE. Mr. Chairman, I could not accept that amendment.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. VORYS. Nonconvertibility is taken care of in the first part, on page 3, lines 3 to 9, and part two is to take care of losses other than from nonconvertibility. It seems to me that the bill as drafted is correct, rather than to attempt to inject nonconvertibility as a kind of loss that would permit a man to get back all of his money. I think the gentleman's amendment is not needed.

Mr. FULTON. I found that the ECA is not construing the law that way. With the elimination of convertibility in this particular act, the businessman is not protected in his guaranty against devaluation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FULTON].

The amendment was rejected.

Mr. JAVITS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JAVITS: On page 13, after line 12, add the following new section—

The CHAIRMAN (interrupting the reading of the amendment). The Clerk has not read section 103. The amendment cannot be offered at this time.

Mr. JAVITS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JAVITS. I understood that the motion of the gentleman from West Virginia was to limit all debate on title I. If I am incorrect in my understanding, I wish to be corrected.

The CHAIRMAN. The motion of the gentleman from West Virginia, which was agreed to by the committee, limited debate on title I, but the Clerk has read only through section 102. The gentleman may reserve his time until the Clerk reads section 103.

Mr. JAVITS. I will reserve my time, Mr. Chairman.

(Mr. KEATING asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. KEATING addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEEFE: Page 11, line 11, strike out "subsection" and insert in lieu thereof "subsections"; in line 18, strike out the quotation marks; and after line 18 insert the following:

"(k) (1) Treaties between the United States and nations assisted hereunder or their dependencies shall remain in full force unless renegotiated, and ratified by the Senate.

"(2) None of the local currencies required by section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, to be deposited in local currency accounts, shall be made available for expenditure by any recipient country so long as any dependent area of such a country fails to comply with any treaty between the United States and the said dependent area.

"(3) After July 1950, no assistance herein contemplated shall be used to promote recovery in the French protectorate of Morocco except during such time as the Secretary of State shall certify to the Administrator that the protectorate is complying with its treaties with the United States and has repaid moneys collected from United States citizens in violation of such treaties."

Mr. KEE. Mr. Chairman, I reserve a point of order against the amendment.

Mr. KEEFE. Mr. Chairman, I regret exceedingly that there is not adequate time properly to discuss this amendment. There are many Members of the House who are familiar with the facts that are sought to be reached by this amendment. This matter has been written up editorially in most of the eastern and middle western newspapers, the Christian Science Monitor, the Saturday Evening Post, the New York Times, and so on. There is nothing new about this except that it is a definite attempt to see to it that none of the dependent nations receiving ECA funds shall lock its doors to trade with the United States.

Mr. DURHAM. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from North Carolina.

Mr. DURHAM. That is on the basis of former trade treaties.

Mr. KEEFE. Exactly; it is on the basis of treaties. All we are asking them to do is to live up to their treaty obligations and not circumvent their treaties by the utilization of a series of embargoes and so on in plain violation of the treaties, to lock Americans out of doing business in those countries. It seems to me it is an amendment that the chairman of the committee ought to accept and put into this law for the protection of our own people.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. RICHARDS. Is it not a fact that the American businessman in Morocco has the same right under this bill that he has in every other Marshall plan country in Europe?

Mr. KEEFE. No; I do not believe that is true. He has not any rights in Morocco in view of the embargo that has been laid down against the importation of any goods except those that are imported from the United States by French nationals under contract with manufacturers in the United States.

Mr. KEE. Mr. Chairman, I make the point of order against the amendment that it is not germane to the bill. I have not had time to examine carefully the amendment offered by the gentleman from Wisconsin; I have not had a copy of it. I only heard it as it was read, but it seems to me that it deals with matters entirely foreign to this bill and is not germane either to the bill before us or the title to which it is offered.

The CHAIRMAN. The Chair has examined the text of the amendment and has before him to bill. The bill itself is very broad, relating to bilateral and multilateral agreements between this Nation and other nations. The amendment offered by the gentleman from Wisconsin, therefore, dealing with a subject matter thereunder is, in the opinion of the Chair, germane to the bill.

The point of order is overruled.

Mr. KEE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Wisconsin.

Mr. Chairman, we have had this matter up in committee for the past 2 years. On March 13, 1950, I wrote a letter to Mr. Miles D. Kennedy, of the American Legion, in reply to one he had addressed to me in reference to this matter in which reply I stated the following:

The exemption from local decrees sometimes enjoyed by Americans in Morocco has rested not on individual rights but on treaty privileges vested in this Government. It is for the Government to choose whether to waive the privileges or to insist upon them. It has chosen to waive the privileges in the instance at hand. I believe its choice has been the proper one. The local decrees which the Americans in question have sought to resist are consistent with the obligations of the suzerain of Morocco, namely, France, to curtail importation of nonessentials—an obligation growing out of the requirement under the European recovery program to conserve dollars. The Americans involved have suffered disadvantage not because they are Americans but because they are merchandisers in lines of goods the importation of which is forbidden by local controls.

I do not believe this Government could properly insist that the French Government should apply controls to conserve dollars on the one hand and on the other hand insist that the controls be rendered ineffective through the exemption of American nationals.

I believe the reasons stated in my letter to Mr. Kennedy are sufficient to justify our opposition to this proposed amendment.

Mr. Chairman, I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. KEEFE].

The question was taken; and on a division (demanded by Mr. KEEFE) there were—ayes 45, noes 63.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. SMITH].

Mr. SMITH of Wisconsin. Mr. Chairman, it is most unfortunate that the gag rule has been applied to this whole title as has been done by the chairman of my committee. I call attention to the effect of it. We are going to be asked within the next 10 minutes to vote on appropriations for Korea in the amount of \$100,000,000 and we are going to be asked to vote \$94,000,000 for China. We do all this in the course of 30 minutes. This is reckless conduct with the taxpayers' money.

This demonstrates, Mr. Chairman, just how careless we have become in approaching and considering this very serious matter now under consideration. The members of the committee should be fully aware of the recklessness of their conduct.

This Congress, Mr. Chairman, has lost its bearing.

The Democratic majority follows blindly when the administration leaders give the word to spend and spend.

The CHAIRMAN. The Chair recognizes the gentleman from Idaho [Mr. WHITE].

Mr. WHITE of Idaho. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITE of Idaho:

Page 11, after line 10, insert the following paragraph:

"(3) Inserting in lieu of the period at the end of subsection (h) the following: 'but this subsection shall not be construed to authorize expenditures for any nonferrous metal which is produced in the United States (including its Territories and possessions) in quantities sufficient to supply domestic (including defense) needs therefor.'"

And in line 11 strike out "(3)" and insert "(4)."

Mr. WHITE of Idaho. Mr. Chairman, this is the only constructive amendment I have heard presented here to protect the great mining industry of the United States, and now I am limited to a minute and a half, due to the parliamentary situation, to protect that great industry. I have not time to even explain the provision of this amendment.

Mr. Chairman, under the strain placed on the credit of our Government by the administration and the Congress in paying the annual interest charge of \$5,725,000,000 on the national debt of \$256,000,000,000, and financing the economic recovery of foreign countries, through the so-called Marshall plan; and the huge outlays in cash and materials our Government is making to rearm Europe, the Congress must be on the alert to conserve and protect the Government's source of tax income.

Mining is second only to agriculture in importance as our basic industry and source of tax income.

It appears that in their zeal to build up the economies of the European countries, the Economic Cooperation Administration failed to understand or appreciate the importance of our domestic mining industry in our national economy or

as a source of Government tax income which is supplying the very money they are spending so lavishly in building up the foreign mining industry that is taking away our home market for the products of the mines of this country.

Today, the countries of Europe have little to sell in the markets of this country except what they can dig out of the ground.

In dealing with this situation and having 5 percent of all money appropriated for ECA earmarked for the procurement of critical materials instead of investing this money in stock-piling rubber, tin, tungsten, quinine, and palm oil which is only obtainable in a large part from foreign countries. Under the Marshall plan, the ECA has gone out with \$192,000,000 earmarked of the first ECA appropriation and \$192,000,000 earmarked of the second ECA appropriation; and now with another appropriation earmarked in the amount of \$100,000,000. This money is being used to make contracts for the procurement of vast quantities of nonferrous metals, particularly copper, lead, zinc, antimony, and mercury, which are the very backbone of our domestic nonferrous mining industry. The ECA is not content with flooding our home market with the metals produced by foreign mines but has set up a huge fund of development money to finance the developing and the equipping of mines in the Marshall-plan countries while our Government is absolutely neglecting the development of American mines.

When you take into consideration the fact that while this program is being carried out by the ECA, the Munitions Board has been spending over \$1,000,000,000 of the taxpayers' money to procure strategic metals for stock-piling; 60 percent of this money has been spent to purchase nonferrous metals from foreign sources of production. It is easy to see why metal prices are below the cost of production and mines all over this country are closing down and miners are out of work.

With these metals being bought with our money and pouring into this country from all over the world with the result that the market for the production of our mines has collapsed, our domestic mining industry is placed under a strain it cannot support, and the Federal tax income from this source is bound to decrease and will dry up almost entirely if our Government continues to follow its present policies.

Let me say to the Members of Congress and this Committee of the Whole House on the State of the Union, with every persuasion at my command, I urge that you come to the rescue of our domestic mining industry and vote for the amendment to repeal the provision that earmarks money to purchase foreign-produced nonferrous metals and save our domestic mining industry, and thereby safeguard a large share of the Government's tax income. Surely the Members of the House will be interested to learn how our money is being spent under this critical materials procurement program of the ECA. They have gone into Marshall plan countries and

their dependencies and financed both the development of nonferrous mines and bought their output.

Here are some of the things my investigation of the ECA has disclosed.

On March 24, 1949, the ECA entered arrangements to purchase 25,000 tons of Moroccan lead from the Newmont Mining Corp. and St. Joseph Lead Co., at a total value of \$7,500,000, which averaged 15 cents per pound, duty free, for stock piling.

On May 2, 1949, ECA made a purchase from American Smelting & Refining of 3,459 tons of Moroccan lead, \$1,140,383, at 15 cents per pound, duty free, for stock piling.

The main French company in charge of Moroccan lead products is the Zellidja Co.

A fund of \$3,600,000 of development money has been set up to finance the development of the Zellidja Co.'s operation, to be repayable in zinc and lead as they come into production.

Of the 5-percent ECA appropriation earmarked for strategic materials, which amounted to \$192,000,000 out of the first ECA appropriation, which has now been increased by another \$192,000,000 out of the second ECA appropriation, it is now estimated that when the strategic materials program is completed, at least 75 percent of this earmarked money will have been used to develop and procure nonferrous strategic materials from Marshall plan countries and their dependencies.

It is estimated that one-half of the total money contributed for ECA materials will be expended for the development and production in foreign countries of nonferrous metals.

In a secret transaction 80,000 flasks of mercury were procured from Italy at a good going price at the time.

Central and western Europe are deficient in lead with a sufficiency of zinc.

A smelter in Italy is being built with development funds and it is an electrolyte plant for zinc.

A zinc smelter being built in France with development funds that can possibly smelter lead.

The ECA will be using development money in a number of other places in Marshall plan countries, but the program is not far enough along to report on it yet.

There is a plan being considered to use ECA development money in Jamaica to develop and produce bauxite, as well as talk to perform some exploration work in Surinam—Dutch Guiana.

ECA is now buying 820,000 tons of bauxite from Bintan Island, just off Singapore, which was formerly a Dutch dependency but now it is part of Indonesia, with about \$4,400,000 in counterpart money.

The contract by the ECA for the development of bauxite in Jamaica runs into several million dollars.

The ECA is negotiating a transaction to develop and procure nickel in New Caledonia with a French company.

The ECA is also contracting to buy high-grade bauxite from the Island of Bintan, just off Singapore, from a Dutch company.

The ECA is also contracting for the development and purchase of zinc from Norway, and at present is building a mill for the Norwegian company.

Thursday, February 16, 1950, ECA advises they have no arrangements for the development of manganese from Madagascar. However the ECA has bought spot 1,000 tons of graphite produced in Madagascar and followed up by a long-term contract; 17,000 tons, with an advance of development money included in the deal.

The ECA has put up a little in excess of \$2,000,000 in counterpart development money.

The ECA acted only as an intermediary. The actual purchase was made with money of Federal Supply Service.

Previously the ECA had bought 31 tons round lot at \$2,000 a ton. The ECA acted only as an intermediary. The purchase for the ECA was made by the Federal Supply Service.

Here is the list of the appropriations made for the Munitions Board to finance stock-piling program:

In 1948, \$100,000,000 cash; \$75,000,000 in purchase authorizations.

In 1949, \$300,000,000 cash; \$300,000,000 in purchase authorizations.

In 1949, deficiency bill \$40,000,000 in cash; \$270,000,000 purchase authorizations.

In 1950, \$525,000,000 cash; \$250,000,000 in purchase authorizations.

Later, \$100,000,000 of this money was rescinded for in the military bill.

Mr. KEEFE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KEEFE. Do I understand that the present parliamentary situation is that the Clerk has completed the reading of the bill up to section 103 on page 11?

The CHAIRMAN. The Clerk has read section 102, which ends on line 18, page 11.

Mr. KEEFE. Do I understand that despite the fact that sections 103 and 104 have not been read the acceptance of the motion means that there can be no amendment or no discussion at all on the balance of the title?

The CHAIRMAN. The motion was made to limit debate on title I. That motion was agreed to by the committee. Amendments to section 103 will be in order after the Clerk reads section 103.

Mr. KEEFE. Mr. Chairman, I know I was at least one member of the committee that did not know, when I voted on that question of limitation of debate, that it would extend over and beyond the point which the Clerk had read up to that time. I am now asking whether or not it would be in order at this time to ask unanimous consent that the limitation apply only to that portion of title I which has been read by the Clerk?

The CHAIRMAN. The Chair is unable to advise what objection might be made.

(Mr. WHITE of Idaho asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho [Mr. WHITE].

The amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA of Minnesota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'HARA of Minnesota: On page 11, line 4, after "section 107", strike out the balance of line 4 and all of lines 5, 6, 7, 8, 9, and 10.

(Mr. O'HARA of Minnesota asked and was given permission to revise and extend his remarks.)

Mr. O'HARA of Minnesota. Mr. Chairman, the language my amendment seeks to strike is as follows:

The Administrator shall also encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized.

I think that is a completely fantastic proposal to be added to this measure. To me, that language in its broad implications means that we would spend the money of the American taxpayers in moving people from 17 participating countries to any area on the face of the earth. The distinguished members of the committee with whom I had a colloquy a few moments ago admitted that the Administrator had not made a request for such language as this. If this is not something even beyond the realm of fantasy I do not know what it could be. It seems to me simply that we are becoming officious intermeddlers on the face of the earth, dealing not only with the financial problems of the people of the world but also their emigration problems and all the complications that go with them.

Mr. Chairman, I hope my amendment striking this language will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota.

The question was taken; and on a division (demanded by Mr. O'HARA of Minnesota) there were—ayes 33, noes 73.

So the amendment was rejected.

The Clerk read as follows:

SEC. 103. Any funds appropriated by Public Law 793, Eightieth Congress, for the purposes of the China Aid Act of 1948 and unobligated as of June 30, 1950, or released from obligation thereafter shall be available to the President through June 30, 1951, for use as follows:

(a) Not less than the sum of \$40,000,000 for obligation for assistance to be furnished in conformity with the provisions, wherever applicable, of the Economic Cooperation Act of 1948, as amended, in areas of China which the President may deem to be not under Communist domination.

(b) Not to exceed \$6,000,000 for allocation to the Secretary of State, to remain available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, and transoceanic passage for selected citizens of China for study or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purposes, or for research and related academic and technical activities in the United States.

(c) The remaining portion for obligation for assistance in the general area of China

in conformity with the provisions, wherever applicable, of the Economic Cooperation Act of 1948, as amended, to accomplish in that area policies and purposes similar to those of the said act.

Mr. WALTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALTER: Page 12, line 13, after the words "United States" strike out the period and substitute a comma and insert "and the Attorney General is hereby authorized and directed to promulgate regulations providing that such selected citizens of China who have been admitted for the purpose of study in the United States, shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization."

Mr. WALTER. Mr. Chairman, the purpose of this amendment is to permit the selected citizens of China mentioned in this section to obtain work. We are making available under the provisions of this bill approximately \$6,000,000 to help these selected Chinese citizens. Under the regulations under which they came to the United States, they are not permitted to work. This amendment does not change the status of the alien. He remains in the United States in the status of student, but is permitted to obtain whatever employment he can in order to maintain himself while he remains in this country.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. JUDD. I would like to make two comments. One is that we are not here appropriating \$6,000,000. We are merely extending the time during which the money which was appropriated the year before last can be used and second, this is a place where we can save money because when these boys are permitted legally to get jobs, even waiting on table, or anything else, then we do not have to be paying for their support, or in the alternative take them back where they will have their heads chopped off.

Mr. WALTER. That is the purpose of the amendment.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. MANSFIELD. Will the gentleman tell the committee what effect this will have on the present immigration laws? Is it not true that this in nowise gives these people permanent status in this country?

Mr. WALTER. It in nowise alters the status they now have in the United States which is that of student.

Mr. FULTON. Mr. Chairman, will the gentleman yield for a question?

Mr. WALTER. I yield.

Mr. FULTON. Do other students have to get permits? Can they go to work under the present laws?

Mr. WALTER. No; no student is permitted to work. They are here as students and they are not permitted to obtain any employment whatsoever.

Mr. FULTON. Does this then give Chinese students preferential status?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. WALTER].

The amendment was agreed to.

The Clerk read as follows:

SEC. 104. The Far Eastern Economic Assistance Act of 1950 is hereby amended as follows:

(a) Striking out "June 30, 1951" in subsection (c) of section 3 and inserting in lieu thereof "June 30, 1952."

(b) Striking out the period at the end of subsection (d) of section 3 and inserting in lieu thereof a comma and the following: "and \$100,000,000 for the fiscal year ending June 30, 1951."

(c) Striking out "June 30, 1950" in section 4 and inserting in lieu thereof "June 30, 1951."

(d) Adding the following new section: "SEC. 5. The Congress hereby expresses itself as favoring the creation by the free countries and the free peoples of the Far East of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence."

Mr. JAVITS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JAVITS: Page 13, after line 12, add the following new section: "SEC. 105. The President is requested and authorized to appoint a Committee on Foreign Economic Policy which shall consist of the Administrator and such additional members as he may determine to be advisable, all of whom shall be appointed by the President, and selected from among citizens of the United States of broad and varied experience in matters affecting the public interest. The committee shall advise the President and the Congress in regard to (1) economic problems of the countries participating in programs under this title; (2) resources and facilities, public and private, within and without the continental United States available in connection with the solution of such problems and the best means for marshalling them; (3) existing or contemplated agencies, whether private, public, domestic, or international, qualified to deal with such problems; (4) any or all measures which the United States may properly take without jeopardizing the soundness of its domestic economy in support of continuing self-help and mutual cooperation to deal with such problems. Not more than a majority of two of the committee shall be from the same political party. Members of the committee, other than officers or employees of the United States Government, shall receive allowances equivalent to those authorized under subsection (a) of section 107 of the Economic Cooperation Act of 1948, as amended. The President is authorized to reserve from funds appropriated under authority contained in subsection (c) of section 114 of the Economic Cooperation Act of 1948, as amended, such sums as may be necessary to carry out the purposes of this section, and to expend such sums for such purposes."

Mr. JAVITS. Mr. Chairman, this amendment seeks to establish the type of high-level, over-all committee which I believe to be contemplated by the unpartisan declaration of the distinguished Senator from Michigan, Senator VANDENBERG. It is an effort to recreate by action of Congress a committee exactly like the Harriman committee, which functioned before ERP was put into effect, with these two fundamental ideas: First, that it would signal the end of the program, as far as ERP is concerned, in 1952; and, second, that we should not

be ostriches and duck our heads into the sand and expect some miracle to happen by 1952, but that we would begin to study the situation with a view to determining what American economic policy should be after that date. Such a determination shall take place on the highest level by the most distinguished public citizens in the United States that the President can appoint, exactly like the Harriman committee functioned. This is intelligent foreign policy. I have discussed this question at greater length in the general debate and shown the essentiality of this action to our national security and economic well-being.

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. KEE. I have no objection to this amendment. I think it would be a fine commission.

Mr. JAVITS. I thank the gentleman very much.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. LODGE. I am in sympathy with what the gentleman is trying to accomplish, but will the gentleman be good enough to tell me why this function cannot be assumed by the public advisory board now in existence.

Mr. JAVITS. The reason is that the advisory board deals only with ERP up to 1952. The purpose of this committee is to see what the American foreign economic policy shall be now and for the future. It is not limited to the ERP itself.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. FULTON. This amendment carries out the Vandenberg suggestion?

Mr. JAVITS. It is exactly the reason why I have proposed it. If we are to handle foreign policy in terms of great leadership in the interest of international peace and security which our Nation now has, this is the kind of action which the Congress ought to take.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. JUDD. Mr. Chairman, I ask unanimous consent that one-half of my time be allotted to the gentleman from Ohio in opposition to the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. VORYS. Mr. Chairman, I think it is very bad timing to attempt to set up in this bill, even before it has passed the House, a skeleton for a future Marshall plan. I think that such sort of planning at this time will injure the successful completion of the third year of the Marshall plan on both sides of the Atlantic. While nothing gives me greater embarrassment than to disagree with our great Senator VANDENBERG, I think if he were here on the Hill and active, and realized the perilous course that the Marshall plan legislation faces, he would not want to have it loaded down

with the framework for setting up another Marshall plan.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. GARY. Does not the gentleman think, in addition, that a plan as far-reaching as this should have very careful committee consideration, so that they can work up the details of the commission that is proposed?

Mr. VORYS. Our committee considered this and voted it down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. JAVITS].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 21, noes 80.

So the amendment was rejected.

Mr. KEE. Mr. Chairman, I ask unanimous consent to return to page 11, line 19, section 103, to offer a committee amendment with reference to unobligated funds. I want to strike out on that page "and unobligated as of June 30, 1950," and insert in lieu thereof "now unobligated or hereafter released from obligation."

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. SUTTON. Mr. Chairman, I object.

The Clerk read as follows:

TITLE II

SEC. 201. This title may be cited as the "United Nations Palestine Refugee Aid Act of 1950."

Mr. LEMKE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to state to my friends who favor this international ECA bill that they have as much right to differ with me as I have to differ with them. Of course, I am sorry that they have accepted the false slogan—*isolation*. The slogan of the internationalists—for a profit. They have heard the word *isolation* so often that they now just repeat it without knowing what it means.

Let us keep the record straight. If to prefer my own country to others, if to refuse to be fleeced—to object to having our Nation bled white—by begging and gold-digging nations is *isolation*, then I am an *isolationist*.

If to oppose the depletion of our Nation's natural wealth in order to enrich a few foreign and domestic gangsters at the taxpayers' expense is *isolation*, then I am an *isolationist*.

If to look after the welfare of our own people first, rather than play Santa Clause through an international WPA for backward and indolent nations is *isolation*, then I am an *isolationist*.

Let us keep the record straight. We, as a people, never were *isolationists*. We sailed every sea and traveled every land. We shall continue to do so in the future as in the past.

But for 141 years we had the good sense to keep out of other nation's quarrels—other nations' wars. During that 141 years we built the greatest, the wealthiest and the most prosperous Na-

tion on earth. This was possible because we had sufficient sense to follow the advice of our forefathers and avoid foreign entanglements. In that 141 years, we accumulated enough wealth and enough intelligence to win World Wars I and II, which other nations started and we finished. If that is what you call *isolation*, then I am an *isolationist*.

Now we are told by the internationalists that because we avoided foreign entanglements for 141 years, we were a failure. Will you followers of the internationalists, who are unwittingly depleting and destroying our Nation, tell us wherein we failed?

We ask you to compare that record of 141 years with the 33-year record of your internationalists, during which time they involved us into World Wars I and II. The destruction of millions of lives and billions upon billions of dollars of wealth in those two conflicts rests upon the shoulders of the internationalists—not on ours.

Here is the price we paid because we turned the Government over to the internationalists. After our boys won World Wars I and II for them, they threw away the peace and world war III is hovering on the not distant horizon.

Our internationalism in these wars not only cost the lives of over a million and a half—the flower of our youth—but millions are still suffering from casualties and disease. It cost us over \$500,000,000,000 and billions more in the depletion of our natural wealth.

I wish to warn you that the step you are about to take is a serious one. You have already depleted our Nation of much of its natural wealth—wealth that is not yours to dissipate but that belongs to future unborn generations. You have all but bankrupt the Nation.

You have plunged it billions of dollars into the red—obligations that your children, your grandchildren and your great grandchildren will have to meet. You have mortgaged the future to the extent of \$687,000,000,000.

It cost our taxpayers less than \$60,000,000,000 to run our Government for the first 141 years. That is what the internationalists call *isolation*. Compare this \$60,000,000,000 for 141 years with the \$812,614,000,000 that the taxpayers have been soaked during the last 33 years that the internationalists have shaped the destiny of our Nation.

Your record of 33 years of internationalism is not one to be proud of but rather ashamed of, when compared with the 141 years in which we had intelligence enough to mind our own business and avoid foreign entanglement and intrigue.

In conclusion, I wish to warn the foreign gold-digging nations that America is waking up and that by 1952 we will put an end to the international gang's control of the United States of America.

Below are the congressional appropriations, as compiled by the Library of Congress, for the 33 years that the internationalists have been in control of our Government:

Congressional appropriations from 1917 to 1950¹

Fiscal years:	Amount
1917-20.....	\$64,030,097,471.18
1917-21.....	58,810,926,981.53
1921-30.....	42,850,419,796.38
1917-30.....	96,880,517,267.56
1931-40.....	82,141,984,580.85
1917-40.....	179,022,501,848.41
1941-46.....	473,701,002,049.88
1917-46.....	652,723,503,898.29
1947-50.....	159,890,034,727.86
1917-50.....	812,613,538,626.15

¹ Trust fund appropriations are not included from 1938 to 1950.

Source: 81st Cong. 1st sess., appropriations, budget estimates, etc. S. Doc. No. 125, Washington: U. S. Government Printing Office, 1949, p. 1041.

(Mr. LEMKE asked and was given permission to revise and extend his remarks.)

Mr. JOHNSON. Mr. Chairman, I move to strike out the last two words.

(Mr. JOHNSON asked and was given permission to revise and extend his remarks.)

Mr. JOHNSON. Mr. Chairman, I have also reviewed the last 33 years of our history and because I think I can see by that history that we will have to find some peaceful way to stop these brutal wars I am for the bill we have before us today.

At the end of the last war we could see, after the airplane was developed, a weapon of war that in the future the world would be smaller, wars would be more destructive and devastating. A few men with vision at that time tried to organize the world for peace. They tried by joint effort to prevent the destructive war we had just gone through. Newton D. Baker, the Secretary of War, was one of those men. The President, Woodrow Wilson, also believed in some kind of international organization to make the peace workable and secure. But by inept political handling on his part, the League of Nations which he advocated did not receive the blessing of the United States.

The disarmament conference of 1922 was a step in trying to bring the world to its senses by reducing big armaments, so strong nations would not be tempted by their military strength to use force to impose their will on others. The Kellogg-Briand Pact also was a step indicating our desire to find a peaceful solution of international frictions. But it was not much more than a pious hope, as it had no power to implement its provisions.

It is my belief that if the big nations had joined together after the first war and determined that they would remain strong and united in their determination to have world peace, that the Second World War could have been prevented.

But we soon turned our backs on those efforts, and the result is that we generated in the First World War the egg that hatched into the Second World War. We went through this devastating war which was many times more brutal and dozens of times more costly than the first one. Again we tried to bring about some type of organism that would bring peace to the world, that would make the human

being follow the Prince of Peace instead of following the road of slaughter and ruin and of murder.

We took the initiative in creating the United Nations. It was organized, but it has up to now proved rather weak and ineffectual, although it has done some good and I think has the promise of getting results that may ultimately lead to world stability and peace. We ourselves agreed to some provisions such as the veto, and I am reliably informed that that was merely carrying out what was promised at Yalta, which has proved a road block toward any peaceful settlement of our international differences.

Today, as I look over what we have in this country, we are looking down the road that in the past has led to war.

What do we have here? We have selective service stand-by. We passed selective service in 1940, about a year and a quarter before Pearl Harbor. We have civilian control, a plan to control our civilian economy, the WPB and the OPA of this last war. We are getting our civilian defense ready. We have industrial mobilization. We are decentralizing our records and talking about decentralizing our cities because of fear of raids, and we have a military establishment, the largest we ever dreamed would be in existence in a peacetime era. And we are trying to walk toward the road to peace through our might, our military, our industrial, our political, and our financial strength. I think that might for a while prevent war. But in the long run you must realize that we have to finally come to some type of negotiations where we, with other countries, can sit down and formulate a policy that will resolve the troubles and the differences of the human race in some type of legal mechanism. In the long run peace must come through persuasion and a recognition that law and justice is the only way to solve international disputes. That is why I believe this sort of a bill will give us help. But we cannot forever go on and think that by a mere show of power, mere show of force, we can secure the world peace through the fear and respect for our power and strength.

Therefore, I believe that this type of legislation, costly as it is, is the best type of insurance to bring about that healthy, peaceful world that we are all praying for and looking toward.

We have gone so far now that we are mentioning the identical country that is going to be our enemy. The men are sitting over across the Atlantic Ocean right this very minute and are assigning the missions that will have to be performed when the powder keg blows up. That shows how tense the situation is. That sort of thing may bring temporary peace and security, but cannot be relied upon for the long haul, to make permanent peace.

I hope and I pray that this legislation, which we have been squabbling over and fighting over, will get a large vote, and that it will show the world that we, as the strongest Nation in the world today, are anxiously trying, by spending money and by other efforts, to bring about the type of world that will be peaceful and nonwarlike. That is why I have sup-

ported these things. I realize that America is suffering. I realize that we are paying too high taxes. I realize that these things seem fantastic and absolutely crazy sometimes, but as I look at it, that is the only direction that we can move if we are going to make property, life, and the institutions of America ultimately secure. Nobody can be secure in a world in which war is forever threatened. The only security that we can have is a world that is law abiding, that is peace-minded and determined that it is going to have some way to settle the difficulties of nations.

When the Secretary of State said in my State recently that from now on we were going to have total diplomacy, I was a little shocked. It implied that up to now we had only had 50 percent or some fraction of 100-percent diplomacy. The State Department has a hard role to play. They have done many things that I cannot understand. One of them is what seems to me to be our default in China. In 1946 I was on a visit there with a committee of the House. We were told that the Communists were merely progressives seeking land reforms, lower interest rates, better communications, and so forth. But when the report on China finally came out, the people trying to destroy the only visible symbol of orderly government in China—Chiang's government—that these groups were Communists dominated from the Kremlin.

I do not wish to be too critical or unfair, as I realize that I may not have sufficient facts to have a balanced conclusion on some of these difficulties. But in Trieste, Vienna, Berlin, Korea, and other places, I have seen things that give me much discouragement and which almost look like breeding spots for war.

I think a John Hay or a Henry Stimson and perhaps some new faces in some vital spots in the world could find a way to create situations that would force negotiations and bring to a focus some of the problems now hanging fire.

I am one of those that thinks if we do not solve this peace problem and do not effectively remove the war clouds, nothing else matters much. The progress so far has been slow. This bill is having tough sledding. I shall support it because I think the spending of this money will be good for America and for our children. I hope I am right, but I will probably be dead and gone before we will know whether my hopes will be realized.

Mr. WHITE of Idaho. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, now that we have put in so much time on these pro forma amendments and discussing trivial issues with unlimited time while the House bypassed my constructive amendment, I am going to inflict 5 minutes on the House to discuss the amendment that you have just turned down.

In the ECA law there is a provision that earmarks 5 percent of all money appropriated for the procurement of strategic materials in short supply in the United States. I am going to read that provision of law to you. It says:

(h) Not less than 5 percent of each special local currency account established pursuant

to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

Under that provision of law \$192,000,000 was set aside and earmarked for the procurement of strategic materials. That was out of the first appropriation. With this money a big organization under the Strategic Materials Division of the ECA was set up in one of the big new office buildings down here on Pennsylvania Avenue and over half of the earmarked money was set up in a Marshall plan mine-development fund and advances made on contracts not limited to procure such critical material that we do not produce in this country, such as rubber, tin, quinine, palm oil, and metals that are scarce here, but copper, lead, zinc, antimony, mercury, was and is being purchased with Marshall-plan money and brought in wholesale to take the market away from our domestic-mining industry. Out of the second appropriation another \$192,000,000 was earmarked and set aside for procurement of strategic materials under this earmarked provision. Under the authorization we are passing here another \$100,000,000 will be earmarked and set aside to finance this wholesale nonferrous mining development and procurement program.

You are thinking of strategic materials for use in time of national emergency, of rubber, tin, quinine, palm oil, and things we do not produce in this country, but what are they doing with that money? Of the \$1,000,000,000 that was appropriated by this Congress and turned over to the Munitions Board, \$600,000,000 went to procure non-ferrous metals, lead, copper, and zinc, in foreign countries, and our mines and our miners and mining committee cannot get the facts for security reasons. Now we have an abundance of copper, zinc, and other minerals that can be produced in this country and ought to be produced in this country, while this foreign-produced metal is pouring in here and destroying our home market for our mining industry, which is a source of great taxable income.

You are going to hear plenty about voting down this constructive amendment. It is the best windfall that ever happened to the Republican Party if this administration destroys our mining industry and discredits this Congress and the ECA which is sponsoring this program. So you can on the Republican side divide the Western Members trying to protect our mining industry talk to us all you want to, and chuckle in glee at what is going on in destroying the great mining industry of this country.

[Mr. MILLER of Nebraska addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, now that the give-away boys have been at it here on the floor for 3 or 4 days, maybe some of the rest of us can have a word to say in behalf of our own people. With reference to this so-called bipartisan policy, we have trailed along in that policy with the Democrats who have fixed the policy. We have found out where it has taken us and we take the blame for its failure. If there is any credit the Democrats get it.

With reference to this nonpartisan policy, or whatever you want to call it, policy, I wonder if you are going to fall for that once more? A New Deal Republican or two, a yes man for Acheson, is called in and permitted to trail along as a catch-all for the New Deal failures—that is all that amounts to.

We know how the people feel about this giving and getting nothing in return—not even good will. If you keep on the way you have been you are going, going the way, what will you be doing? You will be taking the shirts and shoes and socks off of every person in this country and giving them to people abroad.

What is the answer? The answer is to spend at least part of our money on national defense. If we had spent a fraction of what we have given away on our own national defense, we would be able now to say to the rest of the world, "Go roll your hoops. If you want any trouble, you will get it." And we would have been in a position to deliver. But no, we tried to buy the friendship of other nations, we continued to build up Russia.

And then to top off the whole miserable story we keep in positions of power people who because of their conduct cannot be trusted. To make clear what I mean let me tell you a story.

Once upon a time, a long, long time ago when I was a little boy living near Constantine on the banks of the St. Joe, just when the suckers began to run up the river from Lake Michigan and I wanted to go fishing, mother started on the spring house cleaning.

Being thrifty—but neither poor folks nor rich folks—the floor in the kitchen where we ate—no breakfast nooks in those days—was bare, always scrubbed and clean; but the parlor and the living-room floors were covered—first, with a layer of paper, then with straw and finally—wonder of wonders—with a carpet. No carpet sweepers or vacuum cleaners in those days. Through the fall and winter the broom and the dust rag had to do the job and neither was neglected. My spring-time job to pull all the tacks out of those carpets, take out and replace the old paper and straw, and believe it or not, beat the carpet until the dust was all out.

Come springtime, with the ice going out and the fish coming up the river, my fancy naturally turned, not to thoughts of love, but to catching suckers. For soft and bony as they were, the farmers would buy them and that gave me a few

nickels and dimes (they were hard to come at in those days)—to buy a linen fishing line, a few hooks—and neither Shakespeare or Heddon's Sons, with their fishing tackle, was around in those days—but I needed a line and hooks—so that when the bass, the sun fish, and the blue gills got around, I was ready for real business.

Spring house cleaning is not in style here in Washington. For that matter, they never seem to have a real house cleaning of any kind in Washington.

The recent uproar over Communists in the Federal Government indicates the house-cleaning job has been long neglected.

That there have been Communists in policy-making positions in the Federal Government has been known for the last 10 years, but all efforts to expose them were, until recently, hushed up. The Washington papers—as always—were pro-administration, gave no help. The conviction of Hiss, of Coplon, the statements of several others who admitted they were Communists settled beyond all arguments the question as to whether there were, or are, Communists in the Federal Government.

But that is not what I wanted to talk to you about.

For more than 10 years it has been known that there were in the executive departments here in Washington individuals whose conduct is abhorrent to the people of our country—our people who are decent, clean minded, God-fearing.

There is no question but that individuals in the employ of the Federal Government in positions where vital secret information was available to them; who stood high in a certain strata of Washington society, were guilty of unmentionable conduct. Peurifoy, Assistant to Secretary of State Dean Acheson, not long ago, before a congressional committee admitted that the State Department recently was forced to discharge 91 such individuals. Testimony before other committees discloses that in at least two other executive departments there still are many other such individuals holding Federal jobs, paid with your tax money.

Last week a resolution was introduced by me which the press characterized as a resolution to inquire into the moral conduct of certain Federal employees. That was not an accurate statement of my purpose though it may have been justified by the wording of the resolution. My purpose was to compel the executive departments to discharge from the public service those individuals who willfully, deliberately, over the years, have disregarded and violated every standard of decency or morality held sacred by the so-called common people of this country. I just want the unmentionables fired out of their Federal jobs. Their guilt has been established.

There are at least two reasons for this. First, such individuals are easy prey for enemy spies and for blackmailers; and, second, as has just been said, our people, the American people, are decent, moral, respectable, God-fearing people and they do not for one

moment condone the kind of conduct of which these people are admittedly guilty. There is no place on our pay roll for such people.

Let me close as I began.

Once upon a time, a long, long time ago, at mother's knee, from one of the few books we owned—the Story of the Bible—she read to me of two wicked cities, Sodom and Gomorrah, and how the Lord, because of the utter wickedness of the people of those cities, sent down a pillar of purifying fire which destroyed them.

While the days of miracles may be over, as surely as time moves on, unless we mend our ways and that in more ways than one, this Nation will not long endure.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield.

Mr. MASON. How can we expect any good results from the appropriation of these billions of dollars when they are to be handled by sex perverts and pink playmates of Alger Hiss?

Mr. HOFFMAN of Michigan. Well, I do not know anything about that pervert business. That is beyond me. I never heard that when I was a kid, so I just refer to them as unmentionables. You know what they are. They should not be on the public pay roll.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. HOFFMAN] has expired.

Mr. KEEFE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is a familiar technique used by certain people to denounce what they are pleased to call guilt by association. On March 28, I stated some facts with respect to the Institute of Pacific Relations, of which Dr. Philip Jessup was the head for a number of years. I called attention to the fact that the American People's Fund, a Communist organization, had made contributions of money to the Institute of Pacific Relations during Dr. Jessup's tenure as its head. My colleague the gentleman from New York [Mr. ROOSEVELT] yesterday vehemently stated that this was an attempt to prove "guilt by association." He and others of like mind have repeatedly denounced any attempt to establish "guilt by association." At the same time he attempted to establish the innocence of Dr. Jessup by pointing out his association with a large number of distinguished Americans. I may say that Alger Hiss tried exactly the same technique and attempted to establish his innocence by establishing his friendly association with distinguished Americans. His attempt failed in the face of definite physical proof that could not be explained away.

Likewise, certain facts that cannot be explained away are indicated in the case of Dr. Jessup and the Institute of Pacific Relations. No one will deny that the American Peace Mobilization was one of the worst Communist organizations set up in this country. I am certain that the distinguished gentleman from New York [Mr. ROOSEVELT] will not deny that. It is interesting to note that the Daily Worker for September 3, 1940, carried

a list of the prominent officers elected September 2, 1940, to lead the American Peace Mobilization. Here is the list:

The Reverend John B. Thompson, of Oklahoma, was elected chairman.

Reid Robinson, president of the Mine, Metal, and Smelter Workers, CIO.

Paul Robeson, Negro baritone.

Congressman VITO MARCANTONIO, of New York State.

Jack McMichael, chairman of the American Youth Congress.

Theodore Dreiser, novelist.

And—get this, my colleagues—Katherine Terrell, executive secretary of the Institute for Pacific Relations; and Frederick Field, secretary of the Institute for Pacific Relations, were elected vice chairmen.

There you have it—Frederick Field and Katherine Terrell, executive officers of the Institute of Pacific Relations, headed by Philip Jessup, both serving at the same time as vice chairmen of the American Peace Mobilization, the most notorious Communist organization in the country at that time. It is small wonder, then, that the American People's Fund, admitted by Mr. Roosevelt to be the Communist-paying organization in support of Communist activities in America, would be making contributions to the Institute of Pacific Relations, undoubtedly to pay the salaries and expenses of the Communists who were serving that organization in executive secretarial positions.

I have heretofore called attention to the fact that Frederick Vanderbilt Field organized and directed the American People's Fund and is the same Frederick Field that served as secretary of the Institute for Pacific Relations during the period when Dr. Philip Jessup was its head.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. KEEFE. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

Mr. MULTER and Mr. FULTON objected.

Mr. RICH. Mr. Chairman, I move to strike out the last word.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. KEEFE. I just want to make this further inquiry. I ask Dr. Jessup—is he proud of the fact that he headed an organization whose executive secretary was Katherine Terrell, a vice chairman of the American Peace Mobilization, the worst Communist-front set-up in this country?

I ask Dr. Jessup—is he proud of the fact that he headed an organization the secretary of which was Frederick Vanderbilt Field, who was a vice chairman of the American Peace Mobilization and the organizer and director of the American People's Fund, two of the worst Communist organizations ever set up in this country?

Mr. RICH. Now, you know what the Communists are doing around here but you do not know what we are doing around here.

You know whenever it comes Thursday or Friday we put through some of the

greatest legislation in this House of Representatives, legislation that no one could ever imagine would be for the benefit of this country. Last week we had a bill dealing with \$2,000,000,000 of our agricultural products; this week we have a bill providing \$3,100,000,000 to take care of the people in Europe. This now makes about \$12,000,000,000 we have given under the Marshall plan. Just remember that every time we give away a billion dollars it means \$7 out of every man, woman, and child in America. The trouble of it is you do not give it out of our pockets; we are not thinking of our own pockets. We are not thinking of whose pocket we are taking it from. Just remember that you are taking it from the pockets of our children and grandchildren, for you have already taken everything we have. We do not have anything left, yet you are taking \$7,000,000,000 this year out of the pockets of the American taxpayers of future generations, of children who are now coming along. They have to pay the bill that you gentleman are spending the money for at this time. I am surprised at the way you are trying to do it. In other words, I deem it stealing money from your children. That is just about as far as you can go.

Someone made a remark a while ago that I am an isolationist. Well, I am not an isolationist. I am for trying to help the people of foreign countries, but I want to help them in a way that they are going to help themselves. I do not want to do it all for them. I want to give them a start and give them a hand, but I do not want to do it all. I want to let them go out and work, earn, save and help themselves. I just do not believe in this business of expecting your children's children to take care of the things you are doing for those foreigners.

Mr. Chairman, let me read you what Uncle Sam is doing in the way of joining, and I am quoting someone else's remarks which I am pretty sure are correct:

Uncle Sam the Joiner: It costs the people of the United States \$144,629,000 in "dues" for Uncle Sam's membership in 47 international organizations. Of this amount \$128,734,000 was actual contributions by the Government to permanent and temporary organizations. The rest was spent in supporting United States missions and delegates to the various international conferences. Last year Uncle Sam sent delegates to 258 conferences involving 6,000 meetings around the globe. Among the various meetings where the United States had representatives were the International Conference on Limnology, the Pan-African Sanitary Conference, the Regional Meeting of European Statisticians, the Far Eastern Phyto-Sanitary Conference, and the International Scientific Commission on Trypanosomiasis Research. The cost of international organizational effort in 1949 was \$26,000,000 more than it was in 1948. Ten years ago Congress appropriated only \$835,000 for United States participation in 23 international conferences.

(Mr. RICH asked and was given permission to revise and extend his remarks.)

Mr. CAVALCANTE. Mr. Chairman, I rise in opposition to the pro forma amendment offered by the gentleman from Pennsylvania.

Mr. Chairman, when this same question was before the House on April 11, 1949—CONGRESSIONAL RECORD, page 4405—I offered an amendment to section 103 as follows:

Provided further, That such country has filed with the Economic Cooperation Administration (as hereinafter established) an itemized account of its governmental income, expenditures, assets, and indebtedness, together with a statement of its national economic and security requirements.

At that time the distinguished chairman of the Committee on Foreign Affairs asked me to yield, and I graciously yielded to him. Here is what he said:

Mr. KEE. I may say to the gentleman from Pennsylvania that it is my understanding that the information the gentleman wishes to be filed under his amendment can be found in the records of the ECA. If I am not correct in that I shall be very glad before the Committee rises to return to this section so that the gentleman can offer his amendment. But, I feel sure the information is already with the ECA and is available.

I accepted the word of the distinguished chairman and I withdrew my amendment. On April 12, the very next day, I wrote a letter to the Administrator of ECA setting forth what had transpired here on the floor, and I ended my letter with this paragraph:

In view of Mr. KEE's clarification, I was pleased to withdraw my proposal. Also, in view of Mr. KEE's statement, I presume that you have an itemized account of governmental income, expenditures, assets, and indebtedness, together with a statement of its national economic and security requirements for the United Kingdom. I would appreciate receiving these figures on the United Kingdom from you at the earliest possible date.

The next day, April 13, 1949, I received this letter from the Administrator:

Dear Mr. CAVALCANTE: This will acknowledge receipt today of your letter of April 12, 1949, in which you request an itemized account of the governmental income, expenditures, assets and indebtedness, together with the statement of its national economic and security requirements for the United Kingdom. Please be assured you will receive a detailed reply in the near future.

On April 20 I received a follow-up letter from the Administrator of ECA which contained two documents. One is entitled: "Economic Survey for 1949" and the other one, "Copy of Statement of Revenue and Expenditure as laid before the House by the Chancellor of the Exchequer when opening the budget."

Mr. HOFFMAN of Michigan. Mr. Chairman will the gentleman yield?

Mr. CAVALCANTE. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. What did he say about the Taft-Hartley Act?

Mr. CAVALCANTE. My dear friend, do not be idiotic.

Mr. HOFFMAN of Michigan. Only as I wish to be understood.

Mr. CAVALCANTE. This is something serious.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CAVALCANTE. I yield to the gentleman from Iowa.

Mr. GROSS. In other words, the gentleman never got an answer to his question from ECA, in the first place.

Mr. CAVALCANTE. That is right. I had asked for reliable information to justify my vote for legislation of this type. But, in return, I was furnished these two documents. The first one has endorsed on its face the following language:

British Information Services, an agency of the Government, 30 Rockefeller Plaza, New York 20, N. Y. This material is filed with the Department of Justice where required registration statement of B. I. S. under 56 Stat. 248-258 as an agency of the British Government is available for inspection. Registration does not imply approval or disapproval of this material by the United States Government.

An unsuspecting American might well be deceived in believing that the document is published by an agency of the United States Government.

The other document has indorsed thereon the following language:

British Information Services an agency of the British Government. Washington Library.

Again an unsuspecting American might well be deceived in believing that the "Washington Library" is one maintained by the United States Government.

I have examined 56 Stat. 248-258 and I find its title to be "An act to require the registration of certain persons employed by agencies to disseminate propaganda in the United States."

The policy and purposes of the act are stated to be as follows:

It is hereby declared to be the policy and purpose of this act to protect the national defense, internal security, and foreign relations of the United States by requiring public disclosure by persons engaging in propaganda activities and other activities for or on behalf of foreign governments, foreign political parties and other foreign principals so that the Government and the people of the United States may be informed of the identity of such persons and may appraise their statements and actions in the light of their associations and activities.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. CAVALCANTE. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. CAVALCANTE. Probably when the Director of ECA and this British propaganda agency saw my name and that I was seeking reliable information relative to the true status of British economic and security requirements, they felt justified in responding with the traditional Machiavellian perfidy, deception, treachery and arrogance that the British have employed in the years past when dealing with the Mediterranean races. Honest thought stands aghast that our ECA is a willing tool of this perfidy, deception, treachery and arrogance. If guilt "by association" is justifiable, I impute such guilt in this instance. I recoil at the idea that our Government is aiding and abetting in aggression against the young Republic

of Israel; in encouraging the continued partition of Ireland; in the support of a Communist Government in China; and in the expansion and dominance of British wealth and commerce at the expense of the remaining free nations of the world.

It is time that we require all nations that seek our aid to make known to us, truthfully and factually, information upon which this Congress may intelligently determine the need for such aid and whether it will be employed to effectuate the foreign policy of our Government—assuming such foreign policy to be extant.

I offered an amendment today to meet this situation. But the chairman of the committee stifled debate so that I was allowed only a minute and a quarter to discuss the amendment. Surely it was not sufficient to put before the House such important matter.

We want information to show the need of these countries for the aid we give, and my amendment was aimed at that very purpose. When I asked for reliable information, I was fed British propaganda from an agency that is registered under the laws of the United States as a British propaganda agency. I say to the chairman of the Committee on Foreign Affairs that I absolutely do not like the treatment received. I detest the kind of information furnished to me.

(Mr. CAVALCANTE asked and was given permission to revise and extend his remarks.)

The Clerk read as follows:

SEC. 202. The Secretary of State is hereby authorized to make contributions from time to time before July 1, 1951, to the United Nations for the United Nations Relief and Works Agency for Palestine Refugees in the Near East, established under the resolution of the General Assembly of the United Nations of December 8, 1949, in amounts not exceeding in the aggregate \$27,450,000, for the purposes set forth in the said resolution.

Mr. HARVEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARVEY: On page 13, line 23, after the period, insert a new sentence as follows:

"Provided, That the amount of \$27,450,000 shall be reduced by the same proportion as the total of all other contributing nations' contributions to the total of their pledges to the United Nations Relief and Works Agency for Palestine Refugees in the Near East."

Mr. HARVEY. Mr. Chairman, this Committee should know the facts concerning the United Nations Palestine relief. It was my privilege last fall to visit these camps, and I was also in close contact with the Administrator. It was evident that many of the nations that had pledged funds for this function were not contributing as their pledges had indicated. This agency was forced to operate on a hand-to-mouth basis.

We are already putting up about half of all the money that goes into this function and all the other nations combined are putting up the other half.

My amendment, which will strengthen the hand of the Administrator over there, simply states that the other nations will have to come through with

their share. If they come through with only 90 percent of their pledges, then our pledge will be reduced proportionately. It will not actually reduce the total amount at all. It will, in fact, strengthen the hands of the Administrator, as was explained to me when I visited these camps.

I think in all fairness that certainly is the action this body should take. I hope the amendment will be agreed to by the Committee.

Mr. MULTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I trust this amendment will not prevail. I am very happy title II has come before the House. It represents part of a principle I have been preaching in the House almost since the first day I came here. That goes back prior to the time of the establishment of the State of Israel. Mind you, there is not a dollar in this title which is being appropriated for the State of Israel or for the people of the State of Israel. This appropriation is for the relief of refugees who are in surrounding Arab territories in and around Israel; none of them are in the State of Israel. Some of them lived there before the hostilities broke out.

This is a program which is absolutely essential to save the lives of those people and to rehabilitate them.

If you were to adopt the amendment which has been offered, so that we would cut down our share of this relief in accordance with or in proportion to what some other country may do, you would not then be strengthening the hands of the Administrator and you would not be strengthening the program. You would be helping to tear it down.

You are dealing here with a human problem. Because some other country which has pledged to contribute its share of dollars to help alleviate this condition should fail in that pledge, is no reason why we should fall down on our pledge. The United Nations has come forth, after a full, complete, and exhaustive study of this subject on the ground, with a request for this appropriation. I have been there twice. I was there in 1948 and again in 1949. I know the conditions as reported by the United Nations. We have agreed to give these \$27,450,000 toward this program, and we should give it, no matter what any other country does. If any other country falls down on their pledge, that failure is on their shoulders and on their heads if these people cannot be rehabilitated and given the help that they need.

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I am glad to yield to the distinguished chairman who has been striving so valiantly with this bill.

Mr. KEE. Is it not true that last year we appropriated \$16,000,000 for this purpose without asking the other countries to come in at all, but we had their assurance that they would come in, and since then they contributed \$17,000,000, which is a million dollars over our appropriation?

Mr. MULTER. That is absolutely so. I am glad our country has always taken

the lead in these matters. It does not matter to us what the religion or color or whatever the origin of the people may be, if there is a place where our country can be of help to the poor and the destitute people, if we can help so that they can rebuild their lives, we have always been the first to come forward and help. I am glad that title II has been included in this bill, and I trust it will pass as it has been presented by the committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. HARVEY].

The question was taken; and on a division (demanded by Mr. KEE) there were—ayes 49, noes 64.

Mr. HARVEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. KEE and Mr. HARVEY.

The Committee again divided; and the tellers reported that there were—ayes 64, noes 75.

So the amendment was rejected.

The Clerk read as follows:

SEC. 203. (a) There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed \$27,450,000, to carry out the purposes of this title.

(b) Notwithstanding the provision of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (a) of this section, to make advances to the Secretary of State, not to exceed in the aggregate \$8,000,000, to carry out the provisions of this title. From appropriations authorized under subsection (a) of this section, there shall be repaid to the Reconstruction Finance Corporation, without interest, the advances made by it under authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this section.

SEC. 204. (a) The provisions of sections 301, 302, and 303 of Public Law 402, Eightieth Congress, are hereby made applicable with respect to the United Nations Relief and Works Agency for Palestine Refugees in the Near East to the same extent as they apply with respect to the government of another country: *Provided*, That when reimbursement is made by said Agency, such reimbursement shall be credited to the appropriation, fund, or account utilized for paying the compensation, travel expenses, and allowances of any person assigned hereunder.

(b) Departments and agencies of the United States Government are authorized, with the approval of the Secretary of State, to furnish or procure and furnish supplies, materials, and services to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided*, That said Agency shall make payments in advance for all costs incident to the furnishing or procurement of such supplies, materials, or services, which payments may be credited to the current applicable appropriation or fund of the department or agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

Mr. WHITE of Idaho. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, while we are spending money so lavishly in foreign countries, I want to give you a little example of what we are doing right here at home:

I have a telegram from the editor of the Lewiston Morning Tribune, one of the most influential dailies in northern

Idaho. Here is what he says about the Orchards irrigation project:

Know you have doing your utmost but hope you realize seriousness and widespread concern here at Orchards irrigation appropriation failure. If money not secured by May 1 am informed new system cannot carry water until spring of 1951. In meantime, water supply for population of 5,000 in jeopardy and hard-pressed district be forced spend \$30,000 or more attempting to again patch already dilapidated and inadequate old distribution system. While this distress prevails the \$2,250,000 already spent on new system is waste and completion of work be even more costly with contractors departed for other fields.

I hope you will convince committee there neither sense nor economy in its action. After all this not expense item but a loan which be repaid 100 percent by water users.

BUD ALFORD,
Lewiston Morning Tribune.

I have another telegram from the fire chief of that city. It reads as follows:

More than 12,000 homes in Lewiston Orchards needing fire protection. Old system not connected for fire hydrants. Funds needed immediately to finish new water system.

HARVEY BOESEN,
Lewiston Orchards Fire Commissioner.

I have here a third telegram, this one from the Orchards Business Men's Association. They state:

Was informed by irrigation district that contractors are leaving jobs due to insufficient funds. Cannot afford another delay. Lewiston Orchards in very bad condition if money is not available this spring.

ORCHARDS BUSINESS MEN'S ASSOCIATION,
J. W. KNEPPER, Chairman.

Here is a project involving one of the finest home districts in one of the best towns in northern Idaho, a district of suburban homes. They are seeking to rehabilitate their old irrigation and domestic water system. We have spent \$2,500,000, but additional funds to complete it have been cut off; and this notwithstanding the fact that it is a loan and not a gift, that it will be repaid to the Federal Government, every dollar of it.

An item to finish this project was put in the first deficiency appropriation bill by the Senate, but when the chairman of the House Committee on Appropriations reported the conference report which is the final draft of the bill to the House I was unable to get a copy of it. I went to the desk to get hold of the conference report that I might find out what it contained but was told that they did not have it. It was called up and passed before it was printed. Then when the conference report was called up we heard the chairman of the Committee on Appropriations, following the usual procedure, saying: "I move to recede and concur with amendment No. 28. I move to recede and concur with amendment No. 22 with an amendment;" which is the regular procedure but the Members had no way of knowing what was in the bill. The net result, as we learned afterward, was the item for Lewiston orchards which was stricken out of the bill.

Every dollar of that money will be repaid. Those homes are put in jeopardy through that item's being stricken out by those tactics. But we are spending

money lavishly to build roads in Africa, to build a smelter in Italy, and we are building a smelter in France. We are dishing money out to open mines in foreign countries. The products of these mines are flooding this country and putting our own miners out of business, and taking away the tax resources of our own people; yet we cannot get money for projects within the United States, money which will be repaid by the people of the district. But if you were in Italy, Morocco, or in Yugoslavia—where Mr. Tito may be deposed tomorrow and his country taken over by Russia—you could get money. We sent \$25,000,000 to Yugoslavia and have agreed to take repayment in nonferrous metals, lead, zinc, and other metals processed in abundance in this country.

When I learn how our taxpayers' money is being spent to take our home market from our domestic mining industry, I am wondering if my colleague the gentleman from Pennsylvania, Congressman RICH, is not about half right with his recent suggestion concerning a psychiatric examination for some of us.

The Clerk read as follows:

TITLE III

SEC. 301. This title may be cited as the "Act for International Development."

SEC. 302. The Congress hereby finds as follows:

(a) The peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples. Such progress can further the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace.

(b) The efforts of the peoples living in economically underdeveloped areas of the world to realize their full capabilities and to develop the resources of the lands in which they live can be furthered through the cooperative endeavor of all nations to exchange technical knowledge and skills and to encourage the flow of investment capital.

(c) Technical assistance and capital investment can make maximum contribution to economic development only where there is understanding of the mutual advantages of such assistance and investment and where there is confidence of fair and reasonable treatment and due respect for the legitimate interests of the peoples of the countries to which the assistance is given and in which the investment is made and of the countries from which the assistance and investments are derived. In the case of investment this involves confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will negotiate adequate wages and working conditions for local labor. It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation; that they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.

(d) Greater production and higher standards of living in the economically underdeveloped areas and international trade be-

tween these areas and the economically advanced areas of the world can be promoted through agreements, negotiated through the United Nations and its specialized agencies or otherwise, to establish fair labor standards of wages and working conditions, including the encouragement of collective bargaining between management and labor.

Sec. 303. (a) It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity, and expanding purchasing power.

(b) It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes, shall take into consideration (1) whether the assistance applied for is an appropriate part of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned; (2) whether any works or facilities which may be projected are actually needed in view of similar facilities existing in the area and are otherwise economically sound; and (3) with respect to projects for which capital is requested, whether private capital is available either in the country or elsewhere upon reasonable terms and in sufficient amounts to finance such projects.

Sec. 304. (a) In order to accomplish the purposes of this title, the United States shall participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, and their related organizations, and by other international organizations, wherever practicable.

(b) Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations for technical cooperation programs carried on by it and its related organizations which will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis. The President is further authorized to make contributions for technical cooperation programs carried on by the Organization of American States, its related organizations, and by other international organizations.

(c) Agencies of the United States Government on request of international organizations are authorized, upon approval by the President, to furnish services and such facilities as may be necessary in connection therewith, on an advance of funds or reimbursement basis, for such organizations in connection with their technical cooperation programs. Amounts received as reimbursements from such organizations shall be credited, at the option of the appropriate agency, either to the appropriation fund, or account utilized in incurring the obligation, or to an appropriate appropriation, fund, or account currently available for the purposes for which expenditures were made.

Sec. 305. The President is authorized to plan, undertake, administer, and execute bilateral technical cooperation programs carried on by any United States Government agency and, in so doing—

(a) To coordinate and direct existing and new technical cooperation programs.

(b) To assist other interested governments in the formulation of programs for the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas.

(c) To receive, consider, and review reports of joint commissions set up as provided in section 310 of this title.

(d) To utilize the services and facilities of private agencies and persons.

(e) To make, within appropriations made available for the purpose, advances and grants in aid of technical cooperation programs to any person, corporation, or other body of persons, or to any foreign government or foreign government agency.

(f) To make and perform contracts or agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency: *Provided*, That with respect to contracts or agreements which entail commitments for the expenditure of funds appropriated pursuant to the authority of this title, such contracts or agreements, within the limits of appropriations or contract authorizations hereafter made available, may, subject to any future action of the Congress, run for not to exceed 3 years in any one case.

(g) To provide for printing and binding outside the continental limits of the United States, without regard to section 11 of the act of March 1, 1919 (44 U. S. C. 111).

(h) To provide for the publication of information made available by the joint commissions referred to in section 310, and from other sources, regarding resources, opportunities for private investment capital, and the need for technical knowledge and skill in each participating country.

Sec. 306. Agreements made by the United States under the authority of this title with other governments and with international organizations shall be registered with the Secretariat of the United Nations in accordance with the provisions of article 102 of the United Nations Charter.

Sec. 307. In carrying out the programs authorized in section 305 of this title—

(a) The participation of private agencies and persons shall be sought wherever practicable.

(b) Due regard shall be given, in reviewing requests for assistance, to the possibilities of achieving satisfactory results from such assistance as evidenced by the desire of the country requesting it (1) to take steps necessary to make effective use of the assistance made available, including the encouragement of the flow of productive local and foreign investment capital where needed for development; and (2) to endeavor to facilitate the development of the colonies, possessions, dependencies, and non-self-governing territories administered by such requesting country so that such areas may make adequate contribution to the effectiveness of the assistance requested.

(c) Assistance shall be made available only where the President determines that the country being assisted—

(1) Pays a fair share of the cost of the program.

(2) Provides all necessary information concerning such program and gives the program full publicity.

(3) Seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that country.

(4) Endeavors to make effective use of the results of the program.

(5) Cooperates with other countries participating in the program in the mutual exchange of technical knowledge and skills.

Sec. 308. The President is authorized to prescribe such rules and regulations as may

be necessary and proper to carry out the provisions of this title.

Sec. 309. The President shall create an advisory board, hereinafter referred to as the "board," which shall advise and consult with the President or such other officer as he may designate to administer the program herein authorized, with respect to general or basic policy matters arising in connection with operation of the program. The board shall consist of not more than 13 members to be appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the board shall be broadly representative of voluntary agencies and other groups interested in the program, including business, labor, agriculture, public health, and education. All members of the board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any agency or instrumentality of the United States) who as such regularly receives compensation for current services. Members of the board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purposes of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses. The President may appoint such committees in special fields of activity as he may determine to be necessary or desirable to effectuate the purposes of this title. The members of such committees shall receive the same compensation as that provided for members of the board.

Sec. 310. (a) At the request of a foreign country, there may be established a joint commission for economic development to be composed of persons named by the President and persons to be named by the requesting country, and may include representatives of international organizations mutually agreed upon.

(b) The duties of each such joint commission shall be mutually agreed upon, and may include, among other things, examination of the following:

(1) The requesting country's requirements with respect to technical assistance.

(2) The requesting country's resources and potentialities, including mutually advantageous opportunities for utilization of foreign technical knowledge and skills and investment.

(3) Policies which will remove deterrents to and otherwise encourage the introduction, local development, and application of technical skills and the creation and effective utilization of capital, both domestic and foreign; and the implementation of such policies by appropriate measures on the part of the requesting country and the United States, and of other countries when appropriate, and after consultation with them.

(c) Such joint commissions shall prepare studies and reports which they shall transmit to the appropriate authorities of the United States and of the requesting countries. In such reports the joint commissions may include recommendations as to any specific projects which they conclude would contribute to the economic development of the requesting countries.

(d) The costs of each joint commission shall be borne by the United States and the requesting country in the proportion that may be agreed upon between the President and that country.

Sec. 311. All or part of United States support for and participation in any technical cooperation program carried on under this title shall be terminated by the President—

(a) If he determines that such support and participation no longer contribute effectively to the purposes of this title, are contrary to a resolution adopted by the General Assembly of the United Nations that the continuance of such technical cooperation programs is unnecessary or undesirable, or are not consistent with the foreign policy of the United States.

(b) If a concurrent resolution of both Houses of the Congress directs such termination.

SEC. 312. The President may exercise any power or authority conferred on him by this title through the Secretary of State or through any other officer or employee of the United States Government. To further the purposes of this title, the President is authorized to establish an Institute of International Technical Cooperation and to prescribe its powers, duties, and organization, which shall be consistent with the provisions of this title.

SEC. 313. In order to carry out the purposes of this title—

(a) The President may, by and with the advice and consent of the Senate, appoint one person who shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$16,000 per annum.

(b) Officers, employees, agents, and attorneys may be employed for duty within the continental limits of the United States in accordance with the provisions of the civil-service laws and the Classification Act of 1949.

(c) Persons employed for duty outside the continental limits of the United States and employees of the United States Government assigned for such duty shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), as amended, together with allowances and benefits which shall not exceed those established thereunder, and may be appointed to any class in the Foreign Service Reserve or Staff in accordance with the provisions of such act.

(d) Alien clerks and employees employed for the purpose of performing functions under this title shall be employed in accordance with the provisions of the Foreign Service Act of 1946; as amended.

(e) Officers and employees of the United States Government may be detailed to offices or positions to which no compensation is attached with any foreign government or foreign government agency or with any international organization: *Provided*, That while so detailed any such person shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits, an officer or employee of the United States Government and of the United States Government agency from which detailed and shall receive therefrom his regular compensation, which shall be reimbursed to such agency from funds available under this title: *Provided further*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(f) Experts and consultants or organizations thereof may be employed as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a), and individuals so employed may be compensated at a rate not in excess of \$75 per diem.

(g) Such additional civilian personnel may be employed without regard to subsection (a) of section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as amended, as may be necessary to carry out the policies and purposes of this title.

SEC. 314. The President shall transmit to the Congress an annual report of operations under this title.

SEC. 315. (a) In order to carry out the provisions of this title, there shall be made available such funds as are hereafter author-

ized and appropriated from time to time for the purposes of this title: *Provided, however*, That for the purpose of carrying out the provisions of this title through June 30, 1951, there is hereby authorized to be appropriated a sum not to exceed \$45,000,000, including any sums appropriated to carry on the activities of the Institute of Inter-American Affairs, and technical cooperation programs as defined in section 317 herein under the United States Information and Educational Exchange Act of 1948 (62 Stat. 6). Activities provided for under this title may be prosecuted under such appropriations or under authority granted in appropriation acts to enter into contracts pending enactment of such appropriations. Unobligated balances of such appropriations for any fiscal year may, when so specified in the appropriation act concerned, be carried over to any succeeding fiscal year or years. The President may allocate to any United States Government agency any part of any appropriation available for carrying out the purposes of this title. Such funds shall be available for obligation and expenditure for the purposes of this title in accordance with authority granted hereunder or under authority governing the activities of the Government agencies to which such funds are allocated.

(b) Nothing in this title is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries, or to any international organization.

SEC. 316. If any provision of this title or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the title and the applicability of such provision to other circumstances or persons shall not be affected thereby.

SEC. 317. As used in this title—

(a) The term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities may include, but need not be limited to, economic, engineering, medical, educational, agricultural, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources and productive capacities of underdeveloped areas. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor pursuant to the Philippine Rehabilitation Act of 1946 (60 Stat. 128), as amended, nor pursuant to the Foreign Assistance Act of 1948 (62 Stat. 137), as amended, nor activities undertaken now or hereafter in the administration of areas occupied by the United States armed forces or in Korea by the Economic Cooperation Administration.

(b) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or independent establishment of the United States Government.

(c) The term "international organization" means any intergovernmental organization and subordinate bodies thereof of which the United States is a member.

Mr. MARTIN of Massachusetts (interrupting the reading of the bill). Mr. Chairman, I believe the gentleman from Massachusetts [Mr. McCORMACK] desires to submit a consent request.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that further reading of title III be dispensed with, and that it be printed in the Record and be open to amendment at any point.

Mr. MARTIN of Massachusetts. With the understanding that a motion to strike the entire title would be permitted, if a Member desired to make such a motion.

Mr. TABER. Mr. Chairman, reserving the right to object, will that mean one motion may be made to strike out the whole title?

Mr. McCORMACK. Yes. Perfecting amendments may be offered in accordance with the rule.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. KEE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7797) to provide foreign economic assistance, had come to no resolution thereon.

AMENDING THE NATURAL GAS ACT APPROVED JUNE 21, 1938, AS AMENDED

Mr. LYLE, from the Committee on Rules, reported the following privileged resolution (H. Res. 531, Rept. No. 1863) which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution the bill (H. R. 1758) to amend the Natural Gas Act approved June 21, 1938, as amended, with Senate amendment thereto, be, and the same is hereby taken from the Speaker's table to the end that the Senate amendment be, and the same is hereby, agreed to.

HOUR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow morning.

Mr. MARCANTONIO. Mr. Speaker, reserving the right to object, is it the intention of the leadership to have the rule on the natural-gas bill called up tomorrow morning?

Mr. McCORMACK. It is.

Mr. MARCANTONIO. Mr. Speaker, then I object.

The SPEAKER. It is not to be called up the first thing in the morning.

Mr. MARCANTONIO. Mr. Speaker, if it is not to be called up the first thing, I will not object.

Mr. McCORMACK. We are going to continue the consideration of the foreign-aid bill until its completion.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

me it is fair to make cuts uniform for all projects of a like nature. I hope the House will think about these inequalities in the intervening time and be prepared to make these reductions uniform and fair in the future.

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

BE NIFTY AND THRIFTY IN FIFTY

Mr. RICH. Mr. Speaker, if our form of government is to survive, we must do three things: First, stop our ruthless spending; second, look to balancing the budget; and, third, listen to our taxpayers who want relief.

We can meet these aims if we do these eight things: First, eliminate Government waste; second, consolidate functions of Government; third, stop subsidies that injure our economy; fourth, protect the rights of minorities; fifth, develop a foreign policy for peace, not war; sixth, stop undermining American living standards in the name of world trade; seventh, safeguard liberty and freedom against socialism and any other ism except old-fashioned Americanism; and, eighth, be nifty and thirty in fifty.

PERMISSION TO ADDRESS THE HOUSE

Mr. HAYS of Arkansas. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include excerpts from an address delivered by General Eisenhower.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

[Mr. HAYS of Arkansas addressed the House. His remarks appear in the Appendix of today's RECORD.]

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

COMMUNISTS IN GOVERNMENT

Mr. HOFFMAN of Michigan. Mr. Speaker, if the press and the radio are accurate, the President yesterday condemned three public servants for their activities or their efforts to expose Communists in the administration. I understood the press and the radio to say that he charged that those gentlemen who were chosen by the people of three States as their Representatives were aiding Joe Stalin. So, comes the query: Is it better to harbor and encourage, retain Communists in the State or any other Department, or is it better to expose them? That is one question that is raised by the President's statement, and it merits consideration.

PATRIOTS' DAY

Mr. BRYSON. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Concurrent Resolution 190.

The Clerk read the concurrent resolution, as follows:

Whereas the 19th day of April 1775 witnessed the first military engagement between the American Colonists and British troops, and the fighting that then occurred at Concord and Lexington, in Massachusetts, formed the prologue to the mighty drama of the Revolution and determined the character of its first campaign; and

Whereas the significance of April 19 in the history of our country is not to be measured by the extent of the military forces that engaged in local battle in 1775, but by the direction and strength of the intangible forces then set in motion which in due course established the United States of America; and

Whereas a frequent recurrence to the events out of which this Nation arose, and a better understanding of the principles upon which our forefathers grounded their independence cannot fail to stimulate and renew that high sense of patriotism which has ever been the glory of our country; and

Whereas each such dramatic struggle onward in the process of world civilization has been marked by a ceremonial indicating the formal and official conclusion thereof, the first Commander in Chief and General of the Continental Army purposely selected the 19th of April as the date for a peace proclamation which he read to assembled troops on April 19, 1783: Therefore be it

Resolved by the House of Representatives (the Senate concurring). That there is hereby established a commission to be known as the Patriots' Day Celebration Commission (hereinafter referred to as the "Commission") and to be composed of eight Commissioners, as follows: Three Members of the Senate to be appointed by the Vice President and five Members of the House of Representatives to be appointed by the Speaker of the House of Representatives. The Commissioners shall serve without compensation and shall select a Chairman from among their number.

Sec. 2. It shall be the duty of the Commission to prepare and carry out a comprehensive plan for the observance and celebration of the one hundred and seventy-fifth anniversary of Patriots' Day for the commemoration of the events that took place on April 19, 1775. In the preparation of such plans, the Commission shall cooperate with the Commonwealth of Massachusetts and its cities and towns in order that there may be proper coordination and correlation of plans for such observance and celebration.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, and I am not going to object, this just gives official recognition to a great patriotic day and does not cost the Government any money?

Mr. BRYSON. The gentleman is correct.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

[Mr. RANKIN addressed the House. His remarks will appear hereafter in the Appendix.]

EXTENSION OF REMARKS

Mr. MACK of Washington asked and was given permission to extend his remarks and include extraneous matter.

Mr. RICH asked and was given permission to extend his remarks and include an editorial.

Mr. ANGELL asked and was given permission to extend his remarks and include extraneous matter.

Mr. LANE asked and was given permission to extend his remarks and include a resolution.

Mr. PRICE asked and was given permission to extend his remarks and include three articles appearing in the New York World-Telegram.

Mr. O'BRIEN of Michigan asked and was given permission to extend his remarks.

Mr. JACOBS asked and was given permission to extend his remarks and include three editorials.

Mr. BOLLING asked and was given permission to extend his remarks and include an editorial appearing in the Washington Post.

Mr. MULTER asked and was given permission to extend his remarks in two instances and include extraneous matter.

Mr. HOFFMAN of Michigan asked and was given permission to extend the remarks he made on yesterday.

Mr. COUDERT asked and was given permission to extend his remarks and include a newspaper article.

CALL OF THE HOUSE

Mr. SMITH of Wisconsin. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 123]

Bailey	Eaton	Kelley, Pa.
Barden	Fellows	Kruse
Baring	Gilmer	Kunkel
Battle	Goodwin	Lesinski
Bennett, Fla.	Grant	Lichtenwalter
Buckley, Ill.	Hale	Lovre
Bulwinkle	Hall	McGregor
Burdick	Leonard W.	Macy
Carroll	Hébert	Magee
Celler	Hedrick	Miles
Chesney	Hoffman, Ill.	Mononey
Crawford	Howell	Morrison
Doughton	James	Murphy
Douglas	Jennings	Nelson

Nixon	Rivers	Towe
Norrell	Roosevelt	Wheeler
Norton	Sabath	Whitaker
O'Neill	Sadowski	Willis
Powell	Smathers	Withrow
Reed, Ill.	Smith, Ohio	Wolcott
Reed, N. Y.	Staggers	Wood
Ribicoff	Stanley	Woodhouse

The SPEAKER. On this roll call 358 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CORRECTION OF ROLL CALL

Mr. MULTER. Mr. Speaker, on roll call No. 122 I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the Record and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

CORRECTION OF RECORD

Mr. VURSELL. Mr. Speaker, in the last line of my extension of remarks appearing in the Appendix of the Record at page A2521, the word "love" should be changed to "save." I ask unanimous consent that the permanent Record be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FOREIGN ECONOMIC ASSISTANCE

Mr. KEE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 7797) to provide foreign economic assistance.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 7797, with Mr. HARRIS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Before rising on yesterday the Committee agreed that the further reading of title III be dispensed with and that that title be open to amendment at any point.

Are there amendments to title III?

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: On page 15, line 13, strike out all of title III.

Mr. SMITH of Wisconsin. Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Wisconsin. Mr. Chairman, I call the attention of those who are interested in this title to the views of the gentleman from Illinois [Mr. CHIPERFIELD] and myself, which are contrary to the views expressed by the majority members of the committee.

This title, Mr. Chairman, would chart a new policy for this country in international affairs. It seems to me this program would just chart a world-wide WPA.

We know that the program arises as a result of the inaugural address of President Truman in 1949, in which he advocated a bold, new program for the development of the backward areas all over the world.

I think it is not so bold as it is dangerous, because it is indefinite, uncertain, and nobody knows where it will lead.

Title III of the bill would establish an Institute of International Technical Cooperation—just another governmental agency to dissipate American taxpayers' dollars. The proposal is to underwrite part of the cost of economic development abroad. This scheme would use tax dollars through governmental grants for so-called technical assistance.

This program is an effort to promote the President's idea of a bold new program announced in his inaugural address of January 20, 1949. He did not realize, or his ghost writer did not tell him, that the idea was not a new one; in fact, it was 5 years old. He was only parroting the words of a notorious character in the international world. Who was he? Just a minute while I read excerpts from a book entitled "Tehran: Our Path in War and Peace." Now, before I give you the author's name I will read several paragraphs from the book:

America can underwrite a gigantic program of the industrialization of Africa, to be launched immediately. * * * It must initiate a general and steady rise in the standard of life of the African peoples. * * *

What is clearly demanded by the situation is that the United States take the lead in proposing a common program of economic development of the Latin-American countries. * * * For Latin America (such a program) opens the door for an immense leap ahead in progress. * * *

For the United States especially it contributes a large part of the answer to that all-important question as to whether we shall be able to keep our national economy in operation. * * *

The Government can do it if free enterprise fails to meet the challenge and bogs down on the job.

Our Government can create a series of giant industrial development corporations, each in partnership with some other government or group of governments, and set them to work upon large-scale plans of railroad and highway building, agricultural and industrial development, and all-around modernization in all the devastated and undeveloped areas of the world. America has the skilled technicians capable of producing the plans for such projects, sufficient to get them under way, within a 6-month period of time after a decision is made.

And, Mr. Chairman, who made those statements, and who was the author? None other than Earl Browder, then officially the head of the American branch of the Communist Party.

Nowhere in this bill is the term technical assistance spelled out, nor is there a showing anywhere that technical knowledge is not available to other nations or areas. If we probe deep enough, it is easy to see that making technical assistance available to other nations ac-

tually means paying the bill for them, or paying for the services of technical advisers.

WHERE WILL THE MONEY GO?

Who will receive the direct benefits of the subsidy to which the American taxpayer will be committed if this title III remains in the bill? The answer will be: Undeveloped areas. But by what standard? What is an undeveloped area? Will it extend to areas where visionary idealists anticipate the opportunity for adding tangibles and intangibles of human welfare? Underdeveloped areas of the world would seem to rule out possible inhabitants on other planets, so we are safe there. The point is that no relevant limitations as to where this money will go are contained in title III which we are considering.

HOW MUCH WILL IT COST?

One looks in vain for any definite indication in this title as to the size of this undertaking in terms of dollars. These global planners sugar-coat the pill by saying, "The value of the program should be measured in human terms, not in dollars." Have you heard that platitude before? Be careful when proponents of world-wide economic planning propose that its accounts be considered in nondollar terms. The sky will certainly be the limit. And do not forget that the first authorization and appropriation is only a starter—just a foot in the door. Remember, this is to be an international organization and you can bet that ways and means to spend our money will be devised. One witness before the committee observed: "Are we shooting at another five billion, six billion, eight billion, or ten billion a year, out of the American taxpayers?" Are we going to make a down-payment on something without knowing what the final cost is to be? Think it over.

WHO WILL DO THE SPENDING?

The answer to that question is not clear in the language of the bill. It is clear enough, though, who will pay the undefined amount of money whose outlay is involved in this title—the American public.

Who will spend the money? Here the answer is less clear.

Section 303 (b) refers to the applications for aid as being reviewed by agencies of this Government. Section 305 refers to bilateral undertakings to be carried on by any United States Government agency. Section 313 refers in detail to the employment of persons to carry out the provisions of the title.

But section 304 (a) says:

The United States shall participate in multilateral technical-cooperation programs carried on by the United Nations and the Organization of American States and their related organizations, and by other international organizations.

Under what limitations? None whatever. The section in question says that such participation shall take place "wherever practicable." Section 304 (b) authorizes the President to effect such participation whenever that mode of operation will "contribute as effectively as would participation in comparable programs on a bilateral basis."

One does not have to be an expert to detect that the language contains no administrative standard whatever. It requires the Executive only to measure one guess against another.

Following out the same course, section 304 (b) authorize "contribution to the United Nations for technical-cooperation programs carried on by it and its related organizations."

A like authorization as to contributions to the Organization of American States and other international organizations is added. What are the limitations? None whatever, except "the limits of appropriations made available to carry out the purposes of this act."

In other words, every cent to be appropriated under the authorization, limitless in years and limitless in amount after the first year, might be turned over to international organizations to spend.

EVALUATING THE PURPOSES

As to the proposition to present to the peoples of the world that know-how, it should not be forgotten that the gift will not be free—at least from the standpoint of the American taxpayer. The gift aspect will be a distinguishing feature of the assistance proffered in this undertaking as against technical assistance which the receiving governments could obtain for themselves by paying for it. A second distinguishing aspect will be that the technical assistance will be parceled out on a basis of global planning by governmental and international organizations. The effort will be on a government-to-government basis and on an agency-to-agency basis. This is public planning on the grand scale, and the American taxpayer will be expected to pay the bill in the hope that by increasing economic well-being across the globe he will also be helping to found a more stable peace.

That is a profoundly worth-while hope. It is so estimable an objective that the means to it deserve better than uncritical examination. For even in the wildest dreams of world planners the role that governments and international agencies can play will be small in comparison to the role that capital itself can play if given the opportunity. Title III itself contains a pale reflection of this thought in its references to investment and trade.

The legislation here proposed relates to the development of areas which are economically lagging. Economic development is another name for investment, but with this distinction: Investment necessarily means development for the sake of profit. And profit is a touchy subject.

Profit is, of course, the increment in what is produced by an economic undertaking as against what is put into the undertaking. It is the measure that shows whether the investment was sound. Keeping books is economically the only way of making sense. When the assumptions of an investment prove correct, the books show a balance. That is profit. In the Marxian folklore, profit is something sinister. In the attitude of the governments of many economically laggard countries, profit is likewise some-

times regarded as evil, depending on who gets it.

CONCLUSIONS

The proposal contained in this legislation has a worthy objective: the encouragement of higher standards of living and greater economic efficiency among the economically underdeveloped nations.

It is when one examines the premises of action that doubts arise concerning title III.

It contains no administrative standards for selecting the areas to be helped or the type of help to be given.

It gives no hint of the duration of the effort or the cost involved. In that sense, it is not a program at all. It is merely a statement of a hope.

It involves the dubious proposal of spending the money through international agencies which will not be accountable for the results achieved and which are inadequately prepared for the functions to be thrust upon them.

It is at best equivocal in its relation to the encouragement of international investment.

It is harmful in its implications respecting the development of international trade.

In brief, it fails to justify the claims made on its behalf.

Mr. MANSFIELD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the Members of this House will recall that in the President's inaugural address four points were stressed. The point 4 program—title III of this act—which the gentleman from Wisconsin is endeavoring to have stricken is one of the four vital points of the over-all plan of American foreign policy intended to achieve our goals of continuing peace, freedom, and prosperity.

Point 4 in the President's address reads as follows:

We must embark on a bold new program for making the benefits of the scientific advances and our industrial progress available for the improvement and growth of undeveloped areas. We should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life, and in cooperation with other nations we should foster capital investment in areas needing development. Our aim should be to help free peoples of the world through their own efforts to produce more food, more clothing, more materials for housing, and more economical power to lighten their burden.

The gentleman from Wisconsin has made the statement that this is a new policy. I do not think it is a new policy. It is not a new program, because we have for a number of years had what I think is the most important part of our foreign policy in operation in the Latin-American States. The membership of this House as well as the membership of the other body last year unanimously, without a single dissenting vote, provided for a continuation of that program for 5 years and authorized an appropriation of \$35,000,000 to carry out its objectives. It is not, therefore, a new program or policy; and it is not a world-wide WPA,

because the cooperative program in Latin America has been one means by which other nations have joined with us on a bilateral basis, and their own contributions have helped to bring about their own betterment and to achieve great prestige and respect for us in that area.

The gentleman mentioned a book about Tehran. I did not hear about that until he appeared in the well of this House today. I believe the genesis of this program goes not to Tehran, but goes back to the program which this country has had in effect for so many years in Latin America. This program is based on 10 years of solid experience with the technical assistance program in Central and South America. With this experience the United States is now fully prepared to go ahead with the same kind of technical assistance activities in other parts of the world where, as in southeast Asia, they are desperately needed to counteract the advances of communism.

May I say in response to the question as to what is an undeveloped area, that it embraces most of the world lying in the southern part of the globe. The regions of southeast Asia, India, Iran, most of Africa, areas where people have to live on approximately 2,000 calories a day, which is hardly enough to live on, areas where people do not have enough to eat or enough to clothe themselves, whose life expectancy is about half of what ours is, areas which are ripe for communism if something is not done. I hope something will be done on a co-operative basis. I hope we will follow the wishes of the gentleman from Massachusetts [Mr. HERTER], a distinguished student of our foreign affairs and our foreign policy, who has done so much to bring about the bill which we have before us at the present time. As I understand it, this measure represents a compromise between the bill he originally introduced and the bill which was recommended by the State Department.

Mr. POTTER. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from Michigan.

Mr. POTTER. Under the technical assistance feature of this point 4 program, what is to keep Red China from applying for this technical assistance through a United Nations organization, which will be paying 70 percent or more of the bill?

Mr. MANSFIELD. I may say to the gentleman from Michigan that we have not recognized Red China and I hope that we do not recognize Communist China. I hope it does not achieve a seat in the United Nations. If those assumptions are correct, there will be no aid given to Red China.

The CHAIRMAN. The time of the gentleman from Montana has expired.

Mr. MANSFIELD. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. MANSFIELD. Mr. Chairman, may I say to the gentleman from Michigan that at the present time we have in effect what might be called a point 4 program, a cooperative program, on the Island of Formosa, in the form of the so-called Chinese-American Joint Rural Reconstruction Commission, which is doing fine work in raising the living standards over there and it has been very effective.

Mr. POTTER. Is that part of the United Nations or a bilateral agreement?

Mr. MANSFIELD. A bilateral agreement.

Mr. POTTER. Is it not true that we have had much more value for our money, and much more success in our program where it has been through bilateral agreements between the United States and the participating country than we have through the United Nations? If the gentleman will let me observe further, I think it is a disservice to the United Nations itself to put on it responsibilities which they have not been able to handle successfully. I hope the United Nations will operate with increased efficiency as time goes on, but, in my opinion, we are doing a great disservice to the United Nations by putting responsibilities on it which might be embarrassing, such as Bulgaria, for example, might apply to one of the agencies of the United Nations for technical assistance. It could prove very embarrassing to us to have that happen. If Bulgaria will come and apply to us, through a bilateral agreement, I would have no compunction about it. I think some American technicians over there might be ambassadors of good will. However, I do not like Bulgaria applying to the UN and using that as a means of propaganda in their own country because we would have no control over it.

Mr. MANSFIELD. There is a great deal of merit in what the gentleman says. As far as this program is concerned, it would be not only on a bilateral—that is on country-to-country—basis but also through the UN as well where we have certain agencies which we think may be of some benefit in carrying out programs of this sort. However, that will be discussed more fully as we go along. The idea is to bulwark as much as we can these people who at the present time could be and in some instances are easy prey to communism, so that we can prop them up and in that way bring about a betterment of their standards so that in the end they will be on our side and not on the side of communism.

Mr. POTTER. Does the gentleman agree we would be much more successful and that we can anticipate much more success by bilateral agreements than we can by applications through UN agencies?

Mr. MANSFIELD. I may say to the gentleman from Michigan that has been the procedure to date. We have been more successful in our bilateral programs, and, as far as this kind of a program is concerned, we have our activities in Latin America to back up that statement.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from New York.

Mr. KEATING. Is it not a fact that under the wording of title III as it is now drawn, if we were to agree to it, there would be no assurances to us that the funds would be used on a bilateral basis rather than being turned over to the United Nations? In other words, there is no line of demarcation, is there, in the language as to how much shall be used in each manner?

Mr. MANSFIELD. I will say to the gentleman from New York that, as I recall, there is some language in here to that effect, and I wish the gentleman from Connecticut [Mr. LODGE], who was instrumental in putting in that language, would give us an explanation of it.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from New York.

Mr. JAVITS. On page 19, line 3, the standard is set forth as being "will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis." In other words, the objective must be fully and readily attainable. I would like to point out one other amendment which the gentleman from Connecticut will introduce, which I think is of the greatest importance in this bill; and that is an amendment that provides that the President shall not give aid under this bill unless—and I refer to page 26, line 6—it is consistent with the foreign policy of the United States. The gentleman from Connecticut ties it down accurately and exactly with respect to all such countries as Bulgaria, Communist China, and other areas which we are not recognizing and which are behind the iron curtain.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from Minnesota.

Mr. JUDD. Furthermore, we included, beginning on page 26, a provision that the President must terminate this program if a concurrent resolution of both Houses of Congress directs such termination, so control of the program is still left in our hands. And on page 18, line 19, there is language which I shall offer an amendment to change, striking out the language "United States shall participate in multilateral technical cooperation programs" and insert in lieu thereof "President is authorized on behalf of the United States to."

The CHAIRMAN. The time of the gentleman from Montana has expired.

Mr. JUDD. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. JUDD. In section 304 (b) it now reads that he is authorized to, and an amendment will be submitted to that effect for 304 (a) also, the idea being that wherever a program can be done as well and at no greater cost through an international organization, then the

President would make contributions to it to do the particular job, and I am sure the House will agree to the amendment.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from Connecticut.

Mr. LODGE. I would like to say in connection with this whole matter, I had felt that the stress should be on the bilateral rather than on the multilateral arrangements because of the fact that we have had such dire experience with UNRRA and I thought we had such relatively successful experience with the Marshall plan. I do think that this language is very helpful. It is not quite as strong as I should have liked it to be. As far as the question of our foreign policy is concerned, what I was attempting to express there with the help of my colleague the gentleman from New York [Mr. JAVITS] was that it should be made impossible, or at least, there should be language which would indicate our intention that none of the dollars of the American taxpayers should be spent on any international program for the development of underdeveloped areas behind the iron curtain or dependent areas of iron-curtain countries.

Mr. MANSFIELD. I am quite sure that the gentleman from Connecticut [Mr. LODGE] and the gentleman from New York [Mr. JAVITS] have answered the questions that have been raised by my good friend the gentleman from Michigan, as to how this matter shall be administered and how it will work out. Of course, the House must still work its will on this measure, and it is my hope that the fundamental precepts behind this particular measure will be taken into consideration. This is necessary, if we are going to get any kind of help from those people whom we might have to depend on some day in the underdeveloped areas of the world. I would like to also say that the \$45,000,000 as requested in this appropriation may be misunderstood, because approximately \$10,000,000 of that has already been authorized; \$7,000,000 under the Inter-American Cooperation Act and the rest through other acts.

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from West Virginia.

Mr. KEE. It has not only been authorized, it has already been appropriated.

Mr. MANSFIELD. That is right, but the inter-American cooperation appropriation was for a 5-year period at a \$7,000,000 a year rate.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. MANSFIELD. I yield to the gentleman from New York.

Mr. KEATING. I appreciate the remarks of the gentleman from New York and the gentleman from Connecticut and the gentleman from Montana in an effort to clarify this question, but it seems to me it still is perfectly clear that there is in title III as now worded no line of demarcation as to how much of those funds shall be used on a bilateral basis and how much shall be turned over to the

United Nations, the only factor being that the President of the United States will be authorized to turn over to the United Nations as much or all of the \$45,000,000 as he may think will equally effectively enable us to participate in these programs and which are consistent with our foreign policy.

To my way of thinking, in the present complicated and perhaps difficult situation of our foreign policy, it is not sufficiently clear to me what our foreign policy is in these underdeveloped areas to enable me to be willing to allow the President to have such a sweeping power, while I might go along on a bilateral basis.

Mr. MANSFIELD. The gentleman is correct in regard to yielding discretion to the President. I think the gentleman from Massachusetts [Mr. HERTER] in his bill had that same discretionary proviso. However, it is my understanding, and I think the gentleman from Ohio [Mr. VORYS] may be able to back me up on this, that as far as participation in the UN is concerned it would depend upon the proportion already agreed upon in previous activities covering these organizations like the Food and Agricultural Organization, UNESCO, and so forth.

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS:

On page 28, after line 17, insert the following:

"Sec. 314. No citizen or resident of the United States, whether or not now in the employ of the Government, may be employed or assigned to duties by the Government under this act until such individual has been investigated by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State: *Provided, however,* That any present employee of the Government, pending the report as to such employee by the Federal Bureau of Investigation, may be employed or assigned to duties under this act for the period of 6 months from the date of its enactment. This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate."

Renumber the later sections of the bill.

Mr. KEE. Mr. Chairman, I make the point of order that the amendment is improper at this point. We are discussing the amendment already offered by the gentleman from Wisconsin to strike out the title.

The CHAIRMAN. The Chair is ready to rule. The title is considered as having been read and any perfecting amendment is in order before voting on the amendment of the gentleman from Wisconsin [Mr. SMITH] to strike the entire title.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. If I can just get in one thought, I will be glad to yield to the gentleman later.

Mr. GAVIN. We want a chance to say something, too; that is why I have asked the gentleman to yield.

Mr. VORYS. Mr. Chairman, I am sorry I cannot yield to the gentleman.

Mr. Chairman, I have been trying to say for the past few minutes what the situation is here on the floor. Under the

unanimous-consent agreement of yesterday there is an amendment pending to strike out title III. That amendment, under the rules of the House as I understand them, will not be acted upon until perfecting amendments have been disposed of—so long as there are any amendments pending to perfect title III.

Therefore, all of the discussion with reference to perfecting amendments should come ahead of whether the motion of the gentleman from Wisconsin [Mr. SMITH] should prevail or not, and at any time discussion will be in order on the whole general proposition raised by his amendment.

Now, as I understand it there are a number of perfecting amendments to be offered. The amendment I have offered is to put in a loyalty check on personnel. I have taken the precise language from the Smith-Mundt bill, which was passed in the Eightieth Congress. The loyalty check in that act received great attention in both Houses and in conference. I think it is in effective form, and I doubt that there will be any objection to putting it into this bill.

The Smith-Mundt Act, enacted by the Eightieth Congress, Public Law 402, covers much of the same ground as this bill. For instance, under "Objectives," there is this provision which I quote:

To cooperate with other nations in (a) the interchange of persons, knowledges and skills, (b) the rendering of technical and other services.

I call the attention of the House to the hearings on this present bill. When I asked Mr. Webb, the Under Secretary of State, if he would point out anything in this proposed legislation which could not be done under existing law, he did not point out anything. So let us relax and let us realize that what we are talking about from now on this afternoon is not terribly new or terribly bold and that whether this title stays in or not, we are going to continue with a great deal of important technical assistance.

I want to call the attention of the committee to this fact: in the Foreign Assistance Act, which we are considering now, there is a total of \$63,280,482 for technical assistance. Of the whole business, \$63,000,000—only \$31,000,000 is new stuff. As has been pointed out, in title III, of the \$45,000,000 there is a reauthorization of \$10,000,000 of technical assistance which we are now successfully rendering under other legislation.

In the first title, ECA, there is \$15,000,000 of technical assistance for Europe and its dependencies. In the Korean-aid section there is \$2,779,000 of technical assistance. So we are going to have a great deal of technical assistance go on whether or not this title stays in. At a later time I will ask the indulgence of the committee to offer another perfecting amendment bearing on the point which came up a few moments ago which is to limit the total contribution under this title to United Nations and its related organizations to 40 percent of the total. But that is not up now. I merely wanted to bring up this amendment, which is a perfecting amendment, and I do not want to take up more of the time of the committee.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. HOPE. I would like to ask the gentleman if the statement he has just made as to the authority which already exists for carrying out a program of this kind applies to that part which may be carried out through the United Nations.

Mr. VORYS. All I say is that when I asked Under Secretary of State Webb he could not point out anything that was proposed that could not be carried out under existing law.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. VORYS] has expired.

Mr. GAVIN. Mr. Chairman, I rise in support of the Smith amendment, and I ask unanimous consent that I may be permitted to continue for an additional 5 minutes and to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. CAVALCANTE. Mr. Chairman, reserving the right to object, will the gentleman who had the floor yield for a unanimous-consent request?

Mr. GAVIN. I will be glad to yield.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. GAVIN] that he be permitted to proceed for five additional minutes and to revise and extend his remarks?

There was no objection.

Mr. CAVALCANTE. Mr. Chairman, I ask unanimous consent that the time of any member of the Committee on Foreign Affairs on any amendment offered to or on a question arising on H. R. 7797 be limited to 5 minutes and no more, and the motion pro forma shall not be made to circumvent such limitation.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. CAVALCANTE]?

Mr. FULTON. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. GAVIN] is recognized for 10 minutes.

Mr. GAVIN. Mr. Chairman, this Smith amendment should be adopted. The time is now to start sloughing off on these programs of spending, and let the participating countries of the ECA work just a bit harder.

This is just another give-away program. It is time to give relief to the tax-weary American taxpayers, who, I warn you, have reached a point of utter exhaustion. And again I might say to my colleagues that the ECA dead line in 1952, in my personal opinion, is merely a gesture. It is wishful thinking to believe that the economic stability will have been restored in those European countries, or elsewhere, by that dead line. When 1952 arrives, I predict that the program being offered here today, the point 4 program, will be the vehicle to take the place of the ECA. This kind of a program if adopted will be expanded and expanded and could readily require several billions of dollars a year. There is no termination date on it. The program will be developed in the next year or

two, and then by 1952 requests will be made to spend three or four billion dollars to carry out the projects that have been worked up. If when 1952 arrives and the ax falls on the spending of the ECA program, the Communist threat will be the theme song for the continuation of some kind of a program for world-wide spending.

In my opinion, it would have been sounder judgment to go a bit easier on the American taxpayer now rather than try for world coverage so that when and if further help should be needed consideration might be given to the matter. But if the ECA advocates continue to gouge the American people and wreck the industrial life and economy of this Nation they will rue the day for their unsound judgment.

The American taxpayer is the only one who has not been heard or even thought about in this furious scrap to devise ways and means to spend his money. They have been patient in this gigantic program of spending over the last several years, but I warn you that they have now reached the breaking point and are now asking for relief from this tremendous burden of taxation. I feel certain that when you return to your districts you will find that the thinking of your people on these spending programs has reversed itself, or at least that they will have their say in the next general election, and you will hear from them at that time.

The American people were of the opinion that the ECA program would bring peace and stability to a war-torn world and were willing to put the cash on the barrel head for results. We have poured out billions and billions of dollars. You all know the results; they are practically nil as far as world peace and stability are concerned. When the ECA program was undertaken, these countries were to cooperate with us, integrate their economic life, tear down existing barriers, bring about through legislative procedure certain necessary reforms in these countries; but to date little or no progress has been made in this direction. All they do is take what we pour in and do little or nothing to effect the reforms necessary to bring about stability and recovery. While we are pouring in our money for the industrial rehabilitation of the devastated countries, our allies continue industrial dismantling of the remaining industries of these countries, taking away the livelihood of the people and frustrating the recovery efforts in these countries. ECA has fulfilled its essential objectives; the major problem now remaining is the integration of the separate and conflicting European economies into a single system. Little or no progress has been made in this direction anywhere.

The question is: How long can the economy of this country stand this terrific drain? How long can our finances and our resources stand up under it? This is problematical. If we desire to wreck the economy of our Nation, reduce the living standards of our people, bankrupt the country, we will continue to run hog wild on these spending programs. If, however, we use sound judgment we shall proceed cautiously and carefully on

this point 4 program and not accept everything that is thrust and thrown at us.

Let me reiterate, in conclusion, what I have said before, that if we are suddenly precipitated into an emergency or catapulted into another cataclysm of war, no bankrupt country has ever won a war.

The Smith amendment should be adopted.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. CAVALCANTE. Mr. Chairman, reserving the right to object, I should like to propound a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CAVALCANTE. Is the gentleman who now has the floor and is requesting unanimous consent a member of the Committee on Foreign Affairs?

The CHAIRMAN. That is not a parliamentary inquiry, but for the gentleman's information the Chair may say that he is not a member of the Foreign Affairs Committee.

Mr. CAVALCANTE. If the gentleman is not, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Chairman, in the hope that I might be able to correct an erroneous impression which seems to be prevalent, and in the further hope that I might be helpful to the Members of the House, I have obtained accurate information concerning the activities and operations of the Commodity Credit Corporation, and I desire to bring this information to your attention and to the attention of the country.

Erroneous and irresponsible propaganda, streaming headlines, and loud assertions over the radio to the effect that the Commodity Credit Corporation has been wasting and squandering the taxpayers' money and has been destroying vital foods probably prompted the members of the Committee on Foreign Affairs to approve the proposals of the gentleman from Ohio [Mr. VORYS]. It is easy to understand how the public might be misled by such erroneous information, and I can, of course, understand how perhaps some Members of Congress, not familiar with the facts, might likewise be misled. As I have heretofore stated during the course of this debate, the gentlemen from Texas [Mr. BURLESON and Mr. POAGE] and I, together, discussed and prepared the Burleson amendment, primarily for the purpose of defeating the Vorys amendment, which was adopted in committee, and further for the purpose of providing a vehicle which would enable the House to work its will upon the suggestion that a part of the ECA appropriation be earmarked for the purchase of agricultural commodities. It was definitely an instrument which we intended to use in

defeating the Vorys amendment. After the Vorys amendment was defeated, I very frankly admitted that I was not anxious to influence anyone's judgment concerning the merits of the Burleson amendment, which I actually helped to prepare. To keep faith with the position which the gentlemen from Texas [Mr. BURLESON and Mr. POAGE] and I had taken, and to keep faith with some of the members of my own committee, all of whom voted with us in defeating the Vorys amendment, I felt that I should at least vote for the amendment offered by my colleague from Texas. I did vote for the amendment, and I frankly do not believe that it was or is a bad amendment. I do realize, however, as I stated at the time, that it has some of the objections which could be leveled at the Vorys amendment. I was and I am frankly of the opinion that the Burleson amendment is much better than the Vorys amendment and is much to be preferred. If the House rejects the Burleson amendment, I shall not be grieved. Every Member of the House will have an opportunity to vote on the proposition when the roll is called.

Realizing that a lot of misinformation has come out through the press and radio to the people of this Nation, and appreciating the value of truth, I have obtained from officials of the CCC accurate information and true facts concerning the financial activities and operations of that corporation. In possession of the information which I have obtained and which I will in a moment submit, you will be in a better position to vote with intelligence on the proposition which is involved in the Burleson amendment when a roll call is demanded in the House. The information which I am about to submit will also be of great value to you when discussing the operations of the CCC with your constituents when you return home.

STATEMENT ON COST OF CCC ACTIVITIES

On the floor of the House on March 28, 1950, Congressman VORYS made the following statement—page 4312, CONGRESSIONAL RECORD:

In a letter by Assistant Budget Director Lawton, in February 1949, he pointed out that the Commodity Credit Corporation had sustained a net loss since its organization up to then of \$3,890,891,170. But that they were able to show a surplus in their statement by including as income the appropriations received from the Congress.

The foregoing assertion is apparently based on statements made by Senator WILLIAMS in the Senate on March 29, 1949—page 3486, CONGRESSIONAL RECORD—in which he referred to—

First. Statements put out by the Department that there had been a gain of about \$189,000,000 on price support and export operations of CCC from 1933 through June 30, 1948.

Second. Correspondence with the Bureau of the Budget in which the Bureau of the Budget stated the net loss sustained by the Commodity Credit Corporation from its organization on October 17, 1933, through December 31, 1948, was \$2,146,930,367.

Third. Statement by the Bureau of the Budget that the CCC loss does not in-

clude \$1,743,960,803 mentioned in a previous letter as expenditures under section 32.

Fourth. A total loss to the taxpayers of \$3,880,891,170 which was obtained by combining the CCC net loss and the section 32 expenditures.

The foregoing presentation and the figure of \$3,880,891,170 are completely misleading in the following respects:

First. The section 32 expenditures of \$1,743,960,803 did not represent funds spent by the Commodity Credit Corporation as Senator WILLIAMS asserted and the gentleman from Ohio, Congressman VORVY, repeated. Rather, this figure represented various programs carried out by the Department of Agriculture under the separate legislative authority known as section 32. Programs carried out with these funds, which are appropriated in an amount equivalent to 30 percent of the custom receipts, include surplus removal programs, direct distribution of food to welfare institutions, diversion programs, new uses, the food-stamp program, export subsidy programs on cotton, wheat, dried fruits, and so forth, and, during several of the years in question, the entire school-lunch program was carried out with such funds. Thus, first of all, the expenditures referred to were not CCC operations, and the addition of such expenditures to any CCC figures is completely erroneous and misleading.

Second. Now let us look at the \$2,146,930,367 referred to as net loss of CCC on December 31, 1948. We are considering today the cost of price-support activities. So the first thing we need to remember is that the CCC was authorized and directed to carry out other activities during the war period. One of these activities was the wartime consumer subsidy program designed to hold down the price of agricultural commodities in keeping with OPA ceiling prices to consumers. To do this job the Commodity Credit Corporation paid out \$2,102,979,821. Let me repeat, in the figure of \$2,146,930,367 referred to as net loss of CCC, there is \$2,102,979,821 of wartime consumer subsidy costs. This subsidy figure represents only the actual dollar outlay for such subsidies and does not include the administrative expense of making such payments nor the interest paid to the Treasury by the Commodity Credit Corporation on its deficit arising out of such payments. The figure for interest alone in connection with these subsidies has been estimated to be in excess of \$20,000,000.

Let me now give you the specific figures on the cost of price support which are available each month in the reports of the Commodity Credit Corporation. As previously indicated in the statements of the Department referred to above, the net result of Commodity Credit Corporation price support and export operations from 1933 through June 30, 1948, was a gain of approximately \$189,000,000. This figure represents realized gains and losses on commodities acquired and disposed of, but does not

include this \$2,000,000,000 of wartime consumer subsidy costs or administrative and interest expense in the net amount of \$74,000,000.

Now I want to bring you up to a current date, February 28, 1950. To that date CCC had sustained a net loss under the price support program on commodities acquired and disposed of in the amount of \$495,800,000,000. This covers the entire period from 1933 through February 28, 1950. I will insert the entire table, but some of the more significant figures are these: On the basic commodities there has been a net gain of \$60,000,000 from 1933 through February 28, 1950. The more significant losses are \$355,400,000 on potatoes, \$90,400,000 on wool, and \$60,200,000 on peanuts. In summary, the Corporation has had losses of \$713,000,000 on some commodities offset by gains of \$217,200,000 on others, which results in a net program loss on price-support activities of \$495,800,000. When we consider the tremendous benefits to farmers and the country as a whole, which has been accomplished by price support over the years since 1933 at a cost of \$495,800,000, and realizing that \$355,400,000 of this amount was lost on potatoes alone, it is quite a different story from the \$3,880,000,000 which was represented here on the floor of the House a few days ago as being the losses charged off by CCC. In fairness to the Budget Bureau, let me say that the manner in which the figures furnished by it were requested appears to have led to the confusion on this matter.

Let us take a look at price support from another viewpoint. Since 1933, price support has been extended on 43,000,000 bales of cotton, over 1,000,000,000 pounds of tobacco, almost 2,000,000,000 bushels of corn, and about 2,500,000,000 bushels of wheat. However, the total quantities under loans and in inventory today only amount to 6,300,000 bales of cotton, 365,000,000 pounds of tobacco, 731,000,000 bushels of corn, and 470,000,000 bushels of wheat. Thus, the quantities on hand today, which for the most part represent desirable reserves, are mighty small in relation to the total which has been supported. The great benefit to farmers and the Nation from the support of prices on these tremendous quantities over the 17 years since 1933 has been accomplished at little cost to the taxpayer.

As I said before, the net result is a profit of \$60,000,000 on the basics. On cotton there is a gain of \$206,000,000, and on tobacco a gain of \$5,300,000. On corn, the loss is only \$46,800,000, on wheat, \$43,500,000, on peanuts, \$60,200,000, and slightly less than \$1,000,000 on rice. The total amount invested in the price support of all commodities since 1933 has been over \$10,000,000,000, and the loss to date has been less than 5 cents out of each dollar used. From the taxpayer's standpoint it is the 5 cents and not the dollar which is the cost of price support.

DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKET-
ING ADMINISTRATION,
COMMODITY CREDIT CORPORATION.

Cumulative net results¹ of price-support operations by commodities, 1933-Feb. 28, 1950

[In millions of dollars]

COMMODITIES ON WHICH THERE WERE NET GAINS	
Cotton, upland.....	206.0
Tobacco.....	5.3
Soybeans.....	4.8
Other.....	1.1

Total..... 217.2

COMMODITIES ON WHICH THERE WERE NET LOSSES	
Potatoes, Irish.....	355.4
Wool.....	90.4
Peanuts.....	60.2
Corn.....	46.8
Wheat.....	43.5
Eggs.....	39.2
Hemp and hemp fiber.....	21.5
Sugar beets.....	16.5
Grain sorghums.....	12.5
Prunes.....	8.5
Raisins.....	6.6
Other.....	11.9

Total..... 713.0

Net loss..... 495.8

¹ Realized gains and losses, excluding general income and expense.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. So if you take the final figures of a net loss to date of only \$495,000,000 and subtract the cost of the potato program, \$335,000,000 this corporation has lost only \$140,000,000 in 17 years of operation. Yet the country had been led to believe that through this agency we have been wasting and squandering money. The country has been led by the press and radio to believe that we have in excess of \$4,000,000,000 tied up in perishable assets which are now deteriorating or are being destroyed and wasted.

Even yesterday I had telegrams and other communications asking me when the Government was going to stop destroying food. This was due to the erroneous impression that had gone out through the press and the radio.

Yesterday I called my committee together and had the officials of the Commodity Credit Corporation present with their books and records. I had announced that it was going to be an open meeting and a truth meeting, a meeting at which we were going to try to find the true facts with regard to the financial operations of this agency. Believe me or not, when we announced it was going to be a truth meeting and we were going into the books and records of the Commodity Credit Corporation, not one single representative of the American press came into the committee room, nor was there a single radio commentator pres-

ent. All of this shows that the farmers of this Nation are finding it very difficult to get the true facts to the public in America. If the consumers of America knew and understand the picture and could appreciate the great value of this program, they would not be besieging Congress to destroy it.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I hope the gentleman will give his statement to the press, because it is quite detailed and it is important. I know it would not be possible for them to take it down the way the gentleman has given it to us.

Mr. COOLEY. The gentleman agrees with me that there was no representative of the press or radio there when we had the records three and when we were searching for the facts. Here is a record which I will put up against the RFC or any other governmental agency. It handled over \$10,000,000,000 in wartime and peacetime and in depression and in prosperity and it has come out with a nominal loss of \$140,000,000 excluding the potato program.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. VORYS. The gentleman referred to the figures which I gave to the committee the other day, and the gentleman is correct in his figures, or somebody is. As to the source of those figures, I got them from the CONGRESSIONAL RECORD. I am very happy to have this explanation. However, I find in the Washington Post today a reference to the proceedings, I think, before the gentleman's committee, in which it is said that Ralph S. Trigg, head of the Commodity Credit Corporation, which runs the price program, told Congress yesterday that on February 28 the total was \$4,336,175,453 invested in farm-price supports. Was that the figure that was brought out?

Mr. COOLEY. I am sure that is the correct figure. However, that was the investment that we had in loans on good collateral on cotton, corn, wheat, and other commodities.

Mr. VORYS. Yes; the article here describes what the articles are and he says this should be safeguarded.

Mr. COOLEY. All right. Now, why is it, let me ask the gentleman, that the press and radio of this country cannot tell the truth about the financial operations of this Corporation, rather than to mislead, befuddle, and confuse the public into believing that we are wasting and squandering money.

Mr. VORYS. I wonder if this can be true, that is in the Washington Post this morning.

Mr. COOLEY. It probably is. But they do not go far enough in telling the story. They are still saying to the public that the Corporation has \$4,000,000,000 invested in commodities, most of which are likely to perish. That propaganda has gone so far that here we have an organization called the Association for

the Abolition of Farm Price Supports, Inc. Its slogan is "You are the victim of the farm price-support program."

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. POAGE. Mr. Chairman, I ask unanimous consent that the gentleman from North Carolina may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. COOLEY. Mr. Chairman, I appreciate this opportunity. This thing is not only of vital importance to the farmers, but it is of vital importance to consumers and to the people of the Nation. If you break down and destroy this farm program, and if you throw 8,000,000 bales of cotton on the market, and all this wheat, corn, butter, and other commodities that we are holding off the market in an effort to market it profitably at a later date, you will break down and destroy the economy of this country.

When you destroy the farm economy, inevitably you will destroy the general economy of America.

I know the city Members of the Congress realize and understand the importance of this program. I know they know something about the true facts, otherwise you could not expect Members from cities like Detroit, Chicago, New York, Boston, or Philadelphia to vote for this program. Yet they have voted for it. They do not have to go back to their city district and apologize. You do not have to go back to the city districts and say, "Yes, I joined the selfish, greedy farm bloc and voted for price supports"; all you need to do is to go back and say, "I am trying to uphold the economy of America so that America can move on and can maintain its place among the nations of the world and can pay its debts."

Mr. WHITE of California. Mr. Chairman, will the gentlemen yield?

Mr. COOLEY. I yield.

Mr. WHITE of California. In reference to the newspaper clipping which the gentleman from Ohio [Mr. VORYS] is quoting, it would be just as sensible for the Washington Post reporter to write up an item about the RFC and say that every dime the RFC has loaned to business against good collateral has been put out in normal circumstances.

Mr. COOLEY. I will put the record of the CCC alongside the record of the RFC any day of the week and guarantee that agriculture will come out better.

Mr. VORYS. Will the gentleman tell us whether these are accurate figures. All I know is what I saw in the paper. I am quoting:

Trigg's disclosures were made in urging the House Agriculture Committee to go slow about adopting new giveaway programs to dispose of farm surpluses. Such programs he said should be safeguarded to see that they are used in addition to and not in place of commodities that would normally be purchased by the recipients.

Mr. WHITE of California. That is a small matter.

Mr. VORYS. Is that about right?

Mr. COOLEY. I suppose so.

Mr. VORYS. So that the Committee on Agriculture and the CCC and nobody in the Government has a single suggestion about using this surplus to feed the hungry people. I just wanted to get that in the Record.

Mr. COOLEY. The gentleman does not understand law. I wish the gentleman would go back and read the act of 1949, which I hope the gentleman voted for, and which was passed by the Congress. We gave broad authority to the Secretary of Agriculture to give away perishable commodities so that the human family might consume them, and so that we would not witness the horrible spectacle of seeing vital food deteriorate while there are hungry people in this country or in the world.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. KEATING. In the figures which the gentleman has given us showing the loss over this period of close to a half billion dollars, the gentleman also would want to make it clear, I feel sure, that there are two other factors which should enter into the picture. One, these goods that are now on hand among the \$4,000,000,000 that our Government is holding, and which are likely to deteriorate and be worth nothing; and second, the fact that from the Commodity Credit Corporation to foreign countries have gone large amounts which have tended to make the Commodity Credit Corporation a going concern. Are those not both factors?

Mr. WHITE of California. Will the gentleman yield to me to answer that question?

Mr. COOLEY. I yield to the gentleman.

Mr. WHITE of California. What would have happened in the so-called winning of the peace if those commodities had not been available? Suppose they were not available in the United States and ECA dollars had been put over there, it would have been a terrific inflationary thing all over the world. The price structure in this country would have gone much higher than it did.

Mr. KEATING. I am not criticizing the gentleman. I am trying to help the gentleman from North Carolina [Mr. COOLEY] to acquaint this House with the true facts, which I know he wants to do.

Mr. COOLEY. Of course, the facts are that the Commodity Credit Corporation has made money on some commodities and has lost money on other commodities, but through 17 years of operation it has only lost, exclusive of potatoes, \$140,000,000.

Mr. KEATING. The gentleman looks upon that as a creditable performance, does he not?

Mr. COOLEY. Certainly.

Mr. KEATING. Then I ask the gentleman, if this present farm program is such a success, why are we asked to come

in here with the Brannan plan that does something different?

Mr. COOLEY. Oh, I have not brought the Brannan plan up. I take great pride in the program which we now have. It can truly be called a nonpartisan farm program. Perhaps no member of Congress has made a greater contribution to the building of this worthwhile program than my distinguished friend the gentleman from Kansas, CLIFFORD HOPE. He and I know that at least for the past 16 years the members of the Committee on Agriculture have worked and labored, without regard to partisan politics, in the interest and in the welfare of the farmers of this Nation. We do have a program broad enough to embrace all of American agriculture. It is a program of many parts and parcels and it did not come into being by the mere passage of a single law. This program has served well the needs of our Nation, both in times of war and in times of peace. But all of the friends of agriculture know that it is not perfect. No Member of Congress wants to continue a program as costly as the program of potatoes has been and, yet, no intelligent person would want to wreck or destroy the good parts of the program which we now have. I shall despise the day when partisan politics lifts its ugly head again in our committee room and I shall not like the person who seeks to destroy the program which we have.

The transition period from a wartime economy to a peacetime economy has visited terrific impacts on our agriculture. It appears that the whole pattern of American agriculture must undergo drastic changes. Unfortunately, many critics of our program do not understand its implications. They do not know its virtues and they seem to despise all of its faults. This government sustained great losses in taking industry through the transition period and when compared with those losses, the losses which have resulted from the farm program appear to be negligible. But for the present farm program, including the price support program, this country would have gone into an economic tailspin and we would now be in the very depths of a gigantic depression. If we are to meet our obligations and to pay our debts, we must maintain farm income and we must maintain fair, yes, even high wages. If commodity prices and wages decline, our national income will be impaired in exact ratio. With declining prices and wages we will have declining revenue with which to pay for the cost of government and with which to pay our national debts. If you impair the income of agriculture, you will destroy the purchasing power upon which industry depends. The Nation depends upon agriculture, yes, the livelihoods of all of our people. All the professions and vocations and avocations of life must ultimately depend upon the products of the good earth. Agriculture, labor, and industry must all pull together if we are to weather the storm and to save the institutions of freedom.

Mr. JAVITS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. This is a new amendment?

Mr. JAVITS. It is a new amendment. It is a perfecting amendment.

The CHAIRMAN. There is pending an amendment which will have to be disposed of first.

Mr. SHORT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, after the storm abates, the lightning stops and the thunder ceases to roll and peal, after the mariner has been tossed helplessly and almost hopelessly upon the sea, I think it is time for us to pause and look at our compass and see where we are. Let us get back to this bill.

The gentleman from Montana [Mr. MANSFIELD] is a fine man, a student, a scholar, and a gentleman. I admire his enthusiasm and high idealism.

I am sorry that the vicissitudes of fortune through which most of us pass cause us to lose some of the enthusiasm and idealism as we grow older, but I think most of us in this body have lived long enough to have learned a few lessons. I hope I am not so hard-hearted or so minus the milk of human kindness that I am not sympathetic to the needs of others. I wonder how many Members of this body tithe? Have you given \$10 of your first \$100 to church and school and to the poor and distressed? You ought to give \$20—not one-tenth, but one-fifth. Of course, it is harder to cough up your own dough than it is to be liberal with the other guy's money.

I think we ought to examine our own minds and hearts today. It is easy to say, "Yes, yes," and give away the substance of others who work hard, earn, and save. The middle class in this country is being liquidated today; make no mistake about it, not only their earnings, but their savings, particularly the old people who have laid away a nest-egg, with the purchasing power of the dollar cut in two. You are going to have to face that thing, because you and I are going to grow old.

I think in spite of the professional uplifters and moral reformers—and God knows, the greatest reform we need here is to reform the reformers—and I am addressing myself particularly to the ladies here on both sides of this aisle. I have christened little babies, I have married young people, and buried old ones, and I like to help those who are in need, and I help a lot of you gentlemen who do not need any help.

We are going out to uplift and save all the world. Well, I do not know; I have seen a lot of this world. I think it is too big, and I think there are too many people in it for America with all of her natural resources, her scientific skills, her inventive genius, her technological know-how, to really accomplish. I cannot flatter myself to that extent; I cannot feel that I am that important, to save all the world—I just cannot do it. Who could be such an egotist? Maybe you can flatter yourself up to foster democracy and impose something outside upon people who cannot understand or

comprehend or appreciate. Why, it has got to come from within, not without.

Pray tell me, Mr. Chairman, what nation in all this world's history has been so considerate and kind and generous as the United States of America. Our American Red Cross has taken aid and succor to all the distressed peoples in this world. The Rockefeller Foundation has built schools and hospitals and asylums in every country on this globe. Our Christian missionaries, thousands of them from every Christian denomination, Protestant and Catholic alike—yes, I even include the Jews—have taken light to the heathen. I do not care where the aid is needed, whether it is a typhoon in Japan, or an earthquake in Chile, in South America, there is no point so distant or so far away that America and the American people have not gladly and willingly taken aid.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

Mr. CAVALCANTE. Mr. Chairman, reserving the right to object, is the gentleman a member of the Committee on Foreign Affairs?

Mr. SHORT. I am not, I may say to my friend from Uniontown.

Mr. CAVALCANTE. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SHORT. I thank the gentleman from New York [Mr. JAVITS]. He is one individual with whom you can disagree and still like.

Mr. Chairman, I was never more serious in my life than I am now. I feel very much right at this moment as Hamlet felt:

O, that this too, too solid flesh would melt,
Thaw, and resolve itself into a dew!
Or that the Everlasting had not fix'd
His canon 'gainst self-slaughter!
The time is out of joint: O cursed spite,
That ever I was born to set it right!

Mr. Chairman, even the hillbilly down in the Ozarks can understand that language. We may have hayseed in our hair, but we do not have cobwebs in our brain. We think straight. You feel it, and I feel it.

Mr. Chairman, my people are old-fashioned. There are a lot of things that are old that I cherish and love. You talk about the New Deal and the Fair Deal. You want change. I know you have got to have change to make progress. But, Mr. Chairman, do not mistake change for progress because often change can be for the bad as well as for the good.

I come from old-fashioned people. The Ten Commandments were written in the horse-and-buggy age, but they are as true today as when Moses gave them. Two plus two equals four now as it did in the days of Archimedes.

Times and men change, but there are certain truths that are eternal and unalterable. You cannot as the head of your family, you cannot as the head of your corporation or business, you cannot as the head of any government—local, State, or national—continue to

spend more than you take in without getting into serious difficulties. You cannot dance without paying the fiddler. Your chickens will come home to roost.

Mr. CHRISTOPHER. Mr. Chairman, will the gentleman yield?

Mr. SHORT. I yield to the gentleman from Missouri.

Mr. CHRISTOPHER. Does the gentleman intend to support this bill, and if he does not intend to support it, why is he against it?

Mr. SHORT. I am sure it is due to the little mind of my friend from Missouri who questions my stand on this legislation. Of course, I am against it. There are a hundred reasons which time will not permit me to enumerate.

Mr. CHRISTOPHER. That is what I wanted the gentleman to say.

Mr. SHORT. I have said that. I vote as I talk, and I talk as I vote. And I will welcome my colleague to come to any town in my district. He has already invaded the district. Perhaps I will return the compliment. I will welcome him to a debate on this issue. Naturally I do not want him to bask in my sunshine. I do not care to build him up. Of course, I am against it because I love the United States as much as Winston Churchill loves Great Britain or Joe Stalin loves Soviet Russia. So, may I say to the gentleman from Missouri, do not tear into me on that. I know his motive.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. JAVITS. Mr. Chairman, I rise in opposition to the amendment.

Mr. REDDEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. REDDEN. Is there any limit on the number of times a member of a committee can be recognized on one bill?

The CHAIRMAN. As long as the gentleman arises in opposition to the amendment, or offers an amendment to the bill, he is entitled to recognition.

Mr. REDDEN. There is no limit on the number of times he can be recognized?

The CHAIRMAN. As long as he is in order, no.

Mr. JAVITS. Mr. Chairman, I am sure the gentleman will have bills from the committee of which he is a member and will endeavor to defend them to the best of his ability on the floor just as we do.

Mr. Chairman, the reason I sought the floor after my good friend, the gentleman from Missouri [Mr. SHORT] was through, is because there is no more lovable voice in this Congress than that of the gentleman from Missouri [Mr. SHORT], and there could be no more kindly exponent of a particular point of view than he espouses, and so he is most pleasant to take issue with on that point of view.

I would just like to ask my friend and colleague, who is a very seasoned and fine debater with whom I have debated before, one question. It is perfectly true that the United States has no design to run the world. As a matter of fact, the

role of world leadership is distasteful to the American people, even though with 150,000,000 people we are probably the most powerful on earth. But, I ask the gentleman if Japan with a population of about 90,000,000, was afraid to conspire to run the world, or whether Germany, with a population of about 80,000,000 people, was afraid to conspire to run the world, or whether the Soviet Union with a population, who number about 180,000,000 is afraid to conspire to run the world? On the contrary the Soviet Union thought nothing whatever of helping and bringing into being a Communist leadership in China, a vast country of 400,000,000 people. So, I believe my friends, what we are developing here is not the fact that our people want to run the world—we know they do not. What we are developing here is how to stop others from running the world, who design to do so, who desire to do so, who are planning and scheming every day to do so.

From what I hear, one of the main objections made against title III, is the fact that the President claims to have thought it up—as a matter of fact he did not as has been explained—but even that is no objection, for this reason. We are asking the President and the Secretary of State to have a strong foreign policy, so when they come out with a measure which is one of the type a strong foreign policy should be, shall we oppose it just because they are not of our party or because we do not agree with other things they do, or shall we be for it if it is good for the Nation? That, I think, is the only test for this program, is it good for the country, and I think that must be answered decisively in the affirmative, for this reason: It is the only thing that has been brought up on this floor which will arm us in our challenge against communism with a powerful economic weapon in areas where there is little but hunger and despair, a perfect breeding ground for communism.

We know what the Communists are doing, they are going into these underdeveloped areas and telling the people that their only hope for improvement is to adopt their Communist doctrines and philosophy. What we must do if we are to meet that challenge successfully is to go into the same areas and say, "We will show you with technical skills how to deliver for yourselves the very goods which the Communists only promise." That argument is completely decisive. We can win everywhere, but we cannot win if we default, and we cannot win if we do not make the effort. That is all this bill is about.

For any Member to say, "This is a \$45,000,000 program"—really it is only \$35,000,000, as has been explained—"but it will be more millions a few years hence," does not make real sense. What are we, children? If we do not like it, if it is \$60,000,000 next year instead of \$45,000,000, we can vote it down. It has to come back here any time any money is required or any additional authority is required.

I urge the Members to think very carefully before they decide in a moment of

opposition to the President or just general disinterestedness or because they are tired of foreign policy programs. I ask them to think over—what is any Member proposing in his own heart, what is he proposing as a counteraction to the whole Communist campaign which is counseling peoples in the undeveloped countries that communism is their only hope, their only way out. What is every Member proposing in order to counter that whole march of Communist ideology? If he does not have anything else to propose, here is an inexpensive and valid program which we know that people in the underdeveloped areas want, and I will tell you how we know that.

In Latin America this program of technical assistance has been working now since 1943. Since 1943 this is what has happened. Whereas the United States began by spending about \$6,000,000 a year and the Latin-American countries spent only \$700,000, by 1950 the United States is spending \$5,000,000 and the Latin-American countries almost \$13,000,000. That is what they think about it. That is what they think about a program of democratic cooperation on technical assistance between themselves and the United States, exactly what is contained in this bill.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from New York.

Mr. COUDERT. The gentleman has pointed out that for the entire Latin-American area, which I assume includes all of Central and South America with all its population, we have been spending only \$5,000,000 a year for this kind of program. Does not the gentleman think that to authorize nine times that much at one fell swoop is going pretty far?

Mr. JAVITS. I might say to my colleague, whom I admire and respect, that that is a very superficial point for this reason: The total expenditure in Latin America is \$18,000,000, the expense is being shared there now and will be elsewhere, too. In addition to that, you are dealing with 120,000,000 people in South and Central America. We are talking now in this bill of dealing in terms of several hundred million people in southeast Asia, Africa, the Middle East, and other parts of the world, and it must cost more.

Mr. SUTTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had no intention to speak on this bill, but the gentleman from New York has asked for affirmative action on the part of those of us who oppose this point-4 legislation, and my affirmative action in answer to his statement is this: Let us get America back on a sound basis, balance our budget, and quit this deficit spending. With the debt we now have and the condition the world is in today, some country has to be on a sound basis. I say it should be America. This is not an issue between democracy and communism, this point-4 legislation. If it were, I along with some of the other advocates of eliminating this from the bill, would be among the first to be for it.

There is no one in America who hates communism any more than I do.

My answer to communism is this: build America up strong. Let us have a strong Army, a strong Navy, a strong Air Corps, and a strong Reserve Corps, then tell Russia to go straight to hades. If she will not go there, then let us send her there. I am one of those who is willing to go back and do my part to send communism there, because I love America and her democracy.

I cannot reconcile a vote to send \$45,000,000 to those countries that just a few years ago, some 6 or 7 years, were plunging bayonets into the bellies of my comrades and yours. I cannot tax the mothers, sweethearts, and wives of those boys who are now lying in foreign soil, to make them pay for this debt which we are trying to put on them. This is serious to me, and I have too much conscience to vote to send this money over there to build up the countries which, within a few years, will come back and kill more American boys. I cannot reconcile a vote to send to these undeveloped countries of the world billions for new projects when here in the United States in our omnibus appropriations bill there is not one dime for new projects in our own country.

I cannot reconcile a vote to send \$45,000,000 over there to assure big business that it will succeed, when we cut 25 percent off of every project in rivers and harbors in the United States, and all other projects in America that are so direly needed.

I cannot reconcile such things as that. Why do we not come back to logic and common sense.

Mr. TACKETT. Mr. Chairman, will the gentleman yield?

Mr. SUTTON. I yield to my colleague.

Mr. TACKETT. The gentleman further realizes, too, that we made an appropriation here to allow lobbying to go on in this country in an effort to sell our people a bill of goods?

Mr. SUTTON. Yes.

Mr. TACKETT. The gentleman further realizes that we have spent a tremendous sum of money to those who have formulated the Marshall plan. They have gotten most of it. No one has ever denied that charge.

Mr. SUTTON. Mr. Chairman, I agree with our great majority leader that communism is bad. It is no good. I am in favor of fighting it in every way. But I think the best way we can fight communism is to have a strong America and to have a democracy of the people so that the rest of the world will see that we are strong and also see that we mean business.

If we continue to spend the taxpayers money, that we do not have, and continue to go in debt we are not fighting communism.

Communism is the result of government overspending beyond the reach of its peoples, taking the moneys away from them, then you have the government going into socialism.

When the people have no money the government has to take over; socialism.

From socialism, countries go right into

communism and that is almost without exception.

Mr. Chairman, I hate communism, I detest socialism and I love Americanism.

Let us not take a chance of bankrupting America.

Let us be Americans and build America great so that the world will follow our leadership of being Governments "of the people, by the people and for the people."

I hope that title III is taken out of this bill so that I might vote for ECA, but I can't vote for any bill to develop the world at the American taxpayers' expense.

(Mr. SUTTON asked and was given permission to revise and extend his remarks.)

Mr. MILLER of Nebraska. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER of Nebraska to the Vorys amendment: On page 28, after section 314, by adding after the last word "Senate" and the period "And provided no homosexual shall be employed."

Mr. MILLER of Nebraska. Mr. Chairman, I realize that I am discussing a very delicate subject I cannot lay the bones bare like I could before medical colleagues. I would like to strip the fetid, stinking flesh off of this skeleton of homosexuality and tell my colleagues of the House some of the facts of nature. I cannot expose all the putrid facts as it would offend the sensibilities of some of you. It will be necessary to skirt some of the edges, and I use certain Latin terms to describe some of these individuals. Make no mistake several thousand, according to police records, are now employed by the Federal Government.

I offer this amendment to the Vorys amendment in good faith. Recently the spotlight of publicity has been focused not only upon the State Department but upon the Department of Commerce because of homosexuals being employed in these and other departments of Government. Recently Mr. Peurifoy, of the State Department, said he had allowed 91 individuals in the State Department to resign because they were homosexuals. Now they are like birds of a feather, they flock together. Where did they go?

You must know what a homosexual is. It is amazing that in the Capital City of Washington we are plagued with such a large group of those individuals. Washington attracts many lovely folks. The sex crimes in the city are many.

In the Eightieth Congress I was the author of the sex pervert bill that passed this Congress and is now a law in the District of Columbia. It can confine some of these people in St. Elizabeths Hospital for treatment. They are the sex perverts. Some of them are more to be pitied than condemned, because in many it is a pathological condition, very much like the kleptomaniac who must go out and steal, he has that urge; or like the pyromaniac, who goes to bed and wakes up in the middle of the night with an urge to go out and set a fire. He does that. Some of these homosexuals are in that class. Remember there were 91 of

them dismissed in the State Department. That is a small percentage of those employed in Government. We learned 2 years ago that there were around 4,000 homosexuals in the District. The Police Department the other day said there were between five and six thousand in Washington who are active and that 75 percent were in Government employment. There are places in Washington where they gather for the purpose of sex orgies, where they worship at the cesspool and flesh pots of iniquity. There is a restaurant downtown where you will find male prostitutes. They solicit business for other male customers. They are pimps and undesirable characters. You will find odd words in the vocabulary of the homosexual. There are many types such as the necrophilia, feticism, pygmalionism, fellatio, cunnilingus, sodomitic, pederasty, saphism, sadism, and masochist. Indeed, there are many methods of practices among the homosexuals. You will find those people using the words as, "He is a fish. He is a bulldicker. He is mamma and he is papa, and punk, and pimp." Yes; in one of our prominent restaurants rug parties and sex orgies go on. Some of those people have been in the State Department, and I understand some of them are now in the other departments. The 91 who were permitted to resign have gone some place, and, like birds of a feather, they flock together. Those people like to be known to each other. They have signs used on streetcars and in public places to call attention to others of like mind. Their rug and fairy parties are elaborate.

So I offer this amendment, and when the time comes for voting upon it, I hope that no one will object. I sometimes wonder how many of these homosexuals have had a part in shaping our foreign policy. How many have been in sensitive positions and subject to blackmail. It is a known fact that homosexuality goes back to the Orientals, long before the time of Confucius; that the Russians are strong believers in homosexuality, and that those same people are able to get into the State Department and get somebody in their embrace, and once they are in their embrace, fearing blackmail, will make them go to any extent. Perhaps if all the facts were known these same homosexuals have been used by the Communists.

I realize that there is some physical danger to anyone exposing all of the details and nastiness of homosexuality, because some of these people are dangerous. They will go to any limit. These homosexuals have strong emotions. They are not to be trusted and when blackmail threatens they are a dangerous group.

The Army at one time gave these individuals a dishonorable discharge and later changed the type of discharge. They are not knowingly kept in Army service. They should not be employed in Government. I trust both sides of the aisle will support the amendment.

Mr. CHATHAM. Mr. Chairman, I move to strike out the last word.

(Mr. CHATHAM asked and was given permission to revise and extend his remarks.)

Mr. CHATHAM. Mr. Chairman, I speak especially in support of title III. I have been in business all my life, and I know something about the American business system. I think I know something about technological skills, I think I know something about business knowledge, and I think I know about improvements. The American way of life is founded on the American business system. There are three classes of producers throughout the world: The miner, the farmer, and the manufacturer. We have built up the American system through technical knowledge and through technical skills. There is no earthly reason why we cannot help other countries whether they be backward areas or not—these western European countries, for instance, by giving them our technical skills.

I think this is the most forward-looking piece of legislation that has been before this Congress, certainly in my time. I am against spending money, of course, but the whole ECA program has proved out in western Europe. If we can make western Europe and other backward areas of the world prosperous, or more prosperous, we can work better for peace and prosperity in this country. We can never be strong unless we are prosperous. Our world can never be strong unless our world is prosperous. We cannot live by ourselves any more than we can keep disease away from our shores if we have an impoverished world around us.

Mr. McSWEENEY. Mr. Chairman, will the gentleman yield?

Mr. CHATHAM. I yield.

Mr. McSWEENEY. Did we not as a young Nation receive most of our technical skills from people who came from countries abroad?

Mr. CHATHAM. We did; we received them from people who came from Europe, but we improved upon them through hard work and education.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CHATHAM. I yield.

Mr. GROSS. Technical skill will not do it all. What good does it do to improve their methods without land reform in these backward countries that are held back through the stranglehold of imperialism?

Mr. CHATHAM. I am not speaking of that point because I do not believe I can go into it; I am speaking of point 4 as suggested by the President.

Mr. GROSS. The gentleman well knows who controls the land in Africa. The gentleman well knows that the natives of Africa do not own the land. The gentleman well knows the situation in India, China, and in all the backward countries of the world.

Mr. CHATHAM. I would say that in Indonesia the land is going back to the natives. There will be land reform gradually all over the world.

Mr. GROSS. That is the hope.

Mr. CHATHAM. Nobody controlled the land in this country at one time.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CHATHAM. I yield.

Mr. JUDD. Is it not true that you cannot reasonably expect these people to get their own land until they are sufficiently developed agriculturally, educationally, medically, and in many other ways, so that they can handle and manage it successfully? This program is to help them prepare themselves and develop their society so they can take over the management of their own economy and their government.

Mr. CHATHAM. That is quite true, sir.

Mr. HERTER. Mr. Chairman, will the gentleman yield?

Mr. CHATHAM. I yield to the gentleman from Massachusetts.

Mr. HERTER. Is it not true that recently in Persia, where a private group of engineers were sent to give technical assistance, one of the things they were able to realize, one of the things which apparently the Persian Government is accepting, is land reform and all the by-products of land reform as part of their economic development?

Mr. CHATHAM. I understand that is so, but this goes far beyond land reform. If people have the skills and the money they can buy the land; if you have money you can buy land.

The whole point of this thing is that it is an effort to share our technical skills. If we are willing to share those skills with the rest of the world, the rest of the world will buy more things from America. To the extent that we can bring up the standard of living of people in other parts of the world, just to that extent will we be developing markets for our own products; just to that extent will we be making friends and allies all over the world, and we need allies.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. CHATHAM. I yield.

Mr. COOLEY. And they will be better customers of ours.

Mr. CHATHAM. The gentleman is absolutely right. If we could build up the standard of living in western Europe, with its 278,000,000 people, to the standard of living in the United States we would be able to double our production in this country because they would buy our products. This applies all over the world just to the extent that we can improve the standard of living of backward people through sharing with them our industrial know-how and technical skills and creating a desire on their part for the things we have.

I think the President's point-4 program as carried in title III of this bill is most important and will be a powerful factor in building up business, peace, and prosperity. I have been called a Republican many times. I am proud of the fact I am for American business; I am proud to be associated with it. I hope that you Republicans especially will join with us in putting over this program.

Mrs. ST. GEORGE. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I rise in opposition to title III being included in this bill. I

am not opposed necessarily to title III. I simply do not see that it has any part in the present legislation.

Section 301 reads:

This title may be cited as the "Act for international development."

That is exactly what it should be. It should be a separate act. There is far too much in title III to have it simply tacked on to an ECA bill that most of us are committed to vote for.

It seems to me that that may be very smart politics, but I would prefer to have the time to go over title III as a separate entity. I am sure that the members of the Committee on Foreign Affairs have already done that. I am equally sure that they will agree that the rest of the House has certainly not had time to give this the study it needs.

I shall vote for the ECA bill because I feel that the majority of our people and of the Congress are committed to do that very thing. We have put our hand to the plow and we have got to go on. It is a moral obligation to us and to the rest of the world. But I do not like seeing this title III brought in. It is the same old story. We are always asked to take the rough with the smooth, but it gets rougher and rougher as time goes on.

ECA has got to be seen through to its logical end. Where that end is I do not know. I am not one of those who believes that ECA has been a howling success. I do not believe that ECA has stopped communism. The latest news from France and Italy certainly would not lead one to believe that communism had been stopped in either of those countries. Someone may say, "If we had not had this program, it would have been far worse." How do you know? You have the program. Communism is still very strong in Italy, where only the other day a small town was taken over by force by the Communists. Communism is still strong in France, where a strike was called to prevent the unloading of war material sent from the United States.

No; communism has not been stopped in western Europe and in Germany, where we are spending a great deal of money, although that is being soft-pedaled; conditions are not good. They are getting worse. Unemployment in Berlin is costing the American taxpayers a great deal and will cost a great deal more.

So before we embark upon another program to save the world, before we embark upon business all over the world, we should stop and consider. While I agree with my good colleague from North Carolina that this may indeed stimulate business in our country, that it may indeed be a good thing for the world and for the business of the world and for these backward people, if it is so good, why can it not stand on its own merits? Why can it not be debated as a separate piece of legislation, and not tacked on to the ECA program, which we are all committed to, and which we have got to pass at this session of the Congress? That I know we must do, because the people of the world expect it of us, be-

cause we have given our word, and we will not break our word to them.

I am very much opposed to title III being included in H. R. 7797.

Mr. CHRISTOPHER. Mr. Chairman, I move to strike out the last word and ask unanimous consent to revise and extend my remarks and proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CHRISTOPHER. Mr. Chairman, unlike my neighbor, the illustrious gentleman from the Ozarks, who lives in the next district south of mine, I am going to support this legislation.

It has been said here on the floor that this is just a give-away program. I do not look at it that way. This is an investment in the peace of the world. This is an investment in the reconstruction of the war-torn nations of the world. It is an investment in our own security. It is an insurance policy against the encroachment of communism on the democratic nations of the world. And, if that is a give-away program, then a give-away program is a very, very good investment, and I am in favor of it.

Another gentleman wants to know how long our economy can stand this. I do not know just what he means by "this" but I am going to suppose he means this piece of legislation. All right. What is wrong with our economy at the present time? I will admit that we have invested some billions of dollars in the stability of the world, but they have not been wasted and they have not endangered the strength of our economy. Our economy is good at the present time, and we have got to spend money to make money. You absolutely cannot do it in any other way.

Now, I do want to talk for just a few of these 10 minutes about the agricultural situation, a thing which I do think I know something about. Of course, the Commodity Credit Corporation has some food in storage. The way the wheat lands of Kansas and Oklahoma and Texas are blowing clear down into the State of Georgia, we may well be glad by the first day of September that the Commodity Credit Corporation has got 7 or 8 months' food for the United States in storage in the warehouses of the United States. I do not think it is a bad thing to have, and I do not think it is anything to worry about. Drought in the Midwest is 5 years overdue right now, and if you do not believe that, ask these gentlemen who come from Kansas. It has been raining from time to time in several of the past years in Kansas and wetting the dust bowl down a little, but we have no guaranty that it will continue to do that. Dust storms have been blowing in the wheat country for weeks now. That food in storage is a blessing, and it is not a curse.

The gentleman from Missouri, from the Ozarks, the illustrious gentleman who is my neighbor down there, wanted to know what country in the history of the world had ever been as generous as the United States. I do not think any

country in the history of the world has ever been as generous as the United States, and I am glad of that and I am proud of it. But, how has Providence treated the United States, whether that be because of that generosity or not? Have any of our cities ever been bombed? Not a one. Have the fields of our country been torn up and our women and children killed by either World War I or World War II? They have not. Is it not possible that the wings of the angels have hovered over this country in return for our generosity?

Oh, I heard an old, tight hillbilly one time pray a prayer that I do not want to ever hear prayed again in these United States; the kind of a prayer that I want to raise my voice against here today. This old man said, "God bless me and my wife, my son John and his wife, we four and no more. Amen."

Are we going to take that attitude nationally? I hope this Congress never falls so low.

I would give more heed to the advice of my friend from Missouri if I had not checked the CONGRESSIONAL RECORD to see how he voted before Pearl Harbor. He voted against selective service in this House less than 90 days before Pearl Harbor was bombed, and that bill carried in this House by only 1 vote. Suppose there had been one more man in this House who voted as he voted, what might have happened to the United States?

He voted not only against selective service but against every measure that was proposed in this House during that time that would strengthen the military force of the United States. He probably thought he was voting for the good of his people and the good of his Nation. I am not impugning his motives. But I do reserve the right to question his judgment, and I still question it.

The world has not changed so very much in 2,000 years. I tell you that Jesus Christ himself could have preached the fatherhood of God for 10,000 years and nobody would have molested Him; but He chose to preach the brotherhood of man. He told the scribes and Pharisees that they could not commit wrongs and then atone for their misdeeds by making a prayer on the street corner. He told the rulers of His nation that the mite that the widow cast into the contribution plate was worth more in the sight of God than all the alms they had ever given. As a result of that doctrine, they nailed Him to the cross and raised Him up on Golgotha.

I tell you it was not popular 2,000 years ago to take note of the backward regions of the world, and there are places where it still is not popular to do that.

I am going to support this legislation with title III in it, and I hope it carries.

Mr. COX. Mr. Chairman, I move to strike out the paragraph.

Mr. Chairman, I should like, in the main, to address my remarks to that stubborn, tough-minded group of this House otherwise referred to as the conservatives, to which it is said that I belong. It is the group that takes pride in the fact that it scorns consideration of party interests when it comes to deal-

ing with questions affecting national security.

Mr. Chairman, I am glad I have always found it possible to express my honest convictions on questions affecting the good of my country. I do that uniformly, Mr. Chairman, and without the slightest fear of punishment or the least hope of reward. I must say, however, that I am pleased whenever I find myself in accord with the views of the President.

His recommendation as President is entitled to a persuasive influence. I must say, though, Mr. Chairman, that I am not and never have been a worshiper of power. I do, however, have a deep regard for courageous speech and valor.

This title III of this bill, which deals with point 4 of the President's program, has been given a great deal of unfavorable publicity, and that is due to the fact that point 4 as originally reported in a bill brought out by the Committee on Banking and Currency of the House was presented in bad form and was properly subject to all of the criticisms directed against it. So, Mr. Chairman, our doubts and our fears as to the soundness of point 4 incorporated in this bill as title III are based upon what we know to have been the defects of the bill in which the point was originally incorporated. There is nothing bad about title III in this bill. There is nothing bad in the President's point 4 recommendation. The trouble with reference to it has been due to the fact that the agency of the Government which drafted the first bill and which has committed the blunder of undertaking to make friends for the pending measure does not stand in high favor with the people of America. It can have no persuasive effect upon me to argue that a department of the Government which once enjoyed the confidence and esteem and affection of all the people but now in bad repute, and temporarily so, may we hope, favor the adoption of this measure. I am thoroughly unimpressed by the fact that this particular agency of Government is in favor of the bill, and I say this with much regret. I sincerely want restored my confidence and admiration for this Department of the Government.

I would remind my friends on the minority side of this Chamber that title III of this bill was written by one of their own outstanding members, a gentleman who is a member of the House Committee on Rules, where the bill originally reported by the Committee on Banking and Currency was stopped.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. CHELF. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. COX. The committee reporting that bill, I felt at the time, was willing to give consideration to the objections raised by the Committee on Rules and it was agreeable to them that they take back the bill for further consideration. That, however, was something that took

place last fall just before the Congress adjourned. The committee was not able to get back to it prior to adjournment. It is my information that at the beginning of the present session the Committee on Banking and Currency did return to the consideration of the measure but that the Committee on Foreign Affairs dealing with these questions affecting our foreign relations, came along with ECA and saw fit to incorporate point 4 in the bill now before us.

This member of the Rules Committee, largely responsible for the stopping of the bill in the Rules Committee last fall, offered a bill dealing with the same question. He collaborated with the Foreign Affairs Committee and is partly responsible for the writing of this title III.

Now, Mr. Chairman, title III undertakes to do two things. First, it undertakes to encourage domestic capital to venture into foreign fields. It then seeks to set up a fund to finance technical assistance to be rendered the so-called backward countries. There is nothing revolutionary in this title.

As to the technical assistance, I must confess I believe the amount stated in the bill is excessive, that it could well be cut in half, but I am prepared to go along in support of the title, even though this committee should not see fit to reduce the appropriation.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. COX. I yield.

Mr. COOLEY. Is there any reason why the gentleman should hesitate to give the name of the member of the Rules Committee to whom he has referred?

Mr. COX. I refer to the distinguished gentleman from Massachusetts [Mr. HERTER], and I want to say to this House there is not a cleaner-minded or a better-informed man who is a Member of this House.

Mr. COOLEY. I would like to point out that the gentleman from Massachusetts [Mr. HERTER] was chairman of the Special Committee on Foreign Aid, which preceded the Marshall plan.

Mr. COX. That is very true, and as such he performed a valuable service to the country.

Mr. Chairman, the other part of title III, which is to encourage domestic capital to venture into foreign fields, amounts to just this: Our Government proposes to vouch for the good faith of the foreign countries where capital is invested. That is all it does. It involves only the possible loss of money on the part of the Government, but I would say it is nothing more than giving a natural expression of faith in the purpose of the foreign governments to line up to their solemn commitments.

Mr. Chairman, as has been remarked time and again, this Marshall plan is not a give-away program. We are simply undertaking to throw up a dike to hold up the flood waters of Russian communism which are rushing down upon us. The investment of that money does not pay off in dollars, but in things more precious than money. While the recipient powers are the first direct bene-

ficiaries, we in the end benefit as greatly as they. It is an investment that we are making in national security and world peace. We cannot, we dare not, turn back. It must be known to all informed people that unless we help reconstruct western Europe and hold the line against the further spread of Russian power we shall not be able to maintain world peace; that world peace will be lost and our freedom alike surrendered.

Mr. Chairman, I appeal to my friends; I appeal to my conservative friends; I appeal to the membership of this body with whom I so constantly associate myself, men on both sides of the aisle; I appeal to them not to be influenced, not to be controlled by their far-taken opinions as regards title III, but to return to the question and give it their renewed consideration; and that I say with the hope that they may find it possible to give this section of the bill and the bill as a whole their support.

Mr. HERTER. Mr. Chairman, I move to strike out the last word.

(Mr. HERTER asked and was given permission to revise and extend his remarks.)

Mr. HERTER. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

Mr. HOFFMAN of Michigan. Mr. Chairman, reserving the right to object, I should like to know from those in charge of this bill whether there will be an attempt to shut off debate here in about an hour on such matter. I am asking the gentleman from Ohio, and I am asking the gentleman from West Virginia. Are you going to shut off debate very soon?

Mr. KEE. I do not expect to shut off debate. I am going to give the House the opportunity in a short time, however, to close debate if they wish to.

Mr. HOFFMAN of Michigan. That is what I expected.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to proceed for five additional minutes. Is there objection?

Mr. TACKETT. Mr. Chairman, I object.

Mr. HERTER. I am sorry that the gentleman has objected to my request for additional time, because I did not want to impose on the House more than once on this subject.

Mr. MILLS. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended five additional minutes.

Mr. SUTTON. Mr. Chairman, I object.

Mr. HERTER. Mr. Chairman, I regret extremely that this objection has been made, only because I had hoped to talk for a few minutes on the general subject matter of title III; and I had hoped at the same time to be able to dispose of my arguments on two amendments that I have at the desk.

At the outset I should like to thank my very good friend the distinguished gentleman from Georgia for his extremely kind remarks. I think, however, that he has been a little extravagant in attributing authorship of this title to me. It is true that I did object last fall to a

piecemeal approach to this title III. I objected to that section that came from the Committee on Banking and Currency, and had hoped that we would be able to approach all phases of this bill at one time. It is also true that I objected to the State Department bill as it originally was filed with the Committee on Foreign Affairs dealing with this subject, for the reason that I felt it was extremely hazy; that it intended to perform certain functions without making it clear how they could be performed. I insisted on a new draft, and part of that new draft is incorporated in this bill.

But to get to the substance of the matter itself, I am sorry that some Members have seen fit to stand here and say that this measure is entirely divorced from the question of our relationship with Russia. In my opinion, that just is not so. This bill has a very direct relationship to an exceedingly serious situation in which this country finds itself in the whole world picture.

We have certain military strength, we have certain economic strength, but over at least two-thirds of the world's surface there are nations the population of which are infinitely greater than ours, whose territory is infinitely greater than ours, but whose state of development has been very laggard in comparison with ours. It is in those countries particularly today, and I am not talking about Western Europe, that there is a ferment, which any of you who are familiar with the world situation can easily recognize is a ferment of the very deepest concern. There are revolutionary movements today at work in every corner of the world. Those revolutionary movements are fighting to capture the minds of man for the purpose of changing the entire social order in those states. In those cases what the individuals are striving for seems well justified from the point of view of our standards. It is obviously impossible for us to try to apply any kind of Marshall plan to the whole world. We are not strong enough. We could not do it if we tried to do so. But there are certain things we can do.

As the gentleman from North Carolina [Mr. CHATHAM] pointed out a short time ago, there are certain things we can do that will be of very definite value to us in this struggle that is going on. The world knows that we have certain technical skills. Some of those technical skills can travel only through the medium of private investment because they are inextricably tied in with the processes of private enterprise. Others can be conveyed through the skills that have been developed through governmental agencies. In the latter category I am thinking particularly of agriculture, of health, of education, of many of the skills which we have found we have been able to impart to our own people through governmental agencies.

Mr. SUTTON. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Tennessee.

Mr. SUTTON. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. HERTER. I thank the gentleman.

This bill as it is drafted in the first section tries to set up certain standards by a declaration of the Congress of the United States as to the conditions under which private-capital investment might move with greater freedom than it has moved heretofore. There has been a very discouraging picture over the world in the last 10 years from the point of view of the treatment of private capital, from the point of view of the treatment of private investments, from the point of view of the treatment of individuals who have been trying to help in those nations. This is a trend which must be reversed if we are to be successful in this operation. But if you have followed our relations with the other nations of the world during the past 50 years you will know that we have already made some very great contributions through technical assistance of one kind or another. There is no way of writing into legislation exactly what kind of technical assistance can be most effective to meet a given situation. This is one reason for the rather loose drafting of this bill.

As my time is limited I am not going to go at length into the merits of this bill itself except to repeat once more that in my considered judgment—I fully respect those who disagree with me—that granting of technical assistance by ourselves can make a very real contribution in the areas of the world where today we need friendship, where today we are in a rival position against the Communist indoctrinization with respect to the capturing of these people's minds. From that point of view I consider it of the utmost importance.

One of the amendments that I have at the desk deals with the cutting of the amount of money that is made available in this bill; \$45,000,000 is made available for technical assistance in this bill. Actually only \$35,000,000 of that is new money because, as has been explained here on the floor of the House, seven millions are today already available for the Institute of Inter-American Affairs, and \$3,000,000 through the Smith-Mundt Act and other authorized pieces of legislation. My amendment would cut the \$35,000,000 down to \$15,000,000; in other words, it is a cut of \$20,000,000. I am offering that amendment as a friend of this legislation, and I am doing it for two reasons.

In the first place, I think that the amount of money that has been asked for is excessive in itself; in the second place, I feel that the program we are now discussing is not a single-year program. It is a program that has got to carry on for a considerable period of time, because this struggle we are in is not one that is going to end tomorrow, and we will be awfully fortunate if it ends in the lifetime of any Member here present. I think with \$15,000,000 of new money over and above the \$10,000,000 which is al-

ready available, that this first year's extension of technical aid can be very much more effectively screened and can probably be carried on with better technical help, technical experts, than if there were a larger sum of money, and we felt we had to scatter ourselves all over the lot and had to hurry in the selection of what might be unqualified personnel. That is one of the amendments that I am offering. As I say, I offer it as a friend of this legislation; because I think it would be better performed with a smaller sum this year than with the larger.

The second amendment is a technical perfection. In the bill as it now reads there is one new position provided for at \$16,000 a year, a position for an individual to be confirmed by the Senate. It does not say in the bill, however, that this individual will be the one who will control this program. My amendment merely makes it clear that that individual would control the program. I feel that that is an item of very great importance because if there is to be a proper coordination of the types of technical assistance that is today being rendered under various existing authorizations, then under this authorization clearly some individual who is freed from other duties must be held responsible. That individual should also, in my opinion, be confirmed by the Senate, and that is provided for in this legislation.

I have taken this time to speak of those two amendments because in the event that debate will be shut off at a later time, with other amendments pending at the desk, I would not have that opportunity.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. JUDD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, no one will deny, that we are living in one of the most critical, if not the most critical period of human history. We of the western world, who call ourselves the free world, comprise about six or seven hundred million people. The Soviets with their conquests in eastern Europe and in Asia now have 800,000,000 on their side or at least under their control. Suppose the European recovery program succeeds even better than anybody has a right to expect, all it does is to restore or maintain a rather uneasy balance between those two worlds locked in sharp conflict. Now, which way is the balance going to shift in the long run? That depends on which way the remaining 800,000,000 people of the world go, those who are on the fence. They live in India, Burma, Indochina, Siam, Malay, Indonesia, the Philippines, Japan and Korea. Their immediate future, to a great degree, is in our hands. But our long-term future, Mr. Chairman, is in their hands. If they are able to go with us and the free peoples of the west, as they overwhelmingly desire, then I am dead sure we can hang on until this tyrannical, inhuman regime in Russia collapses from its own immorality and cruelties; but if these undecided millions, in despair because they see lit-

tle understanding of their problems by ourselves, and the western free nations, and less encouragement and hope of assistance, are compelled to resign themselves to being taken into the Communist camp, then, Mr. Chairman, the Soviet-dominated peoples will outnumber us two to one and they can outwork, undereat, outlast—and they will outbreed—any white men that ever lived.

This program of aid to underdeveloped areas by technical assistance and capital investment is not a matter of charity. It is a matter involving the very survival of the kind of society that you and I were born and brought up in and that I want my children to have a chance to grow up in, too.

In title I we are authorizing almost \$3,000,000,000 for strengthening the North Atlantic community—the United States, Canada, and the western European countries. This title III authorizes only a little over 1 percent as much for half the people of the world—the half whose course in the future can determine, in my opinion, whether we save or lose the three billion put into Europe.

Last year the Town Meeting of the Air team took a trip around the world, during which it made about 12 broadcasts each from a different country. In its first broadcast after returning to American soil last October, Brooks Emeny, the distinguished, scholarly head of the Foreign Policy Association, said this:

Sixty percent of the people of the world live in Asia. It is in this area that the final verdict as to whether we shall have a free world will be decided.

I was glad to hear him say that. Many of you have heard me say it so many times that it has become like an old, scratchy record. But no one can laugh off Brooks Emeny. It is indeed our own future that is at stake in what happens in these undeveloped areas in the world, and this program is a belated attempt to help determine what happens so that it will be in the interests of freedom and security and peace and prosperity for ourselves.

All the bill does, in addition to providing encouragement to private investment and that should be the most important result of the bill—is to enlarge and extend technical assistance programs that are already in operation in some areas. The pioneer effort was in Latin America—the Institute of Inter-American Affairs successfully developed under Nelson Rockefeller. A second effort was instituted under the Smith-Mundt bill which the Eightieth Congress passed. A third was the Joint Commission on Rural Reconstruction in China, which was a point 4 program for free China which I introduced in title IV of the original ECA Act of 1948.

When Paul Hoffman was before us—and this appears on page 429 of the hearings—I asked him what his estimate was of the value, the advisability, and the practicability of that program which was the forerunner of the point 4 program in this bill. He replied:

I can give my estimation this way: I think if we had had that type of program

operating for 5 years the Communists would not be in China today. When that program was operated, the whole attitude of the people changed, the only real resistance to the march of the Communists from the civilian population came in the areas where there had been some work done by the JCRR in helping the people to a better living condition.

It is still operating most successfully in Formosa. It costs only about \$700,000 to carry on in several provinces of China a program affecting directly many millions of people, helping them get better seeds, better fertilization, better tools, better irrigation, reduction of rents, better crops, better education, better health, and out of all that comes better local government, greater self reliance, and better understanding of the way people have moved ahead in the free democratic world.

The amount of money that is authorized in this bill, \$45,000,000 for Latin America and all the rest of the world except the ECA countries, is infinitesimal compared to the stakes we are playing for. I have some grave misgivings about some features of it—three main ones—the program will have complications and difficulties. One question is whether we should put the major emphasis on bilateral programs, programs agreed upon between the United States and individual countries, or on multilateral programs through various international organizations. I asked Mr. Hoffman about that. May I quote from page 431 of the hearings?

Mr. Judd. How much of this point 4 work should be done through the United Nations agencies, such as WHO, and how much should be done through bilateral agreements between the United States and the recipient countries. While you have an OEEC arrangement, your program (ECA) is carried on between the United States and individual countries, is that not right?

Mr. HOFFMAN. Yes.

Mr. Judd. What has been your experience?

Mr. HOFFMAN. I would say the fewer agencies we have between us and the people we are trying to get to do things, the better off we are. In other cases where there is an existing organization in the United Nations I would think it could carry a part of the work.

Then the chairman [Mr. KEE] interrogated him:

Mr. KEE. Is it your view that the point 4 program could be carried on more successfully under the direction of the United States, with the assistance of the United Nations organizations, than under the United Nations with the aid of the United States?

Mr. HOFFMAN. I do not believe I ought to express a view. All I can say is this, that as far as the ECA is concerned, I am certain that the results that we have gotten have been much enhanced by the fact that this was a United States agency and that we have been able to operate as a United States agency assigning to other agencies a part of the job that they could do.

Mr. Judd. That was more desirable from our standpoint. Do you or do you not think that the recipient countries believe it was also more desirable from their standpoint?

Mr. HOFFMAN. I am sure.

As far as I am concerned, I am convinced that as long as we are in a cold

war it is more desirable and valuable to do it on a bilateral basis, especially if the UN organizations that might do it have Communist members which could use the organization to get Communist workers into these countries under such auspices. That does not apply to WHO and FAO.

A second question is whether the emphasis should be on handling the problem through Government agencies or private agencies—business firms, philanthropic foundations, and so forth. Which is the more effective, more efficient way? I wish you would read the testimony of Mr. Rockefeller on this point, especially on pages 92 to 96. He said both are necessary, providing each does the thing it can do best—providing goods and services, distributing processing goods can best be done by private enterprise; public utilities—roads, ports, irrigation, electrification, and so forth, usually best handled by governments; public health, education, public assistance do best handled by our Government in cooperation with their government, with private philanthropic organizations helping.

A third question is that of personnel. In general private organizations, such as educational groups, have the highest quality personnel and best administration. UNRRA was a notorious scandal. Yet World Health Organization has as high-grade physicians and technical proficiency as can be asked for.

I certainly would not want the United States to put in half or more of the money and then have Trygve Lie appointing any of the personnel. But such questions are the problems to be solved. They are the challenge we face, not an excuse for doing nothing. However great the difficulties involved in this whole proposal, our difficulties will be greater if we do nothing at all and face a world with the balance of power tipped overwhelmingly in favor of the Soviets. So I beg you, my colleagues, to give this a trial—only one percent of what we are giving to Europe, to give these people in the underdeveloped areas a better chance to gain a better and a more decent life, become strong enough to gain or retain their independence, and help defend their freedom and ours.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on this title and all amendments thereto close in 1 hour and 15 minutes.

Mr. HOFFMAN of Michigan. Mr. Chairman, I object.

Mr. KEE. Mr. Chairman, I move that all debate on this title and all amendments thereto close in 1 hour and 15 minutes.

The motion was agreed to.

(Mr. BURNSIDE asked and was given permission to revise and extend his remarks.)

Mr. BURNSIDE. Mr. Chairman, I have just a small amount of time to go into three or four things that I think are very essential.

I was one of the Members who went out to the Pacific area to examine some

of these problems that vitally affect our military, but I want to speak in this short time on profits to the people of southeast Asia, profit for the American housewife, profit for the American farmer, and profit for the American businessman in this particular title III.

I remember quite well seeing 1,000,000 people in the city of Calcutta who did not have any homes. They were driven out of their homes on account of malaria. You know very well if you have people full of malaria they cannot do the right type of job as an ally for us. It is good common business sense to believe that if they were in good health they would be of greater help to us.

As far as the American housewife is concerned, I introduced a bill in regard to coffee. How will that affect us? The price of coffee went up some 40 cents a pound. How will this bill affect the coffee price? The State Department sent an expert down to Guatemala, and that expert was able to double the coffee production in Guatemala. The same thing could be done in southeast Asia. They would get double or treble the production and cut out this amount of money that the American housewife has to pay for coffee in the United States.

As to the American farmer, let us take one example from South America.

ROTENONE IN PERU

United States need for insecticides led to import of rotenone, long used by natives as a fish poison. During the war, South America was our sole source of supply. United States and Peruvian scientists at Tingo Maria experiment station have developed a process for extracting rotenone concentrate from roots, thus improving on the inefficient method of exporting bulky roots. The process is now in a pilot plant stage, and United States commercial firms are strongly interested in the outcome.

COFFEE PRODUCTION IN GUATEMALA

The testimony of Assistant Secretary Thorp—page 14 of hearings on H. R. 5715—is slightly misleading. Coffee production has not been doubled in Guatemala, but as a result of the work of one American horticulturist, the prospect is that in the future, production can be more than doubled. The explanation is given below.

Since 1943, Dr. William Cowgill, a Department of Agriculture horticulturist—doctor of philosophy from the University of Maryland—has been working in Guatemala. He has working with him right now three Guatemalans whom he is training.

When Dr. Cowgill first went to Guatemala, his studies were devoted to finding out where improvements could be made in coffee production. He found in studying the coffee trees that a great many in any given plantation were drones—very poor producers; and that a smaller number were noble trees—very abundant producers. His studies showed that 75 percent of the coffee crop was being produced by 15 percent of the trees—the noble trees.

The problem was to find out how to propagate the noble trees so that they could gradually replace the droncs.

Dr. Cowgill and his associates have worked out a method of propagating these noble trees, by selecting individual trees that are good producers, improving their quality, and propagating them through seed methods.

About 7 years is required to get coffee trees into full production. There are at present no commercial nurseries set up to grow and propagate commercially the new trees and make them available to coffee planters. Thus, the increase in production has not materialized as yet, but the basis on which the increase can be made is now known and proved.

The prospects of increase are great, and can come about when, first, the new trees are made available commercially; second, sufficient time has passed for new trees to reach their full bearing capacity.

All this has been done at a cost of from \$10,000 to \$12,000 annually—the cost of Dr. Cowgill's salary and necessary expenses of travel, and so forth. In addition to coffee work, Dr. Cowgill has been working on quinine production. His work in this field is included in the annual cost given above.

COFFEE IN THE PHILIPPINES—HISTORICAL BACKGROUND

The coffee tree is indigenous to Ethiopia. From there its propagation spread

to Arabia, India, Ceylon, Java, Martinique, Surinam, Brazil, Mexico, and the Philippines.

Coffee, classified as "coffee arabica," was first imported into the Philippines by the Spanish settlers in 1770. This variety was planted and grew well in the provinces of Bukidnon, Misamis, and Lanao in the island of Mindanao.

From the early stages of coffee culture in the Philippines as a back-yard crop for home consumption, it had been developed, through extensive tests since the latter part of the eighteenth century, to a commercial scale at the outbreak of World War II.

The improved varieties of coffee which resulted from these constant experiments showed their adaptability to the soil and climate of Batangas, Rizal, Cavite, Tayabas—now named Quezon—the mountain provinces, the Bicol region, and occidental Misamis.

TECHNICAL DATA

Variety test: Of the nine varieties of coffee tested in the Lanao station, Excelsa, Liberica, and Dybowski coffee were the three highest yielders, giving to the hectare a computed yield of 651.94 kilograms, 312.15 kilograms, and 244.72 kilograms of clean coffee, respectively.

The different varieties of coffee grown at Lanao have been classified in the order of their enumeration as to quality and flavor of the roasted coffee: Excelsa,

producing small berries; Liberian, big berries; Liberian, small berries; Excelsa, producing big berries; Robusta; Uganda; Congo; Quillow; Dybowski; Abecuta.

Hybridization experiment: The hybrids between Liberian crossed with Excelsa and Robusta crossed with Excelsa continued to make good growth in permanent field.

Acclimatization test: There were introduced 13 strains of Arabian coffee, but so far only the strain Mocha, from Puerto Rico, has been transplanted in the orchard and showed marked adaptability to the soil, altitude, and climate of Baguio.

STATISTICAL DATA

Production of coffee in the Philippines

Year	Area planted (in hectares)	Production (kilos)	Value (pesos)
1929	1,197	1,301,400	926,300
1930	1,207	1,367,000	943,700
1931	1,243	1,408,000	864,450
1932	1,295	1,089,690	635,580
1933	1,447	1,013,250	544,070
1934	1,430	1,024,450	478,360
1935	1,501	700,100	395,390
1936	1,503	744,970	417,950
1937	1,548	930,950	514,770
1938	1,557	954,020	519,960
1939	7,093	1,969,365	678,011
1947	9,500	4,370,000	-----
1948	9,100	3,880,000	-----
1949	9,170	3,800,000	-----

Statistics compiled by the Departments of Agriculture and Commerce for the crop years ending June 30, 1940, 1941, and 1942, were destroyed during the war.

Philippine imports of coffee

	1939 ¹		1940 ¹		1945 ²		1946 ²		1947 ²		1948 ²		1949 ²	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
RAW OR GREEN COFFEE														
Dutch East Indies	3,068,878	619,629	3,439,869	670,986	-----	-----	2,680	2,248	-----	-----	-----	-----	-----	-----
United States and Territories	1,276,632	628,550	1,774,303	750,105	-----	-----	16,466	15,724	-----	-----	-----	-----	-----	-----
Brazil	1,820,954	531,456	-----	-----	874,953	669,476	60,186	48,947	-----	-----	-----	-----	-----	-----
China	-----	-----	5,262	474	-----	-----	3	2	-----	-----	-----	-----	-----	-----
Costa Rica	-----	-----	-----	-----	76	73	11,662	13,843	-----	-----	-----	-----	-----	-----
Mexico	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Hawaii	-----	-----	-----	-----	-----	-----	53,068	51,050	-----	-----	-----	-----	-----	-----
British East Indies	8,020	1,274	-----	-----	-----	-----	150	156	-----	-----	-----	-----	-----	-----
Malaya	-----	-----	21,675	3,282	-----	-----	2,342	956	-----	-----	-----	-----	-----	-----
Guatemala	-----	-----	-----	-----	70	70	-----	-----	-----	-----	-----	-----	-----	-----
Dominican Republic	-----	-----	22,950	6,150	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
India	-----	-----	18,227	5,100	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Arabia	-----	-----	5,309	3,834	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Aden	1,917	1,106	1,888	1,388	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Italian Africa	3,776	2,419	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Japan	21	5	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total raw or green coffee	6,180,198	1,781,439	5,289,483	1,441,319	875,099	669,619	146,557	132,926	3,481,619	2,791,926	6,609,051	4,454,156	5,495,666	4,164,644
ROASTED OR PREPARED COFFEE														
United States and Territories	217,995	223,522	289,355	236,876	1,297,746	1,037,063	2,761,863	2,678,147	-----	-----	-----	-----	-----	-----
Japan	87	24	283	162	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Mexico	-----	-----	6	10	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Australia	6	4	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Hong Kong	12	12	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Dutch East Indies	10	4	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
China	-----	-----	-----	-----	-----	-----	2,850	276	-----	-----	-----	-----	-----	-----
Total roasted or prepared coffee	218,110	223,566	289,644	237,048	1,297,746	1,037,063	2,764,713	2,678,423	5,655,464	8,396,792	5,357,478	8,909,260	3,946,956	6,543,180
Total coffee	6,398,308	2,005,005	5,579,127	1,678,367	2,172,845	1,706,682	2,911,270	2,811,349	9,137,083	11,188,718	11,966,529	13,363,416	9,442,622	10,707,824

Source: ¹ Yearbook of Philippine Statistics, 1940. ² Yearbook of Philippine Statistics, 1946. ³ Under Secretary Camus' letter to embassy dated Mar. 9, 1950.

POINT 4 PROGRAM IN INDONESIA

One of the major objectives of the point 4 program is, of course, to increase productivity in underdeveloped areas thereby tending to raise the standard of living of the populations thereof. Indonesia presents one of the

outstanding illustrations of where this will be most effective not only in accomplishing this purpose but also in creating those conditions which are least conducive to the infiltration of communism. Point 4 can be of invaluable assistance to Indonesia in accelerating the

improvement of public health, food production and distribution, transportation, and in rebuilding the sources of economic wealth which can make Indonesia an important factor in world economy and a stabilizing influence to Asian political and economic dislocations.

Obviously, if by our technical assistance, we are able to increase food productivity in Indonesia and improve health and general economic conditions, we will thereby contribute to the stability of the Government which will be the most important factor in denying this area to Communist imperialism.

Indonesia is at the beginning of a process of stabilization. Formidable economic, political, and administrative problems remain to be solved. The economy, dislocated by the Japanese occupation and the ensuing Indonesian-Dutch difficulties, requires rehabilitation. The leadership of the Indonesian Government has fully demonstrated in the past its ability to suppress Communist rebellion. It has popular support. While the new Government has attacked its problems with determination, lack of sufficient technically competent and experienced personnel has hampered its efforts. The Indonesian Government is favorably disposed toward the west and looks to the western world, and to the United States particularly, for economic and technical aid. As a vigorous, newly independent nation, Indonesia is, with western help, in a position to play a leading role in southeast Asia. I need not belabor the point of the tremendous influence that our point 4 assistance will have in strengthening that Government in improving the productive capacities of the peoples of Indonesia and in ensuring their continued orientation toward the western democracies.

As in all of Southeast Asia, agriculture provides the basis for the Indonesian economy. Agricultural production accounts for about 75 percent of the national income and about 70 percent of the value of Indonesia's exports. Native agricultural techniques are primitive. Point 4 is intended to enable the Indonesian Government to have access to such of the world's best experience and technological knowledge as may be needed to embark upon sound programs of expanded agricultural development. This does not mean any measures of direct relief. The government will be given guidance and assistance to eventually expand agricultural production to raise the nutritional level of the people, improve their conditions, and promote general economic development in the area. If we can succeed in doing this, we have made available the best insurance possible against communism in the Far East.

There is prevalent in Indonesia on a wide scale tuberculosis, dysentery, malaria, and other tropical diseases. Of these, malaria is the most important public-health problem. The incidence of these debilitating diseases is high, affecting the productive capacity of labor. In relation to the size of the population, medical facilities and doctors are grossly inadequate to cope with the high incidence of disease despite steps which have been taken in the past to set up a public-health service. At present the ratio of doctors to inhabitants is approximately 1 to each 70,000 persons. Point 4 assistance will be extremely useful in

assisting these people in combatting the ravages of these diseases.

At this point, I include the following article:

President Truman's program of aid for underdeveloped countries has had a hard time catching on. It was first proposed as point 4 of his inaugural message in January 1949. Now gradually, point 4 is gaining recognition as one of the best answers available to the riddle of how to promote world peace and counter Russian Communist propaganda among the more backward peoples.

The battle to get point 4 enabling legislation before Congress has been long and bitter. It has been necessary to reconcile the conflicting views of the United States Chamber of Commerce and Americans for Democratic Action, of Representatives CHRISTIAN A. HERTER, Republican, of Massachusetts; JACOB K. JAVITS, Republican, New York; and HELEN GAHAGAN DOUGLAS, Democrat, California.

The final bill introduced by the House Foreign Affairs Committee chairman, JOHN KEE, Democrat, West Virginia, represents a compromise. It is called an act for international development. Or for short, the AID bill—get it?

If passed it will authorize the President to make contributions for technical assistance to underdeveloped countries through the United Nations, the World Health Organization, Food and Agriculture Organizations, the Organization of American States—successor to the Pan American Union—or other international bodies.

United States Government agencies, like the Agriculture Department, Public Health Service or Reclamation Bureau would be authorized to furnish assistance on request from these international organizations, after approval by the President.

It is expected about 40 percent of the point 4 program will be in this form of assistance through international organizations.

The other 60 percent would be direct aid, furnished to the underdeveloped country by the United States, after the signing of a bilateral agreement between the two countries.

If the assistance could not be furnished by Government employees, the President would be authorized to make contracts with any person or corporation to do the actual work. These private contracts could run for not over 3 years. They would have to be limited by funds appropriated by Congress for this purpose.

For first-year operations of all these point 4 programs, \$45,000,000 has been requested. This assistance would be made available only on request of a foreign government. The country receiving the aid would have to agree to pay a fair share of the cost. What constitutes a fair share is up to the President.

The Kee bill provides that agreements made with underdeveloped countries may specify that the United States Government or private American investors will preserve as well as develop the resources to which they are given access, observe local laws, pay a fair share of local taxes, and negotiate adequate wage and working conditions for the native labor they employ.

On the other hand, the countries receiving investment aid would have to guarantee no confiscation of property without just compensation. American investors would also have to be guaranteed convertibility of their earnings, freedom to manage their properties, nondiscriminatory taxation, and assurances of physical security.

Mr. MULTER. Mr. Chairman, I regret that the committee has seen fit to close the debate at this point, with the result that the Members who still desire

to express themselves in connection with the pending title now have less than 2 minutes allotted to them for that purpose. I will use my brief time to compliment the distinguished chairman of the Agriculture Committee, the gentleman from North Carolina [Mr. COOLEY], for the very fine presentation he made here a few moments ago. He has cleared up a great deal of the misinformation that has been given to us with reference to the operation of the Commodity Credit Corporation. I was one of the city Members who attended before the truth-seeking session of the Agriculture Committee in order to learn more about the operation of the price-support program and exactly how it is benefiting the American people as well as the farmers. The American consumers are indeed indebted to the gentleman from North Carolina [Mr. COOLEY] and his hard-working associates on his committee. I join with him in the hope that the press and radio of the country will widely disseminate the facts which he has so clearly and forcefully set before us.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, the members of the Committee on Foreign Affairs, who have charge of this bill on the floor, are consistent at least in one thing. They are mighty liberal with our citizens' dollars. They are mighty liberal with their advice to us. But while they are extending so much aid to people in other countries they refuse to let the peoples' representatives who oppose the bill have even 5 minutes to discuss the issue. Their case must certainly be weak if it will not stand discussion. The gentleman from Georgia [Mr. COX] said that communism was rushing down upon us and that this bill and similar legislation would help to stop that. I am wondering whether the fight by the Administration against communism is making progress when three representatives of three great States, Wisconsin, Nebraska, and New Hampshire, elected by their people, make an effort in the other body to expose communism, are criticized by the President of the United States. Speaking with all the authority of his office, the President charges that those three gentlemen, representing the people of three great States, are assets of the Kremlin. He named one of those gentlemen and said he "was the greatest asset of the Kremlin." What do you think of that kind of a statement? Has the President again lost his temper?

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Chairman, the Members of this House know of my interest in the foreign-aid program. I want to vote for this point 4 provision; but let me say that I do not see how I can vote for a

new program that will set up another agency with employees all over the world. It is my understanding that the gentleman from Massachusetts [Mr. **HERTER**] has offered or will offer an amendment to this bill to put the administration of the point 4 program under the direction of the President to be administered by the State Department or other existing agencies of Government. At the present time in Austria we have four agencies operating, the Army, the State Department, ECA, and GARIOA. This duplication of agencies results in a duplication of employees; and instead of the funds being used for relief as intended, it will be used as salaries for additional employees scattered throughout the world. I hope the bill will be amended in such way that it will be administered through existing agencies.

Mr. **HAYS** of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. **GARY**. I yield.

Mr. **HAYS** of Arkansas. We have great confidence in the gentleman; we know how diligently he has studied this problem as head of the Appropriations subcommittee which will deal with it. His objection, I believe, runs to the administrative feature, but will he not agree that the objective of title III is good and sound and that it has vast significance in its peace and security features?

Mr. **GARY**. I agree that it is a desirable program and I want to vote for it; but the setting up of an additional agency to administer it would influence me tremendously to vote against it.

The **CHAIRMAN**. The Chair recognizes the gentleman from California [Mr. **MILLER**].

Mr. **MILLER** of California. Mr. Chairman, we, in America, are vitally interested in the development of Asia, particularly southeastern Asia. Here is the area of greatest potential for the consumption of American-made goods. If we can bring about peace in that area and stabilization of governments there then there is open to us the greatest market in all the world. We have laid the foundation for this in our relations with the Philippines. The work that we have done in assisting a valiant ally to regain her economy there has been of tremendous value in enhancing the reputation of this country in Asia. The Philippines have become our bastion of defense in that far-flung line and form the forefront of defense for this country in the cold war against the countries behind the iron curtain. But what we have done in the Philippines has merely been a beginning. It is far from complete. It must be continued; the Philippine Government must be made stable and their economy helped further by this country. This should go hand in hand with the development that can take place in that section of the world. The gentleman from Minnesota [Mr. **JENN**] has just told us it can out-consume any other area of like size in the world.

The future of the world lies in the Pacific basin, and this section of the bill will be the entering wedge that will allow us to meet our moral obligations toward the world irrespective of the material benefits it will have on our own economy.

(Mr. **MILLER** of California asked and was given permission to revise and extend his remarks.)

The **CHAIRMAN**. The Chair recognizes the gentleman from Virginia [Mr. **HARDY**].

Mr. **HARDY**. Mr. Chairman, in view of the shortness of the time allotted, I ask unanimous consent to yield my time to the distinguished Speaker of the House.

Mr. **HOFFMAN** of Michigan. I object.

The **CHAIRMAN**. The Chair recognizes the gentleman from Indiana [Mr. **HARVEY**].

(Mr. **HARVEY** asked and was given permission to revise and extend his remarks.)

Mr. **HARVEY**. Mr. Chairman, I have previously supported this foreign-aid program, and I expect to support this bill.

Because the brief time allotted to each of us will not permit adequate discussion of the matter, I shall extend my remarks; but at the moment I wish to call the attention of the House to the fact that out of the experience of my visit to Europe and the Near East last fall it is my opinion that their greatest need is not dollars, but our technical know-how and knowledge of our way of life, and the fact that our way of life does not represent the easy way. I believe that too often our thinking has been confused, that dollars alone will achieve the results we want in the easy way. The greatest achievement, the greatest gift we can give to the world is the bringing of young men and women to our country to receive their education here, go back home and take that knowledge and that philosophy with them.

In connection with my remarks I would like to cite two examples which will set forth explicitly a demonstration of my contention.

In the first instance, Mrs. Harvey and I had the privilege of having in our home an exchange student from Brazil, for a year. He was brought here under the auspices of the Institution of Inter-American Affairs. This young man who spent the year with us and others who came with him and at later periods, have been a minor investment in terms of dollars, but will prove to be a rich one for many years to come. His technical knowledge and understanding of our way of life should, and I think will, be a great force for improvement for his own country, as well as providing a close and lasting friendship for the United States.

In the second instance, it was my privilege, this past fall, to visit the Near East, including Egypt. At a dinner one evening in Cairo, given by the officials of that country, I found two Egyptian officials of similar interests to my own.

They were associated with the agricultural phase of the Egyptian Government. One was a graduate of North Carolina College of Agriculture and the other the Arizona College of Agriculture. Both had returned to their country approximately 10 years ago, with the technical knowledge they had acquired in the field of agriculture, and an understanding of our methods of agricultural education. During the intervening 10

years they had been adapting our program to their conditions.

Egypt is primarily an agricultural country. The farmers live in villages, of which there are some 4,000 scattered 800 miles up and down the Nile River. These men had at the beginning of their program a few villages for demonstration purposes and had achieved remarkable success with their efforts.

It was my privilege also to visit one of these villages, and there I saw the marks of progress that had come within the decade. There was nothing of the paternalistic approach in their plan; but rather by demonstration—copied from our system—helping these people to help themselves. Their comment was to the effect that although their progress might seem slow, and that it might take 30 years to reach all of the villages, they could also point out to me that there had been more progress in agriculture in their country, within that period, than had occurred in the past several centuries.

The point of my story is, that, the greatest benefit that we could have given to this country was not dollars, but a wise investment in education. The cost of the education of these two Egyptians in proportion to the incalculable return to their country is evidence of my statement.

In closing may I again reiterate that the President's point 4 program while worth while, cannot achieve the desired results unless it is accompanied with proper educational advantages to the leaders of the countries we are hoping to help.

The **CHAIRMAN**. The question is on the amendment offered by the gentleman from Nebraska [Mr. **MILLER**] to the amendment offered by the gentleman from Ohio [Mr. **VORYS**].

Mr. **ALBERT**. Mr. Chairman, I ask unanimous consent that the amendment be again read for the information of the Committee.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Clerk again read the Miller of Nebraska amendment.

The question was taken; and on a division (demanded by Mr. **KEE**) there were—ayes 52, noes 46.

Mr. **KEE**. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. **KEE** and Mr. **MILLER** of Nebraska.

The Committee again divided; and the tellers reported that there were—ayes 66, noes 76.

So the amendment to the amendment was rejected.

The **CHAIRMAN**. The question is on the amendment offered by the gentleman from Ohio [Mr. **VORYS**].

Mr. **MARCANTONIO**. Mr. Chairman, I ask unanimous consent that the Vorys amendment be again read.

The **CHAIRMAN**. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk again read the Vorys amendment.

Mr. KEE. Mr. Chairman, I am willing to accept that amendment.

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 83, noes 35.

So the amendment was agreed to.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: Page 17, after line 15, add a new subsection as follows:

"SEC. 6. The Congress hereby expresses itself as believing that principles of the Bill of Rights and the Atlantic Charter should govern in dependent areas of colonial powers and that none of the funds made available in this act should be expended in a manner that will aid colonial exploitation or absentee ownership or will expand control of the areas or their resources by the controlling nations."

Mr. GROSS. Mr. Chairman, this amendment is in understandable English, and I am not going to belabor the point. It simply provides that any funds expended under this act shall in no way be used to further the exploitation of the people that is now being practiced in practically every backward area of the world. I do not believe there can be serious disagreement with the proposition that none of these funds should be used to further the interests of those governments that are today practicing colonial imperialism.

I should like to address a question to the chairman of the Foreign Affairs Committee. Is he in favor of the so-called bipartisan foreign policy?

Mr. KEE. I do not believe that at this time there is any such thing as a bipartisan foreign policy.

Mr. GROSS. I am glad to have this admission, and there must not be a bipartisan foreign policy, because I notice that in the creation of this new Board of 13 members—this new Board that is being created, when we have a mandate from the people to get rid of some of the boards, bureaus, and commissions around here—there is no restriction whatever as to partisan politics. They may all be Democrats, members of one party.

Mr. KEE. I do not know where the gentleman gets his authority for that statement.

Mr. GROSS. It is unrestricted in the bill. Does not the gentleman believe there ought to be some qualification as to political affiliations to give membership to those of divergent political belief?

Mr. KEE. Mr. Chairman, I will answer the gentleman on my own time.

The CHAIRMAN. The gentleman from West Virginia [Mr. KEE] is recognized.

Mr. KEE. Section 9 specifies generally the interest that should be represented on the board. It is understood that the Members will be chosen on the basis of their interest in the program and without reference to political consideration.

Mr. GROSS. That is right.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. KEE].

Mr. KEE. Section 9 specifies generally the interests that should be represented on the board. It is understood that the Members will be chosen on the basis of their interest in the program and without reference to political consideration.

Mr. GROSS. That is right.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The question was taken; and on a division (demanded by Mr. GROSS) there were—ayes 22, noes 72.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. SHELLEY].

Mr. SHELLEY. Mr. Chairman, I arise to support the point 4 program. Expanding, aggressive, world communism is more than rhetoric, more than alphabetical symbols forming words. We repeat these words, these sounds over and over again until they almost lose their meaning. But meaning they have—ominous meaning. Whatever I say in this Chamber today will have the same sound regardless of the words I choose. But, gentlemen, let us take the cotton from our ears and listen and heed and act before it is too late—and truly it is late—dangerously late.

While we talk and debate and quibble, communism and its ambitious diabolical leaders are acting, moving, marching on. The civilized world, the freedom loving, the free, have got to act rather than talk, move boldly and promptly to save 1,400,000,000 human beings from being engulfed by a philosophy which, if unchecked here and now, will drag down to black night all that man has been striving for these centuries.

We can win this battle against darkness. We have the weapons right here in our hands and they are not the weapons of war. They are the weapons of light, of experience, of knowledge, the tangible results of a successful struggle against the wilderness in our own vast continent.

We have in our hands to use for the benefit of all mankind the fruits of the most advanced industrial civilization that has been evolved in the world's long history. Let us not forget that for the moment we are not talking about the people of Russia and the United States alone. We are talking primarily about nearly a billion and a half of other human beings who are now stirring as men have never stirred and moved before. Whether the world will become authoritarian or free will depend upon these human beings and the world we help them make for themselves—and ourselves. These are the peoples. This is the area of our work. Is there anyone here so lacking in faith and courage and confidence to believe that with all the advantages at our disposal we cannot win this battle for civilization?

Point 4 will be the spark to light men's hopes throughout the world, and who dares deny that when we pass this legislation in this House it will be the turning point in the battle to save civilization?

We know the facts. We know the figures. They have been dinned into our ears repeatedly here and elsewhere. Peoples over vast stretches of the world are rising up, determined to get out from under the yoke of their abysmal poverty, their ignorance, their wretched despair. One way or the other they will go. Either they will fulfill man's natural destiny or they will be captured by all the falseness of communism. In these underdeveloped areas, that ideology will prevail that can deliver the goods. Who doubts? Who here doubts that we can deliver the goods, not only materially but spiritually? Freedom of men and democratic processes can and will flourish in every part of the world if we bring to these peoples the industrial, social, economic, knowledge, and experience we possess. This legislation does not involve great expenditures of money, great gifts of capital, but simply the beginnings of technical assistance with which they will be able to improve their own standards of living and develop their own free political institutions.

Point 4 will unlock the door of the vast store of technical competence of our own country and of the other industrialized countries. It will make available by one bold stroke our boundless knowledge in the fields where they are lacking—in education, health, resource development, agriculture, and help them begin to understand the complex problems of industrial organization and human relations. As you so well know, we propose to do this directly ourselves and through the machinery of the United Nations and its specialized agencies: The Food and Agriculture Organization, the World Health Organization, and the International Labor Organization.

The great statesmanship in point 4 is that it will provide a medium through which all groups—management, labor, farmers, educators, doctors, civic groups—can work together toward a great common objective. Economic development is dependent upon the combined efforts of all these groups. We cannot expect investors to invest their funds unless there is a skilled-labor force to make their investment productive. Workers and farmers cannot be expected to work toward the new goals unless they get a fair share in return for their labor in increased productivity.

I would like particularly to emphasize, gentlemen, the labor aspects of point 4. We know that workers are the first target of totalitarian attack, for the totalitarians know full well that if they can control and manipulate the workers they have the powerful strategic organization to create the chaos which must precede their assumption of power. This has been the pattern in the totalitarian march throughout the world. Hitler's labor front, Mussolini's cooperate state, and more recently the pattern was repeated in Czechoslovakia, where the Communists first captured and subverted the trade unions to seize control of that unfortunate country. We must not let this be repeated in the underdeveloped areas of the world.

We must make sure that the benefits of economic development become avail-

able to all the people in these lands, and that is the nub and the purpose and the objective of point 4. Raising the standards of living and working, enhancing the dignity of human beings, and promoting economic and social freedom are the fundamental reasons for the point 4 program. That is why I want to emphasize the labor aspects of point 4: To protect the people from exploitation and to see to it that they obtain their fair share of increased productivity. To win this battle, it must be our determined purpose that the wealth that will result from the development of national resources through the mobilization of human intelligence and experience is used to raise the conditions of life and labor of the masses of the people.

It is clear that there are two major elements involved: First, to train workers in the skills necessary to increase their productivity which our employers and workers, as well as the Labor Department and the International Labor Organization, can provide. Second, and no less important, to help workers, employers, and governments of the underdeveloped countries to improve labor standards so that the benefits will seep right down through to all the people. Just as building new industry requires new skills, so does the expansion of an economy require new techniques of industrial relations and new social concepts. And it must be and will be our purpose to see that this is done; that the progress made toward industrializing less developed areas will confer on all of the people greater rewards for their labor, better working conditions, and greater happiness. That is the way we will win this battle against totalitarians.

American industry, American labor, and experts within our Government can help the less developed areas to raise their productivity through on-the-job training in modern industrial techniques, through apprenticeship training, through the development of effective employment service organization, through their experience with the problems of labor legislation, industrial health and safety, labor statistics, the employment of women, and in the crucial problem of industrial relations.

Just as there are techniques and principles of good industrial organization, so there are good techniques and principles in labor organization. First of all, labor organizations must be free, democratic, and responsible. We have learned a great deal about union organization in the United States in the many years that working people here have been joined together for collective bargaining, and we can transmit our own experiences as a foundation for the solutions of the needs of these people.

If the people of these countries that the Soviet's eye so longingly and determinedly are without education, without health, without decent standards of living, we do not have to conjecture who will win the battle.

We have governed ourselves in these United States longer than any other people on earth. We are neither new nor inexperienced. We know what it is to

want what the poor peoples of Asia and Africa and Latin America want. We know that men, if they are given the proper opportunity, will always move toward freedom; that the desire for freedom is the natural law of life. We know that if the great stirrings of mankind are freed, the world will move toward us.

Point 4 is an important key to the hopes of men, the hope of the world, the hope of our way of life. God grant, gentlemen, that we will be wise enough to speed it on its way.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I have asked for this time in order to ask the chairman of the committee a question. Mr. Chairman, I would like to get action on the resolutions seeking the unification of Ireland, and there are five such resolutions in the Committee on Foreign Affairs now condemning partition. One by the gentleman from Rhode Island [Mr. FOGARTY] who is the author of the successful amendment here, one by the gentleman from Montana [Mr. MANSFIELD], one by the gentleman from Massachusetts [Mr. LANE], one by the gentleman from New York [Mr. DOLLINGER], and one introduced by me.

May I ask the chairman's intention with respect to these resolutions now pending before the Committee on Foreign Affairs; without reference to what may occur in the House on this matter.

Mr. KEE. Within 10 days after the passage of this bill, and I hope it will be passed, I shall call a meeting of the Committee on Foreign Affairs and give a hearing upon these five resolutions which I hold in my hand, with a view to the committee reporting out one of them.

Mr. JAVITS. I thank the gentleman.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. KEATING. That is very encouraging to me, since I have today introduced a similar resolution. I appreciate the statement of the chairman that he will give immediate hearing to these resolutions and I assume that my resolution will also be included.

Mr. KEE. Yes.

Mr. JAVITS. Mr. Chairman, may I say it is very gratifying to all those who are interested in this question, including myself, to get action in every quarter.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. MARCANTONIO. I think we might as well be honest with ourselves. You are now laying the foundation for rejecting the amendment offered by the gentleman from Rhode Island [Mr. FOGARTY] with reference to Ireland which was adopted last Wednesday.

Mr. JAVITS. I had yielded only for a question. The gentleman's comment is not convincing because the gentleman is against the whole European recovery program. One who takes the position that he is against this bill for continuing the European recovery program and therefore against the Fogarty amend-

ment which is now in it, does not seem to me to be trying to help the Fogarty amendment.

I am seeking action to help the purposes of the gentleman from Rhode Island [Mr. FOGARTY] by asking for hearings on my resolution and the others which have been put in.

Mr. MARCANTONIO. Well, that is the truth.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. LODGE].

Mr. LODGE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LODGE: On page 18, line 19, strike out the word "shall" and insert the words "is authorized to."

Mr. LODGE. Mr. Chairman, the purpose of this amendment is to make it permissive rather than mandatory for the President of the United States, through the Administrator, to contribute part of these funds to multilateral technical programs. This matter has already been discussed on the floor and other language has been pointed out—section 304 b—in which it is stated that it must be shown that these programs can be handled as effectively by international organizations as on a bilateral basis, in order that we should contribute. In a sense, this is a sort of clarifying amendment, the main purpose of which is to make it completely clear that there is no compulsion to contribute to these programs. It leaves the question of contributions to the discretion of the President and provides him with the necessary authority.

Mr. KEE. Mr. Chairman, I find nothing objectionable in this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. LODGE].

The amendment was agreed to.

(Mr. MILLER of Nebraska asked and was given permission to revise and extend his remarks.)

Mr. MILLER of Nebraska. Mr. Chairman, my objection to title III is that it seems to me that we as a country will be sticking our noses into the business of other people all over the world. It is true the amount of this fund is small—\$47,000,000. However, I would call your attention to an editorial by Peter Edison, the stalking horse of the New Deal, in which he states that, of course, spending this money would be cheaper than putting people on relief. He refers to a world-wide WPA. He cites another gentleman by the name of Anderson and a Rosenbaugh, who is a top Socialist, who say the amount ought to be \$260,000,000. So do not fool yourselves when you vote for this small amount in title III. You have just started to spend. It is a scheme to take up where the Marshall plan leaves off. It will cost billions later on. So I ask you to take some note of the economy of this country and the situation we are in; that we owe more money than all of the other countries of the world put together. You are placing a tax burden on the people that they cannot stand. Just remember that they will be back next year and, instead of \$47-

000,000, it will be up into the billions of dollars.

Mr. POTTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POTTER: On page 18, line 18, strike out all of section 304.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. POTTER. I yield.

Mr. WILLIAMS. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD and that the time allotted to me be added to the time of the gentleman from Michigan [Mr. POTTER].

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

[Mr. WILLIAMS addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The gentleman from Michigan [Mr. POTTER] is recognized in support of his amendment.

Mr. POTTER. Mr. Chairman, this amendment to strike out section 304 is not a crippling amendment. I hope to be able to support this legislation. However, all through the debate on this bill with reference to point 4, title III, no one has been able to explain to the House why we should have multilateral agreements in the technical aid section of this title. As a matter of fact, they have been apologetic in trying to explain the position of having multilateral agreements in comparison with bilateral agreements. If our history has taught us anything it has taught us that we have been most successful in operating our bilateral agreements. We cannot vaunt that much pride in our multilateral agreements.

The purpose of this title, as I understand, is to promote American good will and instill democratic processes in the so-called backward areas, in opposition to Communist influences. That being the case, I feel certain that we would have much better results if we would do away with the alternative of entering into multilateral agreements. This would leave all agreements entered into between the United States and a foreign nation entirely between the two countries involved.

The gentleman from Minnesota [Mr. Judd] quoted from the hearings before the House Foreign Affairs Committee his colloquy with Mr. Hoffman, Administrator of ECA. Mr. Hoffman stated that bilateral agreements were much more effective than multilateral agreements. This being the case no one here has been able to justify the reason for this technical assistance going through the United Nations. No one knows, for example, whether Bulgaria, which is behind the iron curtain, would be granted assistance should she make application through the United Nations, an agency to which we contribute 70 percent of the cost; and if she were granted assistance we have no assurance that American technicians would be on the Commission.

We know how Russia works; we know that they will use this provision to embarrass the United States. How Members who are in favor of a strong point 4 program, and it is a long-range program, from which we want to get the best results, would want to put the United States in an embarrassing position in the infancy of a program of this kind, is beyond me.

This is not a crippling amendment. I say that it will add to the strength of the point 4 program; certainly, it will not hinder the program one iota. There may be some objection to by-passing the United Nations, but we have done that before; and I say to the membership that if we want to maintain a strong United Nations, it is not fair to that organization to throw onto it authority and responsibility they are not able to handle and which might be embarrassing to them.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. VORYS. Mr. Chairman, I offer a substitute for the Potter amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS as a substitute for the Potter amendment: Strike out the amendment, and on page 19, line 5, insert after the period the following: "Contributions to technical cooperation programs carried on by the United Nations and its related organizations shall not exceed 40 percent of the total contributions pledged for such programs."

Mr. VORYS. Mr. Chairman, the Potter amendment would cut out all possible collaboration with the United Nations and its related organizations. That would be a great mistake. On the other hand, it seems to me that one thing that is fuzzy about the whole program is the definition as to what the relation should be between our own program and the United Nations program. I have offered this amendment, therefore, which provides that we shall not subscribe more than 40 percent of the total. At present our contribution to the United Nations itself is 39.89 percent, and 35.61 percent to the whole United Nations group of agencies. The average is around 36 percent. To put in a limitation of 40 percent defining what the relationship shall be between the United Nations participation and our bilateral agreements would be wise. I hope the committee will adopt the substitute and not adopt the Potter amendment.

I think we should go along with the United Nations program but that we should set a limit. This is a permanent program. I was up at the United Nations the day their technical assistance program passed by a unanimous vote, and it was most impressive. It would be dismaying all over the world if we should withdraw entirely from that. On the other hand, we should set limits on it; and the limits to set for a permanent program are those that I have suggested in line with the sort of contribution we have been making to the United Nations itself and its related organizations.

I hope the substitute amendment will be adopted.

The CHAIRMAN. The question is on the amendment offered by Mr. VORYS as a substitute for the amendment offered by Mr. POTTER.

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 46, noes 67.

So the substitute amendment was rejected.

Mr. BYRNES of Wisconsin. Mr. Chairman, I rise in support of the Potter amendment.

Mr. Chairman, the pending legislation to me is most troublesome. It is troublesome primarily because of the inclusion of title III in the bill. I do not believe that title III should come before us tied in with another going program to which we are already committed.

I supported ECA in the Eightieth Congress; I voted for ECA last year. I think the program, with all its faults is a necessary one, but I have voted in the last few days to cut down wherever possible the amount to be spent on this program. However necessary the program may be it is certainly essential that we economize and cut the cost of it to the bone.

Point 4 is entirely out of place in this bill. It is a completely new program. I will certainly vote for the amendment offered by my colleague from Wisconsin [Mr. SMITH] to strike this program out of the bill. In fact, Mr. Chairman, I cannot support this legislation as long as title 3 remains in the bill.

But if you are going to adopt title III of this bill you certainly should remove that phase of it which has to do with embarking upon a program of multilateral action. I can see great merit in the proposition of rendering technical assistance to these other countries and the argument of the gentleman from Massachusetts [Mr. HERTER] finds a very receptive place in my mind. However, I do not think that program can work satisfactorily on a multilateral basis. Suspicion concerning this phase has been voiced by the gentleman from Minnesota [Mr. Judd], who cited the statement of Mr. Hoffman that the closer we can come to dealing with these countries direct the better we are going to be.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. POTTER].

The question was taken; and on a division (demanded by Mr. POTTER) there were—ayes 48, noes 79.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Chairman, I do not know where this \$45,000,000 will be spent, or for what purpose. If somebody had a bucket of clear spring water here that was fit to drink and somebody came along and dumped half a gallon of what my good friend from Virginia [Mr. SMITH] referred to as hogwash the other day, I would not drink the water thus adulterated. But, I know this, that in Asia and in China where we had full sway diplomatically, that our diplomatic policy is a shambles. It is the most ghastly debacle that all history records.

I am not going to be a party to voting \$45,000,000 out of the pockets of my people to be handled by the sort of people who made a wreck out of our policy in Asia. I am getting hundreds of letters from my constituents, and I have about 460,000 of them. They want expenditures cut; they want taxes reduced. I know this, there is but one thing certain about this proposed title III, which embraces point 4 that if we vote this \$45,000,000, it will be gone forever, and I have no assurance that it will do any good at all. I also know we have a staggering debt of \$260,000,000,000. I am convinced that if this Nation survives, we are going to have to save and husband our resources, and our manpower for our own necessary self-defense. I take no stock whatever in the President's excited scare words sent to us the other day from his sunny playground down in Florida that if we do not vote this money we will have another war. It may be we are going to have one anyhow, and lest we be not prepared should it come, I am for taking the advice of General Eisenhower and build more war planes and begin to get ready to take care of ourselves. Because if war comes I know that nobody from Europe will be here and I know that there will be nobody here from Asia or any other part of the world. We will have to fight and pay for our own defense.

(Mr. JENNINGS asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. KEATING].

Mr. KEATING. Mr. Chairman, I have wrestled with the problem of whether I should at this time support title III, the point 4 program, and I have decided that I cannot do so, although I have favored nearly all of the foreign aid programs which have been before us, as essential measures to preserve our own security. My reasons are two-fold: In the first place, it seems to me that this proposal has not been thoroughly digested to the point where it should be made a part of this bill. We are told by the public press that in the hearings before the Senate Foreign Relations Committee very serious questions have been raised by members of both political parties during the last 24 hours about the possible extent of this proposed program. It is new and should be considered in separate legislation. To take action on it at this time is therefore premature. I am in sympathy with the general objectives sought. I hope that a program may be produced later to which I can conscientiously lend my support, but I do not feel I can do it now. Secondly, it seems to me we cannot launch into new programs at this time, meritorious as they may be intrinsically in the present precarious state of our Federal finances unless we are certain that their importance to our national security and well-being is so great that the cost cannot be considered. Certainly, at the least, a heavy burden of proof must rest upon those who advocate a new spending program. I am not satisfied that this burden has been sustained in this case.

I ask the Members to read the review of the plans of the Department of State for the first year of this program, which will indicate clearly the elaborate character of the matters they have in mind. I do not point this out to criticize, but rather to show the vast extent of new projects envisioned in the minds of those who will be called upon to administer the program. As the committee report shows, the plans include surveys, studies, scientific research, experimental work, demonstration and training, and joint management operations in the following fields: General economic development; agriculture and forestry; fisheries; reclamation, hydroelectric power, and flood control; mineral resources; industry; labor, including activities in the field of labor organization and labor-management relations; transportation; health; education; social security and social services; general statistics; public administration; finance; housing; communications; hydrographic and geodetic surveys; and weather-forecasting.

This is a large order. Some of the matters dealt with, such as flood control, labor problems, health, education, social security, housing, and others, are very serious problems here at home, which should and do engage our earnest attention. I entertain great doubt whether we are prepared as yet to launch out into all corners of the globe to try to solve all of these difficult problems for others until we have come closer to our goal of meeting our responsibilities on the home front.

I do not want to appear unsympathetic to the plight of the millions in the underdeveloped areas of the world. I have seen with my own eyes the suffering, disease, want, and degradation in remote corners of the world. I have been, at times, heartsick when I viewed these sights. I have, in a modest way, given of my substance to help alleviate such conditions. My heart would tell me to vote for this program a hundredfold. But I must not, nor can any of us, forget the representative capacity in which we serve. It is not our money we are asked to put up. It is the fruit of the toil and sacrifices of all our people. I wish it were possible for us to help everyone everywhere. But there must be some limit.

As I have said, it may develop that it is within our capacity to do more than we are doing. Certainly I do not think we can engage in any such elaborate plans as seem to fall within the scope of the activities which I have enumerated. The very fact that it is intended to project our Government into such experiments throughout the world seems to me the very best evidence that this plan has not yet received the study and consideration which it merits before we are asked to legislate.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. KEATING. I yield to the gentleman from New York.

Mr. COUDERT. Mr. Chairman, I would like to associate myself with the gentleman from New York [Mr. KEATING] and those who are opposing title III, because it is here at the wrong time;

it is improperly joined in this bill. It should be considered separately in a bill of its own. If I had any confidence in the good faith or competence of our administration, I might feel differently about it. However, with its demonstrated incompetence and lack of good faith in its dealings with Congress, this administration cannot be trusted to administer a program of this kind of a permanent character until the House has had a full and deliberate opportunity to consider a proper bill with adequate safeguards.

(Mr. KEATING asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CARNAHAN].

Mr. CARNAHAN. Mr. Chairman, I rise in support of title III of the bill and in opposition to any reduction in the proposed authorizations for the implementation of this program.

Mr. Chairman, I will use the time allotted to me to make some comparisons of cost which may be of interest to the Members of the House.

Mr. Chairman, it is estimated that the total cost of World War II will prove to be \$1,300,000,000,000. The \$45,000,000 annual cost of point 4 would pay for 65 minutes of that war. We spent enough on World War II to support the point 4 program for 30,000 years. One year of our present defense program would support point 4 for 250 years. The annual expenditure proposed for point 4 would support our present defense program for less than 1½ days.

Until we make effective a new approach to the defense program we shall have to continue and perhaps increase these enormous expenditures. The application of point 4 is a reasonable approach to the reduction of our present necessary expenditures for national defense.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. HESELTON].

(Mr. HESELTON asked and was given permission to revise and extend his remarks.)

(Mr. CANFIELD asked and was given permission to yield the time allotted to him to Mr. HESELTON.)

Mr. HESELTON. Mr. Chairman, I yield to the gentleman from Massachusetts [Mr. HERTER] for the purpose of offering an amendment.

Mr. HERTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HERTER: In section 315 (a), line 1 on page 29, strike out "\$45,000,000" and insert "\$25,000,000."

Mr. HESELTON. Mr. Chairman, I wonder if the gentleman from Massachusetts will give a brief explanation of his amendment.

Mr. HERTER. Mr. Chairman, this is the amendment I spoke about earlier in the afternoon to cut the amount of the authorization from \$45,000,000 to \$25,000,000. Actually, as the Members know, the figure of \$45,000,000 which appears in the bill is not quite a correct figure,

because \$10,000,000 has already been authorized for the Institute of Inter-American Affairs and through the instrumentality of the Smith-Mundt bill.

I am offering this amendment as a friend of the bill, because I am firmly convinced that with this amount of money a better job can be done during the coming year than if the larger amount were appropriated. I think it is a reasonable saving, and I think that with the amount of money here provided, \$25,000,000, the immediate needs can be met.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I yield to the gentleman from Georgia.

Mr. COX. May I make the observation that the acceptance of this amendment will not hurt this bill and will improve the chance of title III being supported by the House. The hearings before the Committee on Rules developed the fact that \$25,000,000 would meet the needs of the moment. I hope the amendment will be accepted, and then that the gentleman may find it agreeable to go along and support the bill.

Mr. HERTER. I appreciate the gentleman's contribution. I think the amendment is very simple in nature. I hope the members of the committee will accept it.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I am glad to yield to the gentleman.

Mr. FULTON. I understand the chambers of commerce of the country are for the point 4 program. How would your amendment affect the position which they have taken? Is it in derogation of that position, or do you think it will assist their position?

Mr. HERTER. I do not think the chambers of commerce have ever taken any position on any given amount of money. The chambers of commerce and the National Foreign Trade Council, which has studied this bill, studied particularly the provisions which had to do with the encouragement of private investments in the foreign field. It is only on that phase of the bill that they have taken any position.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I am glad to yield to the gentleman.

Mr. VORYS. If the gentleman's amendment is adopted, there will still be \$43,000,000 in this foreign assistance bill for technical assistance. I think that is a pretty good starter for this year.

Mr. HERTER. I agree with the gentleman.

Mr. HESELTON. I believe this amendment is a prerequisite if we are to have any legislation before us which will be satisfactory. I do not think anyone can deny that the authorization reported by the committee is excessive and could not be wisely used in fiscal 1951. We should be realistic. Even though this is a constructive approach toward the solution of this problem, nothing would be gained and much might be lost by over-

extending ourselves. I hope the amendment will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. HERTER].

The question was taken; and on a division (demanded by Mr. KEE) there were—ayes 117, noes 78.

So the amendment was agreed to.

Mr. KEE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEE: On page 29, line 1, after "\$45,000,000", strike out the word "including" and insert the words "in addition thereto."

Mr. KEE. Mr. Chairman, this follows the amendment which has just been adopted.

Mr. H. CARL ANDERSEN. Mr. Chairman, a point of order. The gentleman has no further time in which to speak on his amendment.

Mr. KEE. I simply wanted to explain that this follows the amendment which was just adopted.

Mr. KEATING. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. KEATING. The amendment now offered by the gentleman from West Virginia [Mr. KEE] would simply undo what we have just done here. We have therefore passed upon the amendment, and it is not in order.

Mr. PRIEST. Mr. Chairman, the gentleman is not stating a point of order.

The CHAIRMAN. That is not a point of order. That is a matter for the Committee to determine.

Mr. FULTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FULTON. Is this offered as a committee amendment?

The CHAIRMAN. That is not a parliamentary inquiry.

The question is on the amendment offered by the gentleman from West Virginia [Mr. KEE].

Mr. VORYS. Mr. Chairman, a point of order. Does the Chair overrule the point of order that this amendment brings up again the matter which has just been passed upon? As I understand the amendment, that is what it does.

The CHAIRMAN. The Chair overrules the point of order. That is a matter for the Committee to determine.

The question is on the amendment.

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 89, noes 126.

Mr. KEE. Mr. Chairman, I demand tellers.

Tellers were ordered; and the Chairman appointed as tellers Mr. KEE and Mr. VORYS.

The Committee again divided; and the tellers reported that there were—ayes 95, noes 137.

So the amendment was rejected.

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 19, line 5, insert after the period the

following: "Contributions to technical cooperation programs carried on by the United Nations and its related organizations shall not exceed 39 percent of the total contributions pledged for such programs."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. VORYS].

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 110, noes 111.

Mr. VORYS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. KEE and Mr. VORYS.

The Committee again divided; and the tellers reported that there were—ayes 137, noes 146.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

(Mr. H. CARL ANDERSEN asked and was given permission to revise and extend his remarks.)

Mr. H. CARL ANDERSEN. Most of you the other day heard of General Eisenhower's statement that we must add probably \$650,000,000 to the budget that is coming before us next week for the purpose of providing our Nation with a modern 48-group air force. I had hoped that we would show a little sanity on this ECA bill and reduce this authorization at least to a point justified by the recovery in Europe. Unless we do cut the amount carried in this bill down to \$2,000,000,000, how can we possibly hope to keep from going into the red next year? We hear many pious expressions for economy and here is one place you can justify by your vote that desire for a balanced budget.

I do not see how we can disregard telegrams such as came this morning from my Governor, Luther Youngdahl, of Minnesota, saying that he opposed wholeheartedly the slash of \$75,000,000 in the hospital construction program. What are you people who are voting for everything in this bill going to do when amendments come on the floor next week to our omnibus appropriation bill for this and for that affecting our own country and further unbalancing our budget? I leave it to your conscience. How can you be so liberal with other nations and at the same time vote against very much needed projects for our own people's welfare? It is going to be very difficult for some of you to reconcile your actions of today with those decisions ahead of us tomorrow.

General Eisenhower tells Congress we need more modern planes. Would it not be wise to cut this ECA program to \$2,000,000,000 and then invest the \$750,000,000 savings into added security for our own shores? I personally cannot vote for the present measure, taking into consideration the grave condition of our national finances. Our primary responsibility here is to look after our own first, then others, if the means are available to do so.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. CASE].

Mr. HERTER. Mr. Chairman, will the gentleman yield?

Mr. CASE of New Jersey. I yield to the gentleman from Massachusetts.

Mr. HERTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HERTER:

On page 26, in line 12, after "other" add "existing", and strike out section 313 (a) and insert the following:

"SEC. 313. (a) The President shall appoint, by and with the advice and consent of the Senate, a person who, under the direction of the President or such other officer as he may designate pursuant to section 312 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$16,000 per annum."

Mr. HERTER. Mr. Chairman, this is the amendment I discussed earlier and that was discussed by the gentleman from Virginia [Mr. GARY]. I understand it is acceptable to the committee. It merely clarifies the line of responsibility in the operation of this program. It does not change anything else. It makes it clear where the responsibility shall rest.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. CASE of New Jersey. I yield to the gentleman from Virginia.

Mr. GARY. It also makes it clear that the administration of the program shall be under the existing agencies rather than under a brand new agency to be set up all over the world.

Mr. HERTER. That is correct.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. CASE of New Jersey. I yield to the gentleman from Pennsylvania.

Mr. FULTON. This does not set up extra personnel or make more jobs?

Mr. HERTER. It does not. It leaves the jobs exactly as they stand, with the exception of one new job, to pay \$16,000, the appointee to be confirmed by the Senate. That is in both the bill and my amendment.

Mr. KEE. Mr. Chairman, while I cannot speak for the committee, I will say that this is satisfactory to the chairman.

The CHAIRMAN. Without objection, the amendment is agreed to.

Mr. MARCANTONIO. I object, Mr. Chairman.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. HOPE].

(Mr. HOPE asked and was given permission to revise and extend his remarks.)

Mr. HOPE. Mr. Chairman, I have asked for this time to make some brief comments on two amendments which have been adopted in the Committee of the Whole and which will probably be voted on separately in the House after the Committee rises. I refer to the Fulton-Cooley amendment, which strikes out the so-called Vorys amendment and the Burleson amendment.

I believe both the Vorys amendment and the Burleson amendment have a

tendency to confuse the farm program and the ECA program. I think these programs should be kept entirely separate and each should stand on its own feet. I was against the Vorys amendment in the Committee of the Whole because it sought to impose the ECA program on the farm program to the detriment of the farm program. The effect of the Burleson amendment is to impose the farm program on the ECA bill to the detriment of that program. I oppose it for that and other reasons.

When the vote was taken on the Burleson amendment in the Committee of the Whole I was unavoidably absent. Had I been present I would have voted against it.

The major farm organizations of this country oppose the Burleson amendment. They do not want farm legislation mixed up with ECA legislation. I have in my hand a telegram from Mr. Albert S. Goss, master of the National Grange, reading as follows:

WASHINGTON, D. C., March 30, 1950.

Hon. CLIFFORD R. HOPE,

House Office Building, Washington, D. C.:

We have consistently asked that no restrictions be placed on ECA that would hamper them in accomplishing the maximum recovery of western Europe. This was the major reason why we opposed the Vorys amendment. The Burleson amendment is subject to the same objection and we hope it will be rejected.

ALBERT S. GOSS,

Master, the National Grange.

I have also a wire from John H. Davis, Executive Secretary of the National Association of Farmer Cooperatives, which reads as follows:

WASHINGTON, D. C., March 30, 1950.

CLIFFORD R. HOPE,

House Office Building:

Believe Burleson amendment to ECA bill may act as ceiling on purchase of farm products may stimulate undesirable competition among commodity groups for ECA financing, and disrupt established relations with lesser commodity groups. Urge rejection on House vote.

JOHN H. DAVIS,

Executive Secretary, National Council of Farmer Cooperatives.

I do not have direct word from the American Farm Bureau Federation or the National Farmers Union but am reliably informed that both organizations oppose the Burleson amendment and in a previous communication all four of the great farm organizations have expressed their opposition to the Vorys amendment.

I urge that when these matters come before the House that your vote for the Fulton-Cooley amendment which repeals the Vorys amendment and against the Burleson amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. Chairman, in a few minutes we are going to vote on what I believe to be one of the most important measures to come before the House in the postwar period.

We can fumble the ball all over the lot on domestic issues and we can come back in a year, or two, or three, and salvage the damage that we do.

But if we fumble the ball now on this bill, the keystone of our foreign policy,

then this Congress might be largely responsible for turning the pages of history back for about a thousand years.

I think that is what it adds up to. I beg of you and implore you not to wreck this ECA program which is successfully keeping the iron curtain from spreading across western Europe.

If the program is working, and no one here has challenged that it is not working, then do not tear it up by putting on six wheels or eight wheels or tearing it down two wheels. Leave the program as it is for it is working.

I beg of you not to try to make this an agricultural relief program by incorporating the Burleson plan. The farmers I have talked to and the farm leaders do not want that. They want to sell their agricultural products for dollars, and not have them used as a gift to foreign nations.

They want to be able to go again into the foreign market on the basis of the merit of their sales and not pour surplus farm commodities down on European nations, perhaps against their desires, when those nations might need the tools of production more than they need the commodities themselves.

I beg of you to kill the Irish amendment. It is bad public policy to use our aid as a bludgeon to force a friendly nation to alter its domestic policies.

We must face criticism of the rest of the world if Congress puts that in. I wish the parliamentary situation were such that the cut of \$250,000,000 would be restored to the bill. It is unwise to run out of money short of the goal by only a few miles.

Let us vote all the way for a program which is beating back the tide of communism and keeping it behind that iron curtain. Let us not undo a program that has been unusually successful by overloading it with unwise and restrictive amendments.

The CHAIRMAN. The Chair recognizes the gentleman from Nebraska [Mr. STEFAN].

(By unanimous consent, the time allotted to Mr. STEFAN was given to Mr. PLUMLEY.)

Mr. PLUMLEY. Mr. Chairman, it is with some diffidence and admitted complete unpreparedness I stand here to differ so completely with my very good friend, the distinguished gentleman who has preceded me. But I do wish it to be distinctly known, and I wish the Record to show, that I disagree with him absolutely with respect to so many particulars I cannot afford to take your time to generalize further. I disagree.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman, in these closing minutes of debate I want to call to the attention of the House what would have happened to this world if there had not been a Marshall plan. I do not think there is any question about it. We in the Western Hemisphere would be standing alone now; communism would be master of Europe with all the tragic consequences. The United States and the ECA participating countries of Europe together produced 88 percent of the steel, 76

percent of the electric power, 80 percent of the coal, 95 percent of the automobiles, and 90 percent of the petroleum of the world. We really and truly control the world if Europe continues to be a going concern. There is no question about that. But the danger now before us and Europe is what is going to happen to the rest of the world in the future. That is the reason I think it would be tragic to turn down title 3 of the bill. I think it is one of the most important parts of this bill. Just think of it. Less than 1 percent of what we are doing in the next fiscal year in Europe under the Marshall plan will be the first-year cost of this point 4 program. It can be reasonably expected that the sum we will spend in ECA next year would finance point 4 for 75 or 100 years.

Somebody said a little while ago that this program might eventually cost billions. That is absurd. If we used all of the technicians available in the United States we could not spend over \$50,000,000 a year on this program. If we spent that much, it would prove to be a wise investment.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. MARTIN].

(Mr. MARTIN of Iowa asked and was given permission to revise and extend his remarks.)

STRATEGIC AND CRITICAL MATERIALS

Mr. MARTIN of Iowa. Mr. Chairman, while ECA legislation is before Congress it is very timely to set before Congress some enlightening statements of the policies adopted and followed by ECA in the field of exploration and development in foreign lands of the production of strategic and critical materials. In the main, these policies will be helpful to our national defense only to the extent that purely strategic materials are actually acquired and delivered to our stock pile and they should not be used to secure stock-pile materials that are highly competitive with our own mining industry or the production of which may be developed within our own land with the encouragement and assistance of our Federal Government. It is my sincere hope that a national policy may be soon established that will give our domestic mining industry consideration equal to that which the ECA policy included in the legislation now before Congress gives to the exploration and development of foreign production of strategic and critical materials.

In their discussion of the magnitude of possible imports of strategic materials, the report of the Harriman commission dated November 7, 1947, states at page 273:

With comparatively small increases in production, which in most cases would require reaching but not exceeding wartime peak outputs, strategic mineral raw materials valued at approximately \$2,231,000,000 annually could be made available.

I know that Congress will be interested in the information that commitments for strategic materials projects under our ECA program already made and projects commitments estimated through June 30, 1951, come to a total of \$68,917,000. This investment in projects

has been applied only to 15 strategic and critical materials, but the striking thing to me is that 67½ percent of the estimated cost of all commitments made and planned from July 1948 to June 30, 1951, is for lead, zinc, bauxite, copper, and manganese. Less than one-third of the funds are spread among the following additional items: Cobalt, kyanite, diamonds, chrome, nickel, columbite, tantalite, pyrites, graphite, and fluorospar, and no commitments whatever have been entered into or planned to June 30, 1951, for any of the other 56 items on the strategic and critical materials list compiled by the Munitions Board. Anyone familiar with those 56 items will recognize at once that they include strategic and critical items that are most essential to our defense and that are not competitive with our own domestic mining industry.

I am quoting below several extracts from the special analysis series of ECA entitled "The Strategic Materials Program," dated February 1950:

INTERAGENCY RELATIONSHIPS

The scope of the term "deficiency materials" as used in the ECA Act is broader than the strategic and critical materials concept of the stock-piling program authorized by Public Law 520 (79th Cong.). For present purposes, however, formal implementation of ECA responsibility is limited to the commodities currently on the Munitions Board stock-pile list.

ECA consults the Munitions Board regarding its interest in strategic materials available through purchases or development, and is guided by its recommendations.

PROCEDURES

The activity of ECA with respect to strategic materials has proceeded along two courses, (1) the acquisition of commodities for the stock pile by purchase with 5-percent counterpart funds, and (2) the provision of ECA dollar and 5-percent counterpart funds for approved projects to increase the production and supply of strategic materials.

PROJECTS

The output and availability of strategic materials will be substantially increased through development and exploration projects financed by ECA with dollars and 5-percent counterpart funds. Increasing use of counterpart funds is planned for the current fiscal year and fiscal year 1951.

In addition to increasing the strategic material reserves of the United States stock pile, the economies of the participating countries will benefit when these projects are completed. The increased output will tend to make the countries more self-supporting and less dependent on outside supplies. It will also reduce the current drain on United States resources. In some cases the increased output will produce an exportable surplus which will earn dollars for the governments of the participation countries. For all of these reasons, ECA is placing increased emphasis on developmental projects.

The two lead projects call for repayment from the increased output of the mines of the amounts advanced. One, a \$3,600,000 commitment for the development of lead and zinc properties in French Morocco, calls for deliveries in repayment of the advance, plus 4 percent interest, to begin not later than January 1, 1951, and to be completed by July 1, 1957. The other, an agreement signed by ECA and the Government of Sweden, will make \$350,000 available at 2½ percent interest to finance proposed production increases at four lead mines. In addition to promising materials for the stock pile, both projects when completed will increase

supplies for the participating countries and reduce the strain on the domestic resources of the United States.

The fifth project, for exploration, is to provide assistance to the United Kingdom for an extensive survey of mineral and other resources in the British territories in Africa. A million and a half ECA dollars will be provided to pay the salaries of 58 American geologists and topographical experts for about 3 years. In return for this assistance the United Kingdom will make available to the United States Government all technical information obtained from the survey and give United States private enterprises access to mineral resources discovered as a result of the survey for 5 years after the termination of ECA. The survey should be of value in opening up some of the British overseas areas for economic development and colonization, and adding to the world's supply not only of stock-pile materials but other commodities as well.

To evaluate the opportunities for contributing to strategic materials supplies through the development of resources in the overseas territories of the participating countries, ECA officials recently made an extensive reconnaissance trip. This survey, made in company with representatives of the governments concerned and the Department of State, included most of the important mineral districts of British East Africa, Northern and Southern Rhodesia, and French Equatorial Africa. Considerable information was gathered regarding pending and possible new proposals. The various local governments were also acquainted with the provisions under which ECA assistance can be obtained and they were provided with a list of the materials most urgently needed.

PROBLEMS

The paucity of good mines and prospects which can be worked profitably without subsidies, and lack of an assured long-term market for output during the period of amortization, are the most important obstacles to the progress of the program. Also influential in retarding investment are the heavy tax burdens in some of the participating countries and the fear of excessive interference and perhaps nationalization or expropriation.

Ocean transportation has created a problem in acquiring strategic materials. The amended ECA Act requires at least 50 percent of shipments to the United States after April 3, 1949, to be transported in United States flag vessels. A few shipping firms have been persuaded to accept 5 percent counterpart funds in lieu of dollars for shipping charges. The remaining dollar requirement for ocean transportation has been partially bridged by the Federal Supply Service which has been willing, in the case of high priority commodities to make dollars available for this purpose. The 50-50 shipping rule does, however, make the use of 5 percent counterpart funds for purchases dependent on the continued availability of FSS dollars for ocean transportation. Non-availability of dollars to pay dollar shipping charges is in some cases limiting ECA negotiations for strategic materials.

The importance of capable personnel to handle all aspects of the negotiations and make technical on-the-spot investigations promptly has been emphasized by the course of negotiations to date. Full use has been made of the mineral attachés of the Department of State where available, but the necessity of maintaining negotiations simultaneously in so many widely scattered locations and the stimulation of interest in other worth-while projects has increased the difficulty.

Considerable effort has been expended in fostering a better understanding of the program and in publicizing to possible investors abroad and at home the types and terms of assistance which ECA is in a position to

make. On numerous occasions, ECA has attempted to interest American mining companies in the development of foreign resources. In spite of broader guaranty arrangements and favorable terms of financial aid, only a few companies have shown interest in assuming the risks involved.

The House Select Committee on Foreign Aid in its Preliminary Report No. 10, dated November 25, 1947, contains the following statements:

We are dependent upon imports not only for metals and minerals which we do not produce in any appreciable quantity, such as flake graphite, quartz crystals, industrial diamonds, and tin, but also for nearly all of our present commercial needs of minerals like chromite, manganese, asbestos, mercury, platinum, tungsten, and antimony, for all of which we have a 4-year supply or less at the prewar rate of use. A sound conservation policy, in terms of national defense, would indicate the necessity of heavy imports of all minerals—fluorspar, copper, zinc, cadmium, lead, bauxite, and vanadium—in order to preserve and lengthen the life of our own high-grade reserves.

A. THE EXTENT OF IMPORTS OF NONFERROUS METALS

With the exception of aluminum and molybdenum, the United States is currently an importer of every major nonferrous metal. * * *

Production of aluminum in the United States at present is running 5,000 to 10,000 tons a month in excess of domestic requirements and this is available for export to Europe. Domestic production is almost at capacity, so that the quantity available for export could not be expanded substantially without reducing the quantity available to United States consumers. * * *

B. THE NEEDS FOR NATIONAL DEFENSE

The conclusion is that a nation whose economy is primarily commercial in character must be able to depend upon "commercial reserves" in large availability, either through a combination of domestic reserves capable of quick and easy production at a stepped-up rate, and stock piles of imported reserves adequate for a war of several years' duration; or, alternatively, absolutely secure control, not only of sea access to foreign reserves, and their rail transportation to ports, but also of their procurement and production. The net conclusion is that without stock piles of those ores which are in critically short supply in terms of commercial reserves, there is no secure reliance for a nation bent upon guaranteeing its own survival by reasonable foresight.

There is a second difficulty in dependence upon low-grade reserves or substitution which needs to be recognized. It arises from the political pressure of domestic producers to block imports and to continue the drain on domestic reserves, even at uneconomic prices and costs. High tariffs have marked the mineral policy of this country in the period since 1930. The same resistance of domestic mining interests applies to the importation of stock piles that would overhang the market. It therefore needs to be met by the strongest arguments for national defense, supplemented by the fact that such imports constitute one of the few relatively painless ways of accepting payment for loans which we are making to countries that are either themselves producers of these minerals (such as Greece and Turkey) or which have colonies which are heavy producers. It must also be met by keeping our own mineral reserves in a state of readiness for national defense by adequate developmental programs.

C. BUILDING A UNITED STATES STOCK PILE OF STRATEGIC MATERIALS

* * * If, therefore, consumption continues at a high rate, it is clear that stock piles can be accumulated only by importing metals. With proper safeguards, such imports need not in any way impede the maintenance of a healthy domestic mining industry which would be available for any future emergency. * * *

Provided that necessary safeguards are established, there is no question that in the mineral field, at least American capital is available to take over or supplement European investments in many colonial areas. United States capital is already heavily invested in Rhodesian copper, Canadian nickel and aluminum, and Surinam bauxite. New lead-zinc deposits in Morocco are being developed in part with American capital. Given a stable government, American capital would probably undertake the reequipping of the important lead-zinc deposits in Burma. It is difficult to measure in terms of dollars just how far this might go, since the willingness of capital to invest in these areas depends not only on the political factors, but also on the economic values of the individual deposits. As a guess, however, in the nonferrous field alone, it is probable that American capital could be found to the extent of \$300,000,000 or \$400,000,000.

APPENDIX A

EXCESS MATERIALS AVAILABLE FOR STOCK PILING FROM THE 16 COUNTRIES OF WESTERN EUROPE (CEEC)

The production of strategic metals and minerals in western Europe is considerably less than the over-all requirement of that area, so that little can be expected along this line if the area involved is limited to western Europe itself. If, however, the area is widened to include the colonial territories controlled by the countries in western Europe, a very respectable total can be shown. * * *

In the case of Tanganyika and Burma, it would be necessary to build plant almost from scratch, the first area being one in which a large new deposit has recently been developed, the second being one where the former producing facilities were destroyed by the Japanese. It would obviously encourage private investors to provide the facilities to equip these two properties if they had the assurance of a long-term outlet.

The question of price, as well as tonnage, is of paramount importance, and it would be necessary to work out a formula whereby, in crediting the value of strategic materials either as interest or principal against advances, the United States would establish some minimum price for each material, with some provision for fluctuation in line with market trends generally.

It may be that the aggregate amount indicated in this tabulation of approximately \$136,000,000 a year will seem relatively small. This total is for excess materials to go into stock pile only. It would seem foolish to channel the entire import of these strategic materials from the areas named into the field of repayment of any advances for assistance given, because by so doing the current dollar credits which are being earned through normal commercial activities would be reduced and the unfavorable balances of western Europe further increased. No attempt has been made to assess the current dollar value of these commercial imports from the areas affected, but it must be in the region of \$250,000,000 to \$300,000,000, the principal items being tin from the Far East; nickel, copper, lead, and zinc from Canada; manganese, chrome ore, and asbestos from South Africa; manganese and mica from

India; cobalt and tin from Belgian Congo; and manganese from the gold coast.

The State Department submitted to Congress December 19, 1947, an Outline of a European Recovery Program, in which the following statement appears at pages 52, 53, and 54:

RAW MATERIALS EXPECTED TO BE IN LONG-TERM SHORT SUPPLY IN THE UNITED STATES

The United States has few or no domestic sources of certain raw materials, such as tin, industrial diamonds, natural rubber, and quinine, and has inadequate resources in other raw materials, such as manganese, chromium, copper, lead, and zinc. The United States has used substantial quantities of certain of these materials in furnishing assistance to Europe during the postwar period and it will use further quantities in furnishing assistance under the recommended program of European economic recovery. United States reserves of exhaustible natural resources are declining. It is proper that in partial return for the very considerable assistance provided them by the United States, the participating countries should give reasonable help in replenishing stocks of materials expected to be long-term short supply in the United States.

Not all of the participating countries themselves possess sources of such materials. Some among them do, however, have resources of this nature either within their own territory or that of their colonies, territories, or dependencies. In some instances present production and availability is at maximum levels without satisfying commercial demands. In other instances it appears that, under an aggressive plan of exploration, development and expansion of productive facilities, or by other actions, additional supplies could be produced or made available.

The program of European economic recovery should, therefore, provide for arrangements along the following lines. The administering agency should be authorized to help increase production. Procurement by the United States for stock-piling purposes of a fair proportion of available quantities of the materials desired by the United States should be facilitated by participating countries concerned, after taking due regard of requirements for the domestic usage and export requirements of the source country.

Therefore, (a) the administering agency should be authorized to use funds appropriated under the program to finance procurement of equipment and services required from the United States to help increase the production of such materials, (b) the local currency equivalents of grants-in-aid should be available for the financing of local currency costs in expanding the production of such materials, and (c) bilateral agreements entered into with these participating countries within whose territory, colonies, or dependencies such materials may be available, should contain provisions for facilitation of procurement for stock-piling purposes by the United States, on reasonable terms, of a fair proportion of availabilities of specified materials, after taking due regard of the reasonable requirement for domestic usage and commercial export of the source country. Such procurements would be effected through the use of funds appropriated expressly for the purchase of materials for stock-piling.

As a further possible step, in appropriate circumstances, loans made by the United States administering agency might contain a provision specifying that, in the event circumstances make the probability of repayment of the loan in dollars at its maturity date doubtful, the participating country may tender or the United States Government may require delivery of materials expected to be

in long-term short supply in the United States, and available for the purpose to the participating country after taking due regard of its reasonable requirements for domestic usage and commercial export, in such amounts and at such times as are mutually agreed at the time as being equitable in full or partial fulfillment of the loan obligation.

The Economic Cooperation Administration in its report on Recovery Progress and United States Aid, dated February 14, 1949, made the following statements which appear on pages 229, 230, and 231:

In accordance with the provisions of the Economic Cooperation Act concerning materials in which United States resources are deficient or potentially deficient, the objectives of the ECA in this field have been: to promote an increase in the production of materials through exploration and development; to further the transfer of materials to the United States by purchase or otherwise; and to obtain for the United States schedules of future availabilities and increased production as well as equal rights of access to the development of such materials.

1. FACTORS AFFECTING SUPPLIES FROM PARTICIPATING COUNTRIES

In spite of its utmost efforts to accomplish these objectives, the ECA is not satisfied with the progress made by the end of 1948. The principal reasons for unsatisfactory results, it is believed, have been: (a) the lack of adequate and long-term purchasing power in any United States Government agency; (b) limited number of materials in which ERP areas as a whole have net surpluses, actual or potential; (c) lack of inventories on hand in participating countries available for purchase; (d) time required to work out development projects; and (e) reluctance of producers, both American and foreign, to contribute to a large supply of materials that may overhang their future markets.

Despite these difficulties, four purchase agreements were executed prior to the end of 1948. All were purchases with local currency counterpart funds, in a total amount equivalent to \$21,600,000. There were in addition a number of transactions pending, involving exploration and development as well as purchases, which were in varying stages of progress at the end of 1948.

The Bureau of Federal Supply (BFS) of the Treasury Department is designated by the Strategic and Critical Materials Stockpiling Act of July 23, 1946, as the Government agency to purchase strategic materials, and a limited amount of dollar funds have been appropriated for use by it for that purpose. The ECA has worked closely with and assisted the BFS in locating materials and arranging for their purchase. In some transactions, payment will be made partly with BFS dollars and partly with ECA counterpart funds. While ECA dollars are not available for straight purchase transactions, the use of ECA dollars is contemplated for exploration and development of production, with repayment in materials to be delivered to the BFS out of future production.

ECA activities in the strategic materials field are legally confined to the participating countries and their dependencies and China. This excludes such important sources as the British Dominions, Burma, and independent countries in Latin America and the Middle East. Southern Rhodesia has not yet acceded to the United Kingdom bilateral agreement.

Moreover, strategic materials possibilities in participating countries and their dependencies have distinct limits. These areas have actual or potential net surpluses of tropical and semitropical vegetable products, limited for practical purposes only by expectancy of market requirements. In the

mineral field, however, where because of depletion the strategic interests of the United States are most vital, these areas as a group have net surpluses, based on known facts, only of tin, cobalt, diamonds, flake graphite, tungsten, mercury, antimony, bauxite, phlogopite, and possibly columbite, tantalite and corundum. In non-stock-pile items there are also fluor spar and potash. As a group the participating countries and their dependencies do not have net surpluses of petroleum, copper, lead, iron, zinc, nickel, vanadium, strategic muscovite mica, asbestos, beryl, bismuth, cadmium, zircon, barite, molybdenum, platinum, kyanite, chromite, and manganese. In the last three items there is a normal flow to the United States from dependent areas but this is due to geography and does not represent a net surplus for the group. In consonance with the spirit of the Economic Cooperation Act, it has been necessary to harmonize United States interests in strategic materials with the basic aims of the act. It would not be sound, for example, to take for stock-piling purposes materials which are urgently needed by the participating countries for recovery, thereby forcing them to dip into outside areas for their needs. In addition to increasing net transportation costs, such a course would only redistribute the trade patterns in scarce materials without necessarily adding to the total United States share of world supplies.

With respect to use of the 5-percent portion of the counterpart funds for exploration, development, and purchase, there is an important limiting factor. Any substantial transfer of materials by a participating country to the United States without payment in dollars would necessitate a recalculation of the country's requirements and additional aid to compensate for its decreased dollar earnings. Moreover, 5-percent counterpart funds are available in sizable amounts in only three of the significant sources of materials within the ERP group of countries, namely, the overseas dependencies of the United Kingdom, France, and the Netherlands. The amount of counterpart funds in Belgium is very limited and none are available in Portugal and Turkey because these countries have received no grant assistance.

In order to stimulate interest on the part of American companies in exploration and development operations, the ECA has expressed a willingness to make loans of 5-percent counterpart funds, to be repaid in production if gained.

In the opinion of the ECA it is indispensable for an effective program to increase the supply of strategic materials to the United States that there be adequate purchasing power vested in an agency authorized to place, anywhere in the world, procurement contracts continuing over a period of time sufficient at least to permit producers to amortize their investments at reasonable rates.

2. ECA OPERATIONS

The act calls for the negotiation of future schedules of minimum availabilities from ERP countries, of materials in which the United States is deficient or potentially deficient, either in percentages of production or in absolute quantities. The ECA, working with other Government agencies, has been unable thus far to determine what such schedules should be in the case of various materials produced within a participating country or its dependent territories. In order to proceed with negotiations for the purchase of deliveries of material out of increased production, it is necessary to establish quantitative goals. At the ECA's request, interdepartmental investigations are being conducted, under the auspices of the National Security Resources Board, seeking to determine future United States stock-pile requirements and the quantities that should be requested from participating countries.

When this information is received, negotiations for the schedules of minimum availabilities can be started.

In order to learn the problems at first hand, to achieve some early results, and to review policies and objectives with the ECA missions, a temporary mission to Europe was organized by the ECA in mid-August 1948 consisting of the Director of the Strategic Materials Division, the Director of the Bureau of Federal Supply, a mining consultant, a transportation consultant and a member of the legal staff. This mission visited the Office of the Special Representative in Paris and the ECA missions in London, Paris and The Hague. In each case, an investigation was made into various procurement and development possibilities in each country, in consultation with both government officials and private producers. Purchasers of rubber and steel were arranged in the United Kingdom, and negotiations initiated toward expansion of Gold Coast manganese production. In the Netherlands, groundwork was laid for subsequent purchases of bauxite and quinidine. In France negotiation was begun toward the production and procurement of a substantial quantity of Madagascar flake graphite. Also, initial steps were taken in procuring an inventory of lead concentrate for the United States stock pile and expanding North African manganese production. With the cooperation of the United Kingdom Government and other governments concerned, arrangements were made for the purchase of chrysotile and amosite in non-ERP territory. Opportunities for American capital participation were disclosed in French North African lead mining, French Cameroonian tin mining, French Congo lead-zinc mining, New Caledonian nickel development, nickel development in Celebes, and in aluminum production in Sumatra.

On pages 232 to 236 there appears their review of possible sources of strategic materials and I am including their discussion of some of the materials listed there that are competitive with our own present potential domestic production:

REVIEW OF POSSIBLE SOURCES OF STRATEGIC MATERIALS

Aluminum: Surplus production of aluminum ingot exists in Norway and may provide an opportunity to use 5 percent counterpart funds, if this can be done without dislocating trade.

Bauxite: This material is produced in the Netherlands East Indies, Gold Coast, Italy, France, British Guiana, and Surinam. There are undeveloped deposits in Malaya, Jamaica, Nyasaland and on islands off the coast of French Guinea. The European material is not suitable for American plants as presently constituted. The ECA is arranging for deliveries to the BFS, to be financed with 5 percent counterpart funds from the NEI and Surinam. Projects for development of the Jamaica and French Guinea deposits are under consideration. A proposal to dredge a channel for ocean-going ships to reach some of the British Guiana deposits is being studied. Production from British Guiana and Surinam goes principally to the United States and Canada. A large portion of the Canadian metal flows to the United States.

Copper: Although Northern Rhodesia and the Belgian Congo are among the world's more important copper areas, their total supply is required for European needs. There is a relatively small deposit in Turkey, and discovery is reported in Uganda with cobalt associated with the copper. The last is said to be large but of low grade and remote from transportation facilities. Expansion programs are contemplated in Northern Rhodesia and the Congo. The ECA is trying to advance the Rhodesian project into the 1949 program of the United Kingdom, and with Commerce Department coopera-

tion has expedited delivery of necessary equipment to the Congo producer.

Iron: Some high-grade iron ore is now being exported from Sweden and Algeria to the United States. The North African high-grade deposit is small. Lateritic iron ore carrying approximately 50 percent iron is available in Celebes and New Caledonia, but no market has been found in the United States. The ECA is also investigating a high-grade deposit in Norway.

Lead: Lead is mined in Morocco, northern Rhodesia, Italy, Greece, Turkey, France, and French Congo, the Bizone, Austria, Sweden, and Norway. Production, however, is not equivalent to European requirements. A recent discovery in Tanganyika is being developed, and a discovery has been reported in Greenland but the Greenland deposit is ice-bound until next summer. Attempts are now being made to expand production in Italy, Greece, Turkey, Bizone, France, Morocco, and Austria. An expansion is programmed for northern Rhodesia. A counterpart loan is being negotiated by the ECA to explore a promising deposit in Algeria.

Manganese: The most important source of manganese in ERP territory is in the Gold Coast. Other production exists in Morocco and the Belgian Congo. Undeveloped deposits occur in Turkey. Gold Coast production, of which the United States normally receives about 40 percent, is being maintained to the full capacity of the existent plant under current labor conditions. The Gold Coast producer has offered 200,000 tons of intermediate-grade material which although not acceptable for stock-pile purposes can be utilized by United States industry. The ECA together with other interested Government agencies is studying the feasibility and desirability of financing construction of additional plant facilities in the Gold Coast. Efforts are being made to expand Morocco production and to investigate the Turkish deposits. The ECA is also investigating the Belgian Congo deposit.

Mercury: Italy is one of the world's two largest producers. There is substantial stock on hand in Italy and a considerable expansion of production is possible. However, the United States stock-pile position is comfortable enough to make the BFS unwilling to pay even ocean freight. The ECA is currently negotiating to purchase and ship a large quantity with counterpart funds if a satisfactory price can be reached.

Zinc: Zinc ore is produced in northern Rhodesia, Morocco, the Bizone, Austria, Italy, France, Portugal, the Belgian Congo, Sweden, and Norway. However, none of this is produced in surplus over European needs. Zinc smelting is done in Belgium, United Kingdom, France, Bizone, Italy, and Norway, the ore coming from Australia, Newfoundland, and Latin America, chiefly Mexico. Some surplus of metal occasionally comes to the United States from Belgium and Norway. The ECA is studying possibilities of production expansion of zinc ore in Austria, Bizone, and Italy. Expansion programs are projected by the producer in northern Rhodesia and the Belgian Congo.

The sixth report to Congress of the Economic Cooperation Administration for the quarter ended September 30, 1949, contains at pages 60 and 61 the following discussion of the deficiency materials program:

Purchases of materials by ECA for stock-piling purposes were limited during the quarter to 21,280 long tons of rubber in the United Kingdom at a cost, in local currency counterpart funds, equivalent to \$7,978,900 and 9,000 kilograms of beryl in Norway at a cost equivalent to \$3,300. By September 30, expenditures involved in completed purchase transactions were \$43,200,000 in the equivalent of counterpart funds. Additional

counterpart has been set aside to cover possible depreciation of local currencies during the life of the purchase contracts. Further, \$21,000,000 in dollar funds had been committed for the procurement of deficiency materials and for development projects, of which \$19,000,000 were to be financed by the Bureau of Federal Supply and the balance by ECA. In addition to rubber and beryl, the commodities purchased include sisal, industrial diamonds, quinidine, graphite, tantalite, palm oil, sperm oil, platinum, mica, and lead.

Completed contracts also call for the advancement of funds to producers of cobalt, kyanite, and graphite for the procurement of facilities to make increased output possible.

As the supply of "Shelf goods" in the participation countries is depleted, the acquisition of needed materials with the use of counterpart funds becomes more difficult. Surplus materials are not available in some countries where counterpart funds exist, and in others the foreign governments are reluctant to commit current output to ECA because of the impact on their anticipated dollar earnings.

In September arrangements were concluded for assistance to the United Kingdom in the exploration and survey of mineral and other resources in British overseas territories, chiefly Africa. A million and a half ECA dollars will be provided to pay the salaries of 58 American experts for about 3 years. In return for this assistance, the United Kingdom will make available to the United States Government the information gained during the survey and will also consult with this Government on the feasibility of development for mining or other purposes of any mineral deposits found during the exploration. The survey should be of value in opening up some of the British overseas areas for economic development and colonization, and adding to the world's supply not only of stock-piling materials but other commodities as well.

In September, ECA officials began a tour of East, South, and West Africa to examine various deposits and properties, and determine whether production of scarce materials could be increased so as to provide an exportable surplus to augment the United States stock pile and also produce greater dollar revenues for these countries.

At the end of the quarter, ECA had almost completed negotiations for the purchase with counterpart funds of a large amount of bauxite from the Netherlands East Indies and quantities of industrial diamonds in the Netherlands, and cryolite in Greenland.

Negotiations were also virtually concluded for the financing of development projects calling for stepped-up production of chromite in Turkey, lead and zinc in North Africa and Sweden, and bauxite in Jamaica, with repayment in materials.

In general, progress in launching development projects in the ERP countries and their overseas territories has been slower than anticipated owing to such problems as the method of channeling funds to the recipient company, terms of repayment, interest rates on money to be advanced, security requirements, fixing of a formula for determination of the value of metals turned over to the United States stock pile in repayment of advances, and the stipulation that 50 percent of the materials purchased be moved in American-flag vessels.

Emphasis has been placed by ECA in attempting to interest private American capital in exploration and development possibilities. Although some American companies have shown interest—as in Jamaican bauxite and African manganese and lead—the response has been disappointing, owing to the various risks involved and the limited number of good opportunities known at present. Some producers have been reluc-

tant to increase their output in the absence of reasonable assurances that there will be a market for a substantial portion of the added production. ECA is unable, of course, to provide such assurance. A further deterrent is said to be the provision of the United States income-tax laws which requires majority ownership by American citizens in a foreign corporation before they can claim credit for foreign taxes paid.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I realize that probably no minds will be changed at this late hour in the debate. In the 7½ years I have been here, this is the first time I have ever spoken directly to those of my own party, but I do want to say two things to you: First, we Republicans, more than anybody else, have criticized the administration because it has usually tried to handle problems at home and abroad by Government programs of one sort or another instead of giving opportunity and encouragement to private business to do the job. Are we now to oppose title III, almost the first step that it has taken in the direction we say we want?

Second, we, more than anybody else, have criticized this administration because it has had no effective program in China and Asia—and no one more than I. This is almost the first move it has made in the direction of trying to develop a program that makes sense out in that part of the earth where half of its people live. Are we to oppose what we ourselves have been calling for just because we do not have full confidence it will be well administered?

This is not an expensive short-range commodity program; it is an inexpensive long-range training and development program. As I said earlier, I have some doubts about some aspects of it. But that is not an adequate reason for doing nothing. Of course, there are difficulties: but if by default we allow half of the people of the world to be pulled behind the iron curtain, look at the danger in that. Believe me, the Communists have a program for those people. It is a phony and will not solve their problems, but at least it promises them something. Surely we cannot vote for no program at all for half the world. I cannot believe, if we stop to think about it, that we will reject the first major effort that has been made in the direction that we ourselves pioneered in the Eightieth Congress and have been asking the present administration for. So I urge that when we come to vote, we not strike out title III. There are risks if we make this effort to help the people of Asia and other underdeveloped areas stay free and on our side; but there are far greater risks if we make no effort whatsoever. The cost is insignificant, relatively; I do not see how it could do any harm; and the possibilities of long-range good are greater than in anything I see that our country is doing or can do.

I hope we will vote against the motion to strike out title III.

Mr. HAYS of Arkansas. Mr. Chairman, the remarks of the gentleman from Minnesota are in the spirit of the bipartisan foreign policy and constitute

one of the most forceful arguments that could be advanced for its retention. The bipartisan policy needs no official formulation. It places obligations upon both the responsible party in power and the minority party in the opposition role.

It is predicated upon the idea that in the perils of the postwar period with the threatened aggressions in Europe and the Far East, there is a supreme need for utilizing the resources of both parties. The foreign policy of the United States is evolving. It should contemplate participation by Republicans and that participation does not imply that their political loyalties are diminished. They act as Republicans as well as Americans. There are evidences that the administration seeks more substantial participation by the minority and this is desirable. Cooperation between party leaders in avoiding cleavages in foreign policy during this crucial period does not anticipate agreement upon details, nor preclude the minority from vigorously pursuing a critical course as in the China decisions. When, however, the most vigorous critic of the Far East policies the gentleman from Minnesota [Mr. JUMP] speaks earnestly of the need for undertaking the plans advanced by the administration in the point 4 title, we have a perfect demonstration of the workability of the bipartisanship idea.

Point 4 is, as both friend and critic say, a bold step—fraught with some dangers of waste and of misinterpretation abroad. It is not altogether a new idea, however. For decades American business interests and American missionaries have extended in limited areas of Asia and Africa many types of technical services. But their resources have always been painfully limited. This proposal is only a modest supplement to many types of endeavor, but considering the vast needs of troubled people in the Orient, a refusal to extend this assistance would be tragic. It will be of tremendous benefit in stabilizing social and economic conditions. Millions of people still outside the Communist sphere look hopefully to us.

It was really a form of point 4 assistance which brought the Philippines to their present relative firm position in the East. Where the farm peoples of India and other far-eastern nations have had an opportunity to apply the lessons of American agriculture, the results have been amazing. In due time a soundly planned point 4 program for the agriculture of the Far East will do for its people what the Extension Service has done for American agriculture. It must be done just as in the South American countries through the governments of the underdeveloped areas. But if cooperatively executed such plans may provide the beginning of a stabilizing process in the world that will lead to permanent peace.

Mr. BOGGS of Louisiana. Mr. Chairman, I subscribe to the remarks made by the gentleman from Minnesota, and ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BOGGS of Louisiana. Mr. Chairman, there seem to be a great many misconceptions about title III, this bill to aid in international development. This should not be, because the idea and the essential facts about it are all very simple. In the next 5 minutes I want to make five basic points.

First, this bill does not authorize a world-wide WPA, or anything like it. It does just two things: It puts the Congress of the United States on record that the development of the underdeveloped areas of the world is important to the people of the United States and the other free peoples of the world; and it authorizes the United States Government to go ahead with a program of technical assistance, a program to help the people of these areas to develop their own countries by making available to them the skills and expert knowledge of American industries, engineers, farmers, teachers, and businessmen.

Second, this is not a big-money program, and it never will be a big-money program. Let me quote what the Secretary of State said in testifying on this measure before the Senate Foreign Relations Committee yesterday morning—Thursday:

By its very nature this is not and never will be a big-money enterprise.

It is cooperative, which means that a considerable part of the expense should be borne by the countries with which we work. It involves salaries and expenses of people—not vast purchases of machinery and raw materials.

Its objective is to show other people how to meet their own needs, not to attempt to meet those needs ourselves. For this reason the cost of technical cooperation will always be modest, compared with the cost of other types of foreign-aid programs.

Third, even though the cost of the program will never greatly exceed the sum asked for in this authorization bill, it can have the deepest and most far-reaching effect on the peace of the underdeveloped areas of the world. As this House knows, we have had 10 years of experience in this kind of expert help to our neighbors in the Americas. This work has shown us in scores and hundreds of cases how one American doctor or one American with the skill and knowledge of a county agent can materially improve the lives of hundreds and thousands of people by giving them the advantage of his modern knowledge. The people of South and Central America whom we have been helping in this way have shown their recognition of the value of this kind of cooperative self-help program by raising its share of the total cost of each year's program which they have contributed from about a tenth of the amount which the United States contributed in the first year to nearly three times the amount which the United States is contributing this year.

Fourth, funds authorized for this program will be a direct investment in the future prosperity of America. Every-

one on this floor knows that the export trade of the United States accounts for the margin of difference between full employment for the American farmer and the American labor and desperate unemployment—the difference for the American businessman between operating in the black and operating in the red. Our country has a great and a growing productive capacity. To maintain this healthy condition, we must have great and growing markets abroad. You who live in the States through which run the Mississippi River and its tributaries, the Ohio, the Arkansas, and all the rest, know the products of the farms and industries which go abroad. Coming from New Orleans, the great port at the mouth of that river system, I am perhaps more conscious than some of you of the immense increases in those exports to the great continent to the south of us which have been made possible by the economic development of its countries in the last decade. I know, too, the important part which the work of the Institute of Inter-American Affairs and our other technical assistance work has played in that development and in the creation of this enormously greater market for American goods. I am confident that the extension of this kind of expert help to other underdeveloped areas of the world will bring with it the same kind of economic development and growth in the markets for American goods. The welfare of the American economy demands that we undertake this program at once.

Finally, this program is truly vital to the security of the United States. President Truman, in a message to the chairman of the Foreign Affairs Committee has said:

Our armed forces can afford us a measure of defense, but real security for our Nation and all the rest of mankind can come only from building the kind of world where men can live together in peace.

The people of these underdeveloped areas, in southeastern Asia and southern Asia, in Indonesia, in the Near East, in Africa, are in the throes of a great awakening. They are demanding a better life than they have now. They know that all they need is expert assistance and advice. They will get this advice and assistance wherever they can. Now, if there is anyone on this floor who thinks that the Soviet Union and the Cominform are not straining for the opportunity to become the advisers of these people, I would like to see him stand up and oppose this bill. But for the rest of us who know that the great weapon of the United States, greater than the atom bomb, greater than the H-bomb, is to give performance where the Russians and Communists give only promises, I will expect to see you stand up in favor of this bill. There has been a great deal of talk on both sides of this floor about the need to take positive steps to oppose communism in Asia. Now is the chance to act.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. PACE].

(Mr. FOAGE and Mr. WAGNER asked and were given permission to yield the time allotted to them to Mr. PACE.)

Mr. PACE. Mr. Chairman, I desire to join with the gentleman from Kansas [Mr. HOPE] in asking that you give your support to the amendment offered by the gentleman from Pennsylvania [Mr. FULTON], and the gentleman from North Carolina [Mr. COOLEY], striking out the Vorys amendment; and that, at the same time you reconsider your vote in adopting the Burleson amendment. Both of these amendments sought to fix definitely and tie the hands of the ECA administration with regard to the purchase of farm commodities. I hope both will be stricken from the bill, because neither of them serves a useful purpose, but each of them will, in my judgment, place the farm groups in a very bad position and make them looked upon as rather grasping and greedy in connection with some other program.

Mr. COOLEY. Mr. Chairman, will the gentleman yield for a correction?

Mr. PACE. I yield.

Mr. COOLEY. The gentleman does not mean that he would like to see the Fulton-Cooley amendment defeated, but the Vorys amendment.

Mr. PACE. I want to say clearly that we should support the Fulton-Cooley amendment which struck out the Vorys amendment, and I should like to see the Burleson amendment defeated.

Since the Burleson amendment was adopted I have made some investigation. First of all, I contacted all of the great farm organizations. Mr. John Davis of the Farm Co-op has assured me that his organization is opposed to the Vorys and the Burleson amendments.

Mr. Goss, master of the National Grange, has assured me that his organization is opposed to the Vorys and the Burleson amendments.

The National Farmers Union through both Mr. Patton and Russel Smith, its legislative representative, have asked for the defeat of both the Vorys and the Burleson amendments.

Mr. Allen Kline, whose organization's board of directors are now in session in Chicago, has authorized me to state that his organization is opposed to the Vorys and the Burleson amendments. The unanimous views of these organizations should be significant.

Mr. Chairman, I have gone further; I have contacted a man in whom I have complete confidence, Mr. FitzGerald, in the office of ECA. I presume most of you understand that Mr. FitzGerald is the man in Mr. Hoffman's office who handles the purchase of all agricultural commodities. I have confidence in his assurances and his promises. I have worked with him for years. I have here in writing the assurance which Mr. FitzGerald authorizes me to give you. Here is the statement of Mr. FitzGerald:

Certainly, no one would approve any expenditure by ECA for any purpose unless needed. It is my judgment that Europe will need over a billion dollars' worth of American agricultural commodities in the fiscal year 1951.

I give you my assurance that if this need develops as now anticipated, at least \$1,000,-

000,000 or more of agricultural commodities will be purchased in the United States.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield.

Mr. BURLESON. Then, I presume the opinion of the farm group leaders to whom the gentleman has referred, and Mr. FitzGerald's opinion have changed the gentleman's opinion with reference to my amendment.

Mr. PACE. It certainly has. It has convinced me, if the gentleman from Texas will permit, and I say this with all kindness to the gentleman from Texas, that there is no need for his amendment and the only possible result will be to put the agricultural interests of this Nation in a badly misunderstood position and will fortify the unfair charges which have been made that we are attempting to use the ECA program as a dumping ground for agricultural commodities. I think the fear is real, and I trust, in light of these assurances and in view of the fact that there exists no need for the amendment, that it will be the will of the House to strike both the Vorys amendment and the Burleson amendment which have the same general purpose.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I want to thank the gentleman for his statesmanlike statement because if you tie the agricultural program to the tail of a world recovery program and do not let it stand on its own feet, when the world recovery program is over so is the agricultural program.

Mr. PACE. The gentleman is exactly right. I might add in conclusion that I have never had an opportunity to visit the countries of Europe. I wish I had. But I have done the best I could to confer with those who have made those visits and they tell me that one of the principal troubles with the ECA program today is that the people in Europe think we have so much, that we are simply using the program to dispose of our surpluses, that it is not costing up therefore very much, and their appreciation is not as high as it otherwise should be.

I hope you will let the ECA program stand on its own feet and not seek to make it a dumping ground for agricultural products.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. RAYBURN].

(Messrs. THOMPSON, COMBS, MANSFIELD, COOLEY, ALBERT, and BUCHANAN asked and were given permission to yield the time allotted to them to Mr. RAYBURN.)

Mr. RAYBURN. Mr. Chairman, I was very much gratified to hear the statement of the distinguished gentleman from Kansas as to what he thought the effect of this Burleson amendment might be and following that the very able statement made by the gentleman from Georgia [Mr. PACE], because I have been deeply troubled ever since that amendment was adopted day before yesterday.

I have been unable to conceive how the amendment would help agriculture in the long run or how it would help the European recovery program either in the immediate future or in the distant future. So after listening to these two men, who are deep students of agriculture, who are friends of the agricultural people, make these considered statements, I feel the amendment offered by my devoted and dear friend from Texas will be defeated.

Mr. Chairman, just a word about title III in this bill. Some of you have heard me say before, but I do not tire of repeating a tragic fact, and that is, in my opinion, the people living in the democracies of this world today are living in the most dangerous era in which they have ever lived.

I do not know what kind of a world we live in, and I do not think anybody else that lives in any other democracy on the face of the earth knows, either. Nobody, at least no Democrat, can penetrate the mind of a dictator. Nobody can pierce the stony heart of people who deny liberty and who destroy democracy wherever they have the power.

There are many backward peoples in this world. We were at one time. When our forefathers came into these wildernesses and opened these prairies, they were in danger. The story of their felling the trees, fighting back the enemy, and making this country fit for us to live in, is one of the most romantic in all recorded history.

Do we want friends in the world? Do we need friends in the world? Suppose the democracies of Europe had not been able to hold back the hordes of Hitler, where would we have been? Suppose the democracies of Europe do not stand up, and they are folded within the iron curtain, where will the next war be fought? Unless we have some place for a footing upon the continent of Europe, it must be fought in the Western Hemisphere. We do not want that.

When we consider the amount of money we have expended in recent years, what is asked for in title III of this bill is a paltry sum. I think it is worth while for us to take a chance and try to see what we can do. It cannot hurt. It might bring some people out and give them economic strength so that in the years to come when we need friends—God knows, we need them in every quarter of the world, and in some quarters we have but few—they will have strength to go with their courage and can stand up with us to make this world a decent place in which to live.

So I do trust that, when the vote comes on striking out title III, those who are inclined to vote for it will hesitate, remembering that the people who are underprivileged today are easy prey to any kind of nostrum or any kind of doctrine that will tell them to change their condition. That is what Russia is doing in every quarter of the earth. Hungry people, cold people, ill-clothed and ill-housed people are targets for any kind of ism that might come along. Why should not a man, with his wife and his children hungry, vote for a change? It

is our duty to ourselves first and then to them that we make our allies in this world, our friends in trade and in commerce, and help them get on their feet so they can stand awhile, so that should war come they can occupy the territory and wait for us to get there.

I think I know more about this situation than the average American citizen—not you, of course—because I have been in contact with more people who know this picture the world around than the average American citizen. I say to you that we cannot as humanitarians, we cannot in our own selfish interest, fail to do the things this bill proposes, that is, to fix ourselves better so that we may protect ourselves against all enemies, foreign and domestic.

The CHAIRMAN. All time has expired.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 23, after line 2, insert the following:

"(6) Is not likely to give aid or comfort to any country or people sponsoring or likely to sponsor an attack upon this Government or any attempt to undermine it."

(Mr. MULTER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MULTER. Mr. Chairman, again we have heard the charge made that the President's point 4 is communistic doctrine. Again we have heard the charge made that to enact that part of the President's point 4 program which is contained within title 3 of this bill is another communistic advance.

I am certain that it is no such thing and that the charge is just a smoke screen. If those who make the charge are serious about it my amendment will eliminate their fears. If their charges are made in good faith they will support this amendment. But even without this amendment no one need fear that there is any Communist doctrine in any part of this bill.

Permit me to read to you a short editorial from the New York Herald Tribune of March 28, 1950:

WORDS, BOMBS, AND ENTERPRISE

Enactment of the point 4 program is overdue. The powerful conception underlying it has been permitted to gather cobwebs in the recesses of Congressmen's minds. Their concentration on the negative aspects of our struggle with world communism has made them overlook the grand chance lying at their fingertips to offer to the underdeveloped countries of the world something more than the dubious encouragement of words or the necessary but defensive shelter of bombs. By promptly enacting the program of technical aid for the development of impoverished nations they can illustrate the promise of democracy in the tangible ways which alone can carry meaning and hope to people who have never known it.

It is almost incomprehensible that the point 4 program has fallen to such a low level of congressional priority and public interest. Almost, but not quite. The program would cost \$45,000,000, and the justifiable concern of Congress with Federal economy has led some Congressmen to forget the true principle of economy—getting the most for every dollar spent on indispensable functions. A constructive foreign economic

policy is as indispensable as any function which this Nation must perform.

The keynote of the point 4 program is its constructive character. Under it, the United States would share its management skills, its technical genius, its organizing experience in public health, agricultural improvement and industrial development with lands which must either leap over decades of slow economic evolution or leap into the despotic protectionism of Russia.

If the point 4 program were a shrewdly refurbished WPA for the world, congressional opposition to it would be praiseworthy. The fact is that the program is admirably consistent with the worthiest traditions of American enterprise. The leading role would be played by private capital. Utmost reliance would be placed on private technicians and managers. Government's role would be enabling, not controlling. The legislation now before Congress is heavy with encouragement and protection for private investors. Doubtless there is room for disagreement over precise terms. The obligation of Congress is to modify that legislation, if necessary, to make the program conform still more closely to the capacity and ideals of American enterprise and American democracy. Congress cannot reject the program without rejecting its responsibility to fight against communism by working for democracy.

Since the accusation of guilt by association seems to be the order of the day, I, for one, am proud to plead guilty of associating with all of the supporters of this program on both sides of the aisle, and in both Houses of Congress, as well as with all of those fine, upstanding American citizens who are urging support thereof.

I listened with considerable amusement to the oration by the fine gentleman from Missouri [Mr. SHORT]. It is really too bad that instead of the theme he used in opposition to this title, that he had not instead taken as his theme either "I am my brother's keeper" or "Do unto others as you would have them do unto you." If he had I am sure we would all have been very much impressed by his great oratorical ability.

I agree with him that he alone can do nothing about these great problems confronting the world. I am sure he will agree with me that I alone can do just as little. What we are doing by this bill, however, is urging that he and I and all of us unite, because in unison we can accomplish much for others.

So, too, if this Nation unites with other nations of good will we can do much to remedy the ills of the world. This bill is a step in that direction.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

(Mr. JONAS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JONAS. Mr. Chairman, Mr. Boggs, a distinguished Member of the House from the State of Louisiana, took it upon himself to express his opinion the other day about those Members who did not concur in his views with legislation now being debated on the floor of the House, and which relates to the foreign-aid program and ECA. The distinguished gentleman made it obvious that, in his opinion, any Member who did not

subscribe wholeheartedly to the ECA program, sponsored by the administration, stamped himself as an isolationist.

Let me point out to the gentleman from Louisiana that I am unalterably opposed to many phases of the legislation wrapped up and labeled as a bill for foreign aid and ECA relief. By doing that, I contend I am displaying a higher degree of patriotism and regard for my country than he or any one of the supporters of the legislation under consideration. If opposing legislation that contemplates squandering and giving away billions to Europe and broken and disorganized segments of China, is isolationism, then I plead guilty; but, by the same token, I may say that every Member who supports such legislation is an avowed internationalist.

I have no apologies to make for my position on this important legislation. I presume the word "isolationism" is to carry with it the implication that may be taken as a reflection on the patriotism of the individual who is so labeled.

I am not informed of the historical background of the distinguished Member from Louisiana; however, I do know that my forebears who came to this country about 100 years ago did not hesitate to make known their stand on loyalty and patriotism when the country of their adoption was in danger of being disrupted and destroyed by internal insurrections and rebellion. At that time my ancestors shouldered guns to protect the flag of the United States. They fought to keep it flying high, and not to have it pulled down and supplanted by a symbol denoting rebellion and disunion. These forebears fought to keep the Union intact, and to strike from the limbs of the black man the shackles of slavery and involuntary servitude which relegated him to a degraded state, earmarked "chattels," in which status he could be bartered and sold by his owners at will on any convenient auction block.

For the foregoing reasons I can look upon the motives behind ECA legislation unbiasedly and dispassionately. I know in my own heart how I feel about my country, and I do not propose to harp upon collateral matters, including the convenient and overworked reference to communism, in order to give countenance to or bolster up any real or imaginary defense against attacks on my Americanism or patriotism.

The intent and purpose of ECA legislation as originally conceived and promulgated was most commendable. The legislation was directed toward specific activities dealing in equations of human misery and suffering. The United States did a splendid job in appropriating money to alleviate a situation superinduced by World War II. The backlash of that war brought to the people of Europe an era of suffering and devastation never before equaled in the history of civilization. Giving to the sick, the poor, the starving, the unsheltered and the unclothed, and the displaced and persecuted populace of Europe, was not only a commendable performance, but a humane and sympathetic deed that will go down in history as an example of man's humanity to man.

If the present legislation contemplated such laudable objective for the future welfare of the people of the world, as it did at its inception, I would support it wholeheartedly—but neither in substance nor in form does the present pending legislation warrant such interpretations. Today, foreign aid to Europe has disintegrated to the extent that presently it is being exploited for commercial gains and political spoils. Men in high positions and in the forefront of political favor with the present administration are wangling fat commissions out of ECA transactions which run into millions. The international bankers and certain brokers are having a field day at the expense of the taxpayers.

Big business is not against the present ECA, because financially it, too, has a foot in the door. No loyal American, in my opinion, is adverse to supporting a cause that will tend to stop the spread of communism in Europe and China, or curb and check communistic leaders in their drive for more territorial gains and dictatorial powers. Therefore, any sound argument or competent evidence bearing on the expansion or holding in check the present march of communism, should commend itself to all the people of our country.

But the difficulty lies in that those who profess to be most alarmed and concerned about communism do not practice what they preach. We are told that ECA will stop the spread of communism and its leaders from aggression against little countries. Let us examine the facts.

What little countries are free from communistic taint today? Virtually every country in Europe today has dominion exercised over it by rulers or groups committed to communistic or socialistic philosophies. Since the first ECA legislation was voted, Russia has extended her empire from Berlin to Shanghai and from the North Pole to India. China, in spite of the billions that we poured into that country, to help the Nationalists repel the communistic hordes, is completely under the rule and power of Soviet Russia.

Under the present ECA legislation we are still sufficiently gullible to agree to pour additional millions into a segment of the empire of China, known as Korea. It is urged that a continuation of the ECA plan is assurance of ultimate world peace, and thereby stop bloody and destructive wars. If there was any evidence to back up this argument, there would be merit to these assertions, but unfortunately the facts point clearly to a contrary situation. If distributing money under the ECA plan would provide so much as implied proof of ultimate peace throughout the world, I would gladly support any legislation designed to bring about this lofty purpose. But a review of events shows that much of this is double-talk.

We are presently living and moving in an atmosphere of war hysteria. The appropriations for defense and war material for 1950 is the biggest in peacetime history. We are spending billions developing weapons of destruction, including the atom bomb. The world is

still in a state of unrest, uncertainty and upheaval; I do not urge that the United States should let down one minute in its activities dealing with adequate military preparations. We cannot trust Stalin of Russia, or anybody else, for that matter, among the nations of Europe. They are all looking out for themselves.

England pretends to side with us in our fight to prevent Russian aggression and the spread of communism, and then turns about and signs a 30-year trade treaty with the Chinese Communists, who are a byproduct of Russian depotism.

Much-needed war materials and machinery and supplies of various classifications furnished to European countries are openly or surreptitiously finding their way into the Russian market—and all this takes place at the very hour when we are spending billions to curb communism and stop Stalin from further ravishing and enslaving those countries in Europe not yet under communistic rule.

After pouring billions into the European and Asiatic coffers with an eye, as the internationalists say, to improving conditions and assuring the countries of Europe not yet under Soviet control that they may safely strive for self-government and the preservation of personal freedom, we find that about one-half of the countries whom we financed are seething and teeming with internal rebellion and political disturbances. This is true in Belgium, France, Italy, and not excepting China and parts of the Holy Land. Not a single nation, when assured autonomy, patterned its government after that of the United States. Their governments now are neither democracies nor republics. None of the countries or nations, big and small, are ruled by individuals or groups whose concept of freedom and democracy is reflected in the principles of self-government and freedom, but in the philosophy of socialism or communism, both of which prevent government from remaining in the hands of the people.

The ECA legislation contains a provision for financing a program to exploit undeveloped areas, regardless of where the same may be located. The money necessary for this purpose is to be taken from the American taxpayers, no matter how badly we need our taxpayers' money at home. Have not we sufficient problems here right at home, unsolved and hanging fire, to plague us without resorting to unbalanced and ephemeral scheme of throwing money away on something that is highly speculative, and in the final analysis will avail us nothing?

I challenge the tax squanderers and their allies, the international bankers and their satellite brokers, if it is not a fact that in many sectors of the United States extricating taxes from the people has just about reached the saturation point? Consequently, the revenue to be obtained from taxes in such areas is definitely fixed, and the authorities have no further means available for levying or collecting additional taxes.

In some instances this condition works a real hardship upon the people, especially in large metropolitan areas. Chicago, my home city, is the victim of Gov-

ernment-inflicted restrictions dealing with onerous and unjust taxes. People in Chicago are paying the greater part of the \$3,767,000.00-plus which Uncle Sam took out of Illinois in the form of income taxes in 1949, and pays the greater part of the State sales and gas taxes called for by local legislation. Regardless of all of this, Chicago is in a bad fix financially. It has taxed about everything that can be taxed under the guise of home rule, and yet it does not meet budget requirements.

The FBI, in a recent report, noted that Chicago, among all large cities in the United States, has had the sharpest uptrend in crime during the past year. I answer that charge by saying if this is true, it is due to the fact that we need at least 2,000 additional policemen because the city presently is woefully understaffed with police officers because there are no funds available to pay for additional men to be added to the force. This is why crime is on the increase in Chicago.

We need 45 or 50 new schools to take care of the educational demands of the thousands of children who are presently denied the opportunity, or are compelled to carry on in school houses that are antiquated, and with facilities that are entirely inadequate. All of this may be attributed to the fact that Chicago has not the funds to build new schools or to pay the teachers' salaries necessary to staff them.

Chicago was caricatured the other day in the public press and labeled as the "Holey city" because its streets and boulevards are pock-marked and shot through with unsightly holes and depressions. Why? Because we do not have the money to repair our streets. It is also true that many highways throughout the State are in a dilapidated condition and sadly in need of repairs.

State institutions are woefully lacking in space and requirements necessary to take care of the underprivileged and unfortunates. We lack hospital space, both private and public, to take care of the sick and indigent.

All of the foregoing is not attributable to the lack of civic pride or interest in the city of Chicago by the people who inhabit it, but is definitely due to the lack of funds which cannot be procured by additional local taxation. If the proportionate share of the \$3,000,000,000 that ECA collects from Chicago, and which will be given away to Europeans and Asiatics and every other Hottentot with his hand out, were retained in the United States, it would prevent the taking of about \$50 from the pockets of every man, woman, and child in Chicago, and thus make available \$100,000,000 to finance the projects which Chicago so badly needs right now.

We are called upon to pay for the mistakes of world power politics and to finance the pet projects of internationalists, Communists, Socialists, and one-worlders, who, if called upon to expend their personal funds, would not finance a peanut stand. England is in the forefront by helping to dictate our foreign policies, amply assisted by the local gentry, who are getting this country deeper

and deeper in debt, without any relief in sight for the already overburdened taxpayer who must earn every dollar of the taxes demanded through the sweat of his brow.

England not so long ago shipped arms to the Arabs and supplied them with war materials to fire on the Israelites in Palestine. When the United States protested and gave England to understand that there would be no more ECA funds unless she refrained from doing what she was accused of doing and comply with the mandate of the United Nations, a stop was put to these underground tactics, and within a short time thereafter the Israelites defeated the Arabs and proceeded to organize and activate their country. Now they are saddled with thousands of refugee Arabs as war prisoners and cannot afford to care for or transport them out of the country. England is originally to blame for this condition but proceeds to shift the burden to us, and under the ECA legislation we agree to spend \$27,000,000 to take over and care for the Arab prisoners. I do not attribute any blame to the Israelites for taking the position that they are taking. That country is doing a fine job whipping itself into shape as a self-sustaining nation. It has established a line of credit and is working to build a nation that can provide and care for millions of people of the Jewish race. Fundamentally, the Arab problem is not their problem, or ours, but should be laid in the lap of England.

We are pressured by the administration to close 12 veterans hospitals as an economic measure, and at the same time give away billions to foreigners and Asiatics. We cut appropriations for flood control 25 percent as an economy measure. This appropriation contemplates improvements that stop the ravages of disastrous floods and thereby assures the saving of lives and property of untold value. We deny the American people the opportunity to obtain decent homes and housing because of lack of funds. Consequently, scores of innocent men, women, and children have met with death in flash fires that consume their inadequate and makeshift homes due to the lack of better accommodations, and due to the fact that they were compelled to live in firetraps.

At the same time the international money gougers are plucking at their heartstrings because the Chinese in Korea have not a modern and up-to-date water system, and some people in Europe must put up with overcrowded living quarters. Hence, the appropriation of billions for their relief, including expenditures on peanut farms in Africa and financing of other private experiments. At the same time many people at home are unemployed; their demands go unanswered and their needs are neglected. The wage earner must spend every last dollar to live and exist and is taxed and taxed to the extent that 60 days out of every 300 in the year he works exclusively for the tax collector. The net result of this international set-up will ultimately spell our economic ruin.

On the important question of whether we should continue to spend billions in

Europe, as is outlined in the pending legislation, there are two schools of thought. I have allied myself with those who believe that it is not too late to save the United States from moral and financial bankruptcy due to our promiscuous spending and squandering of our natural resources, as well as our current income. Those who are not in accord with this line of reasoning might give serious consideration to the statement made by Nicolai Lenin before he died. He said, "Some day we shall force the United States to spend itself into destruction." Nicolai Lenin is dead, but his prophecy goes marching on.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. SMITH of Wisconsin) there were—ayes 131, noes 171.

Mr. SMITH of Wisconsin. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. SMITH of Wisconsin and Mr. RICHARDS.

The Committee again divided; and the tellers reported that there were—ayes 141, noes 189.

So the amendment was rejected.

Mr. ZABLOCKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ZABLOCKI: On page 16, line 11, after the word "interest", insert the following: "As well as for the religious, cultural, and moral standards and customs."

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. ZABLOCKI) there were—ayes 51, noes 97.

So the amendment was rejected.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 31, after line 10, insert the following:

"Title IV, section 401. No money under any of the previous titles of this bill, or any of the acts amended by this bill, shall be granted, lent, or used directly or indirectly, and no assistance provided for, shall be made available to, for, or in any country which violates any provisions of the Charter of the United Nations, or directly or indirectly engages in acts of aggression as determined by proclamation of the President of the United States of America, or by the United Nations, so long as such acts continue, nor to, for, or in any country which directly or indirectly sells, gives, or ships any material to any country to which American nationals cannot obtain licenses for the sale, gift, or shipment of similar materials unless the consent of the President shall have first been obtained."

Mr. RANKIN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. RANKIN. Mr. Chairman, I make the point of order that the amendment is not germane to the bill.

The CHAIRMAN. The gentleman from New York offers an amendment, which has just been read, and the gentleman from Mississippi makes the point of order that the amendment is not germane to the bill.

The language of the amendment relates to a title of the bill.

The point of order is overruled.

(Mr. MULTER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MULTER. Mr. Chairman, the purpose of this amendment is to put in stronger language the purpose and intent of the Congress that none of the moneys authorized by this bill, or by any of the laws amended by it shall get behind the iron curtain. It makes clearer that no country getting aid under this bill shall use its own money to acquire products of any kind that may be sent behind the iron curtain. It is specifically aimed at keeping strategic materials away from Soviet Russia and her satellites. Many of the Members, during the course of the debate, have said that they were opposed to this bill because countries receiving Marshall plan aid, while not using that aid directly to send strategic materials behind the iron curtain, accomplished the same result by using their own funds for that purpose, and the deficits in their own budgets thereby created are made up by Marshall plan aid. This amendment would put a stop to that.

The amendment also accomplishes one further purpose. We have heard a great deal about British arms being sent into Egypt; arms that are not necessary for the internal security of Egypt; arms that can be only used, because of their type, size, and caliber for offensive warfare. Jet propelled planes and the like are not needed for the internal security of any country.

On Thursday, March 23, 1950, Gen. Dwight D. Eisenhower said:

When even one major power, surreptitiously or flagrantly, builds and maintains a military machine beyond the recognized needs of reasonable security, a war of aggression is a constant threat to peaceful nations. At the very least, these armaments become the gangster's gun—a notice that might and might alone shall serve as judge and jury in the settling of international dispute. That is the only realistic interpretation, since no government otherwise would squander its revenue or exhaust its economy on so sterile an enterprise. It is clear that international disarmament is essential to a stable, enduring peace.

Those words are particularly applicable to the situation in Egypt and the sooner we put a stop to the shipment of arms to Egypt the more likely we are to have peace in that part of the world. This amendment will put a stop to that kind of activity.

You will note that there is no attempt here to hamstring the administration of the program. There is no attempt to put the Administrator in the position of passing upon what our national security requires. That problem is one for the President and this amendment keeps the responsibility in the hands of the President and solely in his hands. Under the law as it exists, the only time such a matter is presented to the President for his determination is when there is a difference of opinion between the State Department and the Administrator. If they are in agreement as to what should

be done, the matter never gets to the attention of the President.

Those of my colleagues who are urging opposition to this bill on the ground that it will aid our enemies or our potential enemies can eliminate that objection by supporting this amendment.

This amendment in substance is the same as that which I offered 2 years ago, and is substantially the same as my bill H. R. 1769, which I introduced on January 24, 1949.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

THIS EXPENDITURE OF \$3,500,000,000 IS TOO MUCH

Mr. REES. Mr. Chairman, earlier in the week I called attention to the fact that this authorization for the expenditure of \$3,500,000,000 is in addition to approximately \$10,000,000,000 already expended under the so-called Marshall plan. It is in addition to \$33,000,000,000 overseas expenditures since the close of hostilities. I am not on this occasion, criticizing those past expenditures, under the Marshall plan. Undoubtedly, a considerable amount of good has been accomplished in rehabilitating war devastated countries by reason of that expenditure.

I would like to say further, that if it is shown there is need of funds to buy food or clothing, or medical supplies for people who are suffering, I would not have objection to expenditure required to alleviate that situation.

Let me point out a few facts. The billions of dollars in this bill are not itemized except in general terms. Some Members have suggested that as much as one third of the fund may be used for agricultural products, including more than two hundred million for tobacco. The remainder goes for heavy machinery and various kinds of equipment for building plants, and for building reservoirs in those countries. It goes only to certain countries included in the program. The share of funds for food, clothing, and supplies, does not go direct to the people who use them, as many of our people think. The funds go to the governments of those countries who buy the products with the funds and then sell the products to the citizens at a market price. The foreign countries put the money in a so-called counterpart fund.

Right here, seems to be an interesting situation. The foreign countries under this legislation, have at the present time, \$2,500,000,000 of counterpart funds in their possession. So you have this amount of \$3,500,000,000 allocating today together with the two and a half already in their possession of ECA funds, being a total of \$6,000,000,000 for foreign assistance. Incidentally, members of this great committee have told us in the last few days crop production in countries being assisted under this legislation, was greater last year than any year prior to the war. They also say production is almost on par with other years. Let me say again. Very little of this assistance goes to help starving people of the world. Those people do not get much out of this program.

As I said at the outset, I would not have objection to the expenditure of funds that go direct to the relief of needy people, but we also have needy people in America. You might think of that, too.

Mr. Chairman, \$3,500,000,000 is a tremendous amount of money to be expended under policies laid down by the officials in the State Department. Of course, you have a different agency but it will be required to operate in conjunction with the Department of State. Strange no one seems to be willing to consider loaning, instead of giving part of the funds used for permanent improvements in those countries.

Of course, there would be no objection, as I have said before, to this expenditure, or more if doing so would prevent another world catastrophe. We have spent billions already trying to do that. More than \$1,000,000,000 was spent only recently to buy arms for other countries. More will be spent in the future.

It is claimed huge expenditures will help prevent spread of communism abroad. We might consider saving part of it to help prevent spread of it in America.

Mr. Chairman, this is too much of an expenditure, with too much guesswork as to how it will be spent. Do you realize our country is in greater debt than all other countries in the world combined.

The already, overburdened and overtaxed taxpayers of this country should not, under the circumstances, be burdened with this further obligation of \$3,500,000,000. It is too much.

Mr. HAYS of Arkansas. Mr. Chairman, I ask unanimous consent to extend my remarks following the last statement by the gentleman from Minnesota [Mr. Judd].

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7797) to provide foreign economic assistance, pursuant to House Resolution 518, he reported the bill back to the House with sundry amendments adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. KEE. Mr. Speaker, I demand a separate vote on the Burleson amendment, also on what is known as the Fogarty amendment.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. VORYS. Mr. Speaker, I demand a separate vote on the Fulton amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. FULTON: Page 5, line 15, insert a period after the letter "(b)" and delete the remainder of page 5, all of pages 6 and 7, and extending through line 3 on page 8, and insert in lieu thereof the following:

"(3) Renumbering subsections (e), (f), (g), (h), (i), (j), and (k), as (c), (d), (e), (f), (g), (h), and (i), respectively.

"(4) Adding a new subsection (j) to read as follows: 'Notwithstanding any other provision of law wherever wheat or wheat flour is procured under this title for transfer to countries which are parties to the International Wheat Agreement of 1949 and credited to their guaranteed purchase thereunder, the President, acting through the Commodity Credit Corporation, is authorized to make available, or cause to be made available, such wheat or wheat flour at the applicable price provided in that agreement.'

"(5) Renumbering subsection (l) as (k) and striking out the following therefrom: '(other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price-support programs required by law)'."

Page 8, line 4, redesignate subsection (e) as (d).

Page 8, line 12, strike out "\$1,950,000,000" and insert in lieu thereof "\$2,950,000,000."

Page 10, line 4, redesignate subsection (f) as (e).

The SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. VORYS) there were—ayes 254, noes 38.

So the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. BURLESON: Page 8, line 13, insert after the word "sum" the following: "a. Not less than \$1,000,000,000 shall be available solely for the procurement of agricultural commodities and products thereof produced in the United States, its Territories and possessions: *Provided*, That no part of such funds shall be available for the procurement of any agricultural commodity or product thereof in the United States, its Territories and possessions, with respect to which the Secretary of Agriculture determines that the supply thereof is inadequate to meet the needs of American consumers: *And provided further*, That this subsection shall not prohibit the authorization of any such funds for the procurement of canned agricultural products acquired by the United States in connection with the program for the control and eradication of foot-and-mouth disease conducted pursuant to the provisions of Public Law 8, Eightieth Congress, and b."

The SPEAKER. The question is on the amendment.

Mr. BURLESON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. AUGUST H. ANDRESEN) there were—ayes 70, noes 198.

So the amendment was rejected.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. FOGARTY: On page 10, line 4, after the word "particulars", insert the following:

"(1) In subsection (b) after the figure (1) insert the following: 'withholding any assistance under this act, where it appears that any participating country is impairing, in whole

or in part, its economic recovery by reason of the expenditure of any portion of its funds, commodities, or services in the maintenance or subsidization of any dependent country, which naturally is, or should be, an integral part of some other participating country, until such time as such participating country shall sever its control of, and refrain further from maintaining or subsidizing such dependent country; (2)' and by renumbering accordingly the subsequent paragraphs of subsection (b)."

On page 10, line 5, strike out the figure "(1)" and insert the figure "(2)."

The SPEAKER. The question is on the amendment.

Mr. O'HARA of Minnesota. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. O'HARA of Minnesota) there were—ayes 60, noes 226.

Mr. ROONEY. Mr. Speaker, I demand tellers.

Tellers were refused.

So the amendment was rejected.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. SMITH of Wisconsin. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SMITH of Wisconsin. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. SMITH of Wisconsin moves to recommit the bill H. R. 7797 to the Committee on Foreign Affairs with instructions to report the bill back forthwith with instructions to strike out title III.

The SPEAKER. The question is on the motion to recommit.

Mr. SMITH of Wisconsin. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 150, nays 220, not voting 61, as follows:

[Roll No. 124]

YEAS—150

Abernethy	Cunningham	Halleck
Allen, Calif.	Curtis	Hand
Allen, Ill.	Dague	Harden
Allen, La.	Davis, Ga.	Hare
Andersen,	Davis, Wis.	Harrison
H. Carl	D'Ewart	Hill
Anderson, Calif.	Dolliver	Hoever
Andersen,	Dondero	Hoffman, Mich.
August H.	Ellsworth	Holmes
Arends	Elston	Horan
Barrett, Wyo.	Engel, Mich.	Jenison
Bates, Mass.	Fenton	Jenkins
Beall	Fisher	Jennings
Bennett, Mich.	Gamble	Jensen
Bishop	Gathings	Jonas
Blackney	Gavin	Kearney
Boggs, Del.	Gillette	Kearns
Bramblett	Golden	Keating
Brehm	Goodwin	Keefe
Brown, Ohio	Gossett	Kilday
Byrnes, Wis.	Graham	Larcade
Case, S. Dak.	Gross	Latham
Chapfield	Gwinn	LeCompte
Clevenger	Hagen	LeFevre
Cole, Kans.	Hall	Lenke
Cole, N. Y.	Edwin Arthur	Lucas
Colmer	Hall,	McConnell
Coudert	Leonard W.	McCulloch

McMillan, S. C.	Rankin
McMillen, Ill.	Reed, Ill.
Mack, Wash.	Rees
Marcantonio	Regan
Martin, Iowa	Rich
Martin, Mass.	Rogers, Mass.
Mason	Sadlak
Meyer	St. George
Michener	Sanborn
Miller, Md.	Saylor
Miller, Nebr.	Scott, Hardie
Morris	Scrivner
Murray, Tenn.	Scudder
Murray, Wis.	Shafer
Nicholson	Short
O'Hara, Minn.	Simpson, Ill.
Passman	Simpson, Pa.
Patterson	Smith, Kans.
Philbin	Smith, Va.
Phillips, Calif.	Smith, Wis.
Phillips, Tenn.	Stefan
Pickett	Stockman
Plumley	Sutton
Potter	Taber

NAYS—220

Abbitt	Fulton	Miller, Calif.
Addonizio	Furcolo	Mills
Albert	Garmatz	Mitchell
Andrews	Gary	Monroney
Aspinall	Gordon	Morgan
Auchincloss	Gore	Morrison
Baring	Gorski	Morton
Barrett, Pa.	Granahan	Moulder
Bates, Ky.	Granger	Multer
Beckworth	Green	Murdoch
Bentsen	Gregory	Noland
Biemiller	Hardy	Norblad
Blatnik	Harris	Norrell
Boggs, La.	Hart	O'Brien, Ill.
Bolling	Harvey	O'Brien, Mich.
Bolton, Md.	Havener	O'Hara, Ill.
Bolton, Ohio	Hays, Ark.	O'Neill
Bonner	Hays, Ohio	O'Sullivan
Bosone	Heffernan	O'Toole
Breen	Heller	Pace
Brooks	Herlong	Patman
Brown, Ga.	Herter	Patten
Bryson	Heseltun	Perkins
Buchanan	Hinshaw	Peterson
Buckley, N. Y.	Hobbs	Pfeifer
Burke	Holfield	Joseph L.
Burleson	Hope	Poage
Burnside	Howell	Polk
Burton	Huber	Poulson
Byrne, N. Y.	Irving	Preston
'Camp	Jackson, Calif.	Price
Canfield	Jackson, Wash.	Priest
Cannon	Jacobs	Quinn
Carlyle	Javits	Rabaut
Carnahan	Johnson	Rains
Case, N. J.	Jones, Ala.	Ramsay
Chatham	Jones, Mo.	Redden
Chelf	Jones, N. C.	Rhodes
Christopher	Judd	Richards
Chudoff	Karst	Rodino
Clemente	Karsten	Rogers, Fla.
Combs	Kean	Rooney
Cooley	Kee	Roosevelt
Cooper	Kelly, N. Y.	Sasser
Corbett	Kennedy	Scott,
Cotton	Keogh	Hugh D., Jr.
Cox	Kerr	Secrest
Crook	Kilburn	Shelley
Crosser	King	Sikes
Davenport	Kirwan	Sims
Davis, N. Y.	Klein	Spence
Deane	Lane	Steed
DeGraffenried	Lanham	Sullivan
Delaney	Lesinski	Tauriello
Denton	Lind	Thomas
Dingell	Linehan	Thompson
Dollinger	Lodge	Thornberry
Donohue	Lyle	Trimble
Doyle	Lynch	Underwood
Durham	McCarthy	Vinson
Eberhart	McCormack	Vorys
McDonough	McGrath	Wagner
McGuire	McGuire	Walsh
McKinnon	McKinnon	Whittington
McSweeney	Mack, Ill.	Wickersham
Madden	Madden	Widnall
Magee	Magee	Wier
Mahon	Mahon	Wilson, Okla.
Mansfield	Marsalls	Wolverton
Marshall	Marshall	Woodhouse
Merrow	Merrow	Worley
		Yates
		Young
		Zablocki

NOT VOTING—61

Angell	Barden	Bennett, Fla.
Bailey	Battle	Boykin

Buckley, Ill.	Hull	Ribicoff
Bulwinkle	James	Riehlman
Burdick	Kelley, Pa.	Rivers
Carroll	Kruse	Sabath
Cavalcante	Kunkel	Sadowski
Celler	Lichtenwalter	Sheppard
Chesney	Lovre	Smathers
Crawford	McGregor	Smith, Ohio
Dawson	Macy	Staggers
Doughton	Miles	Stanley
Douglas	Murphy	Stigler
Eaton	Nelson	Towe
Fellows	Nixon	Walter
Gilmer	Norton	Welch
Grant	O'Konski	Wheeler
Hale	Pfeiffer	Whitaker
Hébert	William L.	Wolcott
Hedrick	Powell	Wood
Hoffman, Ill.	Reed, N. Y.	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Smith of Ohio for, with Mr. Eaton against.

Mr. Lichtenwalter for, with Mr. Carroll against.

Mr. Crawford for, with Mr. Hale against. Mr. Reed of New York for, with Mrs. Douglas against.

Mr. Hoffman of Illinois for, with Mr. William L. Pfeiffer against.

Mr. Riehlman for, with Mr. Kelley of Pennsylvania against.

Mr. Macy for, with Mr. Kruse against.

Mr. Lovre for, with Mr. Murphy against.

Mr. Towe for, with Mr. Welch against.

Mr. O'Konski for, with Mr. Battle against.

Mr. Burdick for, with Mr. Celler against.

Mr. Wheeler for, with Mr. Staggers against.

Mr. Wood for, with Mr. Chesney against.

Mr. Angell for, with Mr. Buckley of Illinois against.

Mr. Hull for, with Mr. Bennett of Florida against.

Mr. James for, with Mr. Hébert against.

Mr. McGregor for, with Mr. Hedrick against.

Mr. Cavalcante for, with Mr. Whitaker against.

Mr. Sadowski for, with Mr. Walter against.

Mr. Powell for, with Mr. Dawson against.

Mr. Stanley for, with Mr. Bailey against.

Mr. Rivers for, with Mr. Ribicoff against.

Until further notice:

Mr. Smathers with Mr. Nelson.

Mr. Sheppard with Mr. Kunkel.

Mr. Stigler with Mr. Nixon.

Mr. Gilmer with Mr. Wolcott.

Mr. Miles with Mr. Fellows.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. SMITH of Wisconsin. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. Before the vote is taken, the Chair desires to announce that the resolution from the Committee on Rules taking up the so-called gas bill and concurring in the Senate amendment will be considered immediately following the roll call.

Mr. CROSSER. How much time is allotted for that, Mr. Speaker?

The SPEAKER. Under the rule, it is 1 hour.

The question was taken; and there were—yeas 287, nays 86, not voting 58, as follows:

[Roll No. 125]

YEAS—287

Abbitt	Anderson, Calif.	Auchincloss
Addonizio	Andrews	Baring
Albert	Arends	Barrett, Pa.
Allen, Calif.	Aspinall	Bates, Ky.

Bates, Mass. Granger
Beall Green
Beckworth Gregory
Bentsen Hall
Biemiller Edwin Arthur
Blackney Hall
Blatnik Leonard W.
Boggs, Del. Halleck
Boggs, La. Hardy
Bolling Hare
Boiton, Md. Harris
Boiton, Ohio Harrison
Bonner Hart
Bosone Harvey
Boykin Havenner
Breen Hays, Ark.
Brooks Hays, Ohio
Brown, Ga. Heffernan
Bryson Heller
Buchanan Herlong
Buckley, N. Y. Herter
Burke Heseltun
Burleson Hinshaw
Burnside Hobbs
Burton Hollifield
Byrne, N. Y. Holmes
Camp Hope
Canfield Horan
Cannon Howell
Carlyle Huber
Carnahan Irving
Case, N. J. Jackson, Calif.
Chatham Jackson, Wash.
Chelf Jacobs
Christopher Javits
Chudoff Johnson
Clemente Jones, Ala.
Cole, Kans. Jones, Mo.
Cole, N. Y. Jones, N. C.
Colmer Judd
Combs Karst
Cooley Karsten
Cooper Kean
Corbett Kearney
Cotton Kearns
Coudert Keating
Cox Kee
Crook Kelly, N. Y.
Crosner Kennedy
Cunningham Keogh
Dague Kerr
Davenport Kilburn
Davies, N. Y. Kilday
Davis, Ga. King
Davis, Tenn. Kirwan
Deane Klein
DeGraffenried Lane
Delaney Lanham
Denton Latham
Dingell LeCompte
Dollinger LeFevre
Dolliver Lesinski
Donohue Lind
Doyle Linehan
Durham Lodge
Eberhartner Lucas
Elliott Lyle
Elston Lynch
Engel, Mich. McCarthy
Engle, Calif. McConnell
Evins McCormack
Fallon McDonough
Feighan McGrath
Fernandez McGuire
Fisher McKinnon
Flood McMillan, S. C.
Fogarty McMillen, Ill.
Forand McKweeney
Ford Mack, Ill.
Frazier Mack, Wash.
Fugate Madden
Fulton Magee
Furcolo Mahon
Gamble Mansfield
Garmatz Marsalis
Gary Marshall
Gathings Martin, Mass.
Goodwin Merrow
Gordon Michener
Gore Miller, Calif.
Gorski Miller, Md.
Gossett Mills
Granahan Mitchell

NAYS—86

Abernethy Bishop
Allen, Ill. Bramblett
Allen, La. Brehm
Andersen, Brown, Ohio
H. Carl Byrnes, Wis.
Andersen, Case, S. Dak.
August H. Chipperfield
Barrett, Wyo. Clevenger
Bennett, Mich. Curtis

Monroney
Morgan
Morrison
Morton
Moulder
Multer
Murdock
Murray, Tenn.
Nicholson
Noland
Norblad
Norrell
O'Brien, Ill.
O'Brien, Mich.
O'Hara, Ill.
O'Neill
O'Sullivan
O'Toole
Pace
Patman
Patten
Patterson
Perkins
Peterson
Pfeifer
Joseph L.
Philbin
Pickett
Plumley
Poage
Polk
Poulson
Preston
Price
Priest
Quinn
Rabaut
Rains
Ramsay
Redden
Regan
Rhodes
Richards
Rodino
Rogers, Fla.
Rogers, Mass.
Rooney
Roosevelt
Sadiak
St. George
Sasser
Saylor
Scott, Hardie
Scott,
Hugh D., Jr.
Scudder
Shelley
Sheppard
Sims
Smith, Va.
Spence
Steed
Stigler
Sullivan
Talle
Tauriello
Taylor
Teague
Thomas
Thompson
Thornberry
Tollefson
Trimble
Underwood
Van Zandt
Vinson
Vorys
Wadsworth
Wagner
Walsh
Whittington
Wickersham
Widnall
Wier
Wigglesworth
Wilson, Okla.
Wilson, Tex.
Wolverton
Woodhouse
Worley
Yates
Young
Zablocki

Gross
Gwinn
Hagen
Hand
Harden
Hill
Hoeven
Hoffman, Mich.
Jenison
Jenkins
Jennings
Jensen
Jonas
Keefe
Larcade
Lemke
McCulloch
Marcantonio
Martin, Iowa
Mason
Meyer

Miller, Nebr.
Morris
Murray, Wis.
O'Hara, Minn.
Passman
Phillips, Calif.
Phillips, Tenn.
Potter
Rankin
Reed, Ill.
Rees
Rich
Sanborn
Scrivner
Secret
Shafer
Short
Sikes
Simpson, Ill.
Simpson, Pa.
Smith, Kans.

Smith, Wis.
Stefan
Stockman
Sutton
Taber
Tackett
Velde
Vursell
Welch
Werdel
White, Calif.
White, Idaho
Whitten
Williams
Willis
Wilson, Ind.
Winstead
Withrow
Woodruff

NOT VOTING—58

Angell
Bailey
Barden
Battle
Bennett, Fla.
Buckley, Ill.
Bulwinkle
Burdick
Carroll
Cavalcante
Celler
Chesney
Crawford
Dawson
Doughton
Douglas
Eaton
Fellows
Gilmer
Grant
Hale

Hébert
Hedrick
Hoffman, Ill.
Hull
James
Kelley, Pa.
Kruse
Kunkel
Lichtenwalter
Lovre
McGregor
Macy
Miles
Murphy
Nelson
Nixon
Norton
O'Konski
Pfeiffer
William L.
Powell

Reed, N. Y.
Ribicoff
Riehlman
Rivers
Sabath
Sadowski
Smathers
Smith, Ohio
Stagers
Stanley
Towe
Walter
Welch
Wheeler
Whitaker
Wolcott
Wood

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Angell for, with Mr. Wheeler against.
Mr. Eaton for, with Mr. Smith of Ohio against.
Mr. Hale for, with Mr. Crawford against.
Mr. Carroll for, with Mr. Hull against.
Mr. Battle for, with Mr. Hoffman of Illinois against.
Mr. James for, with Mr. Macy against.
Mr. Celler for, with Mr. Wood against.
Mr. Lichtenwalter for, with Mr. Sadowski against.
Mr. Riehlman for, with Mr. O'Konski against.
Mr. Kelley of Pennsylvania for, with Mr. Reed of New York against.
Mr. Stanley for, with Mr. Towe against.
Mr. Gilmer for, with Mr. Burdick against.
Mr. Dawson for, with Mr. McGregor against.
Mr. Hébert for, with Mr. Lovre against.
Mr. Walter for, with Mr. Powell against.
Mr. Ribicoff for, with Mr. Cavalcante against.

Until further notice:

Mr. Welch with Mr. Kunkel.
Mr. Whitaker with Mr. Fellows.
Mrs. Douglas with Mr. Wolcott.
Mr. Bailey with Mr. Nelson.
Mr. Chesney with Mr. Nixon.

Mr. SIKES changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. KEE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

ADJOURNMENT OF THE HOUSE FROM
APRIL 6, 1950, TO APRIL 18, 1950

Mr. McCORMACK. Mr. Speaker, I offer a resolution (H. Con. Res. 193) and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

Resolved by the House of Representatives, (the Senate concurring), That when the House adjourns on Thursday, April 6, 1950, it stand adjourned until 12 o'clock meridian, Tuesday, April 18, 1950.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

CORRECTION OF RECORD

Mrs. BOLTON of Ohio. Mr. Speaker, I ask unanimous consent to make certain corrections in the permanent Record.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

LIQUIDATION OF TRUSTS—STATE RURAL
REHABILITATION CORPORATIONS

Mr. COOLEY submitted the following conference report and statement on the bill (S. 930) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 1865)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 930) to provide for the liquidation of the trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Rural Rehabilitation Corporation Trust Liquidation Act.'"

"Sec. 2. (a) The Secretary of Agriculture (hereinafter referred to as the 'Secretary') is hereby authorized and directed to take such action as may be appropriate and necessary to liquidate, as expeditiously as possible but within three years from the effective date of this Act, trusts under the transfer agreements with the several State rural rehabilitation corporations, and is hereby authorized and directed to negotiate with responsible officials to that end.

"(b) The Secretary, insofar as is necessary to protect the interests of the United States and the corporations shall proceed forthwith to the conversion to cash of investments constituting the trust assets by sale of real and personal properties, and by collection of loans and accounts receivable according to the tenor of such obligations.

"(c) An application for the return of such properties may be made to the Secretary by the State rural rehabilitation corporation pursuant to appropriate resolution of its board of directors. The application shall contain a covenant, binding upon the applicant when accepted by the Secretary on behalf of the United States, that the applicant will abide by the determinations and apportionments of the Secretary provided for in this Act and the payments made by the Secretary pursuant to this Act, that the returned assets and the income therefrom

will be used only for such of the rural rehabilitation purposes permissible under the corporation's charter as may from time to time be agreed upon by the applicant and the Secretary; and that not to exceed 3 per centum of the book value of the corporation's assets will be expended by the applicant for administrative purposes during any year, without the approval of the Secretary of Agriculture. If the rural rehabilitation corporation of any State has been dissolved and is not revived or reincorporated or, for any other reason, is unable to make such application or to accept and administer such properties, the application and subsequent agreements (conforming to the second sentence of this subsection) may be made by such other agency or official of that State as may be designated by the State legislature. The Secretary may transfer the trust funds or properties of such corporation to such successor agency or official if adequate provisions are made by the State legislature for holding the United States and the Secretary free from liability by virtue of the transfer to such successor agency or official.

"(d) Except as hereinafter provided, upon receipt of appropriate application meeting the requirements of this Act, the Secretary shall do all things necessary to return to each such applicant all right, title, and interest of the United States in and to all cash, real and personal property, or the proceeds thereof, held on the date of the approval of this Act by the Secretary as trustee for the account of such State corporation, except that the Secretary may deduct from the funds of each such State corporation the expenses incident to completion of such transfer: *Provided*, That such transfer shall, insofar as possible, be accomplished in a manner consistent with the provisions of the trust agreement with each State rural rehabilitation corporation.

"(e) In the event no application is made, as provided for in this Act, within three years from the effective date hereof or upon receipt of a disclaimer or release of interest under the trust transfer agreement by any State through its legislature, the Secretary shall cause all proceeds from assets held under or for the account of the transfer agreement with that State to be covered into miscellaneous receipts in the United States Treasury.

"(f) The Secretary is authorized to enter into agreements with any State rural rehabilitation corporation or other State agency or official having jurisdiction of the trust assets which have been returned pursuant to application made therefor under section 2 (c) hereof, and upon such terms and conditions and for such periods of time as may be mutually agreeable, to accept, administer, expend, and use in such State all or any part of such trust assets or any other funds of such State rural rehabilitation corporation or State agency, which are transferred to the Secretary for carrying out the purposes of titles I and II of the Bankhead-Jones Farm Tenant Act and in accordance with the applicable provisions of title IV thereof as now or hereafter amended. Funds appropriated for the administration of said Act shall also be available for carrying out such agreements.

"Sec. 3. The provisions of this Act shall apply also to all properties and assets of State rural rehabilitation corporations held by Federal agencies other than the Department of Agriculture under the provisions of Executive Order Numbered 9070, or otherwise. For the purposes of this Act the assets of other corporations, derived through the use of Federal Emergency Relief Administration funds, and made available to them through State rural rehabilitation corpora-

tions or otherwise acquired by them for rural rehabilitation purposes, shall be considered as a part of the trust property of the State rural rehabilitation corporations in their respective States.

"Sec. 4. For the purposes of this Act, the Secretary shall have the power to—

"(a) employ on a contract basis (without regard to the provisions of the civil-service laws or the Classification Act of 1923, as amended, but the contract shall in each case specify what civil service and related laws, if any, shall be applicable to the employment after it has been made) such appraisers, accountants, attorneys, and other personnel as he may deem necessary, in the District of Columbia and elsewhere, to aid in the liquidation and transfer of the properties and assets pursuant to this Act, and in the entering into of agreements with the corporations, or other agencies or officials designated pursuant to section 2 (c) hereof, regarding the rural rehabilitation purposes for which the property and assets shall thereafter be used by them, and in determining that such agreed purposes are being carried out. The fees, salaries, and expenses of such appraisers, accountants, attorneys, and other personnel shall be equitably apportioned by the Secretary among the respective corporations and the amount so determined to be applicable to each such corporation shall be paid by the Secretary from the trust fund of such corporation until the trust is liquidated, and thereafter by the corporation or other agency or official designated pursuant to section 2 (c) hereof. Attorneys so employed, and their fees and expenses, shall be subject to the approval and under the supervision of the Solicitor of the Department of Agriculture;

"(b) accept and utilize voluntary and uncompensated services, and with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision;

"(c) make such rules and regulations and such delegations of authority as he deems necessary to carry out the purposes of this Act.

"Sec. 5. None of the properties or assets held on the date of the approval of this Act by the Secretary as trustee pursuant to trust agreements with the various State rural rehabilitation corporations may be used by the Secretary for any purpose after the effective date of this Act, except for the purposes authorized under section 2 (d) of this Act, and for loans made prior to July 1, 1949, and to be repaid in full no later than May 1, 1952, but otherwise consistent with the provisions of title II of the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. A. 1007), where necessary to supplement credit already extended to borrowers from corporation trust funds.

"Sec. 6. (a) The determination of the Secretary with respect to the assets to be returned to each State rural rehabilitation corporation or other agency or official designated pursuant to section 2 (c) hereof including, but not limited to interests in properties held jointly for such corporation and the United States, the partition of real property, the expenses incident to each transfer, the liabilities applicable to such properties, and all other phases of the transfer shall be final and conclusive upon each State rural rehabilitation corporation or such successor agency or official designated pursuant to section 2 (c) hereof, and upon all officers and agencies of the United States.

"(b) The Secretary shall be saved harmless against any personal liability he may incur in carrying out the provisions of this Act.

"Sec. 7. Section 2 (f) of the Act of August 14, 1946 (60 Stat. 1062), is hereby repealed." And the House agree to the same.

HAROLD D. COOLEY,
STEPHEN PAGE,
W. R. POAGE,
CLIFFORD R. HOPE,

Managers on the Part of the House.

ALLEN J. ELLENDER,
CLYDE R. HOYT,
CLINTON P. ANDERSON,
GEORGE D. AIKEN,
MILTON B. YOUNG,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 930) to provide for the liquidation of trusts under the transfer agreements with State rural rehabilitation corporations, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

The bill S. 930, and a companion bill, H. R. 2392, were identical at the time they were introduced in the respective Houses. S. 930 was adopted by the Senate without substantial change from its original form, whereas H. R. 2392 was amended in committee and the committee amendments were adopted by the House. Upon the adoption by the House of H. R. 2392, the Senate bill (S. 930) was taken from the Speaker's table, the language of the House bill (H. R. 2392, as amended) was substituted for the language of the Senate bill and S. 930 was thereupon adopted by the House. The bill before the committee of conference, therefore, was S. 930, as amended by substitution of the House language for the entire text of S. 930 as it had passed the Senate. In agreeing to the amendment recommended herewith, the committee of conference has accepted the 3-year option period provided in the House bill. It has left unchanged the right of the States to demand the return of the trust assets during this 3-year period and the provisions as to the manner in which those assets are to be used upon their return to the respective States.

In the matter of the disposal of trust assets other than those returned outright to the States, the amendment agreed to by the committee of conference strikes out that provision of the House bill which, in the absence of an application for a return of the trust assets, would have placed such assets in a revolving fund to be used within the State for purposes of the Bankhead-Jones Farm Tenant Act, and includes a new provision, appearing as section 2 (f) of the conference report, which is in the nature of a compromise between the Senate and House provisions. This section authorizes the Secretary of Agriculture to enter into agreement with any State rural rehabilitation corporation, or other State agency having official jurisdiction of the trust assets which have been returned pursuant to the provisions of this act, for the administration of such funds by the Secretary, together with any other funds which may be transferred to the Secretary by the respective States, for carrying out within the State the general purposes of titles I, II, and IV of the Bankhead-Jones Farm Tenant Act. This will permit States which want to have these funds administered by the Federal Government to provide by agreement a program very similar to that in effect in the past.

In the bill as adopted by the House, there were the following two methods of disposing

81ST CONGRESS
2D SESSION

Read twice and ordered to be placed on the calendar

To provide foreign economic assistance.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Foreign Economic As-
4 sistance Act of 1950”.

6 SEC. 101. This title may be cited as the “Economic
7 Cooperation Act of 1950”.

8 SEC. 102. The Economic Cooperation Act of 1948, as
9 amended, is hereby further amended as follows:

10 (a) Revising section 102 in the following particulars:

11 (1) Substituting the phrase “barriers to trade or to the

1 free movement of persons,” for the phrase “trade barriers”
2 in the fourth sentence of subsection (a) and substituting the
3 phrase “economic unification and political federation” for
4 the word “unification” in the fifth sentence of the same
5 subsection.

6 (2) Inserting a comma and the words “increased pro-
7 ductivity, maximum employment, and freedom from re-
8 strictive business practices” after the word “production” in
9 paragraph (1) of subsection (b).

10 (b) Revising section 111 in the following particulars:

11 (1) Altering paragraph (3) of subsection (b) as
12 follows:

13 (i) Striking out the words “includes the furnishing of
14 capital goods items and related services, for use in connec-
15 tion with projects approved by the Administrator, pursuant
16 to a contract providing for payment in whole or in part
17 after June 30, 1950” in subparagraph (iv) and inserting
18 in lieu thereof the following: “means any contribution of
19 capital goods, materials, equipment, services, patents, proc-
20 esses, or techniques by any person in the form of a loan or
21 loans to any enterprise to be conducted within a participating
22 country and approved by the Administrator as in furtherance
23 of the purposes of this Act, the purchase of a share of owner-
24 ship in any such enterprise, or participation in royalties,
25 earnings, or profits of any such enterprise”.

(ii) Altering subparagraph (v) to read as follows:

“(v) the guaranty to any person shall be limited to assuring the following: (1) The transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of one or more of the following causes: (a) Seizure, confiscation, or destruction by any government; (b) destruction by revolution or war; (c) any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, asset, or investment on account of which such payment is made shall become the property of the United States Government, and the United States

1 Government shall be subrogated to any right, title, claim,
2 or cause of action existing in connection therewith.”

3 (iii) Striking out the words between the second and
4 last provisos and inserting in lieu thereof: “It being the
5 intent of the Congress that the guaranty herein authorized
6 should be used to the maximum practicable extent and so
7 administered as to increase the participation of private enter-
8 prise in achieving the purposes of this Act, the Adminis-
9 trator is authorized to issue guaranties up to a total of
10 \$300,000,000”.

11 (2) Striking out “\$150,000,000” in paragraph (2)
12 of subsection (c) and inserting in lieu thereof “\$300,-
13 000,000”.

14 (3) Adding the following new subsection:

15 “(d) (1) The Administrator is authorized to transfer
16 funds directly to any central institution or other organization
17 formed to further the purposes of this Act by two or more
18 participating countries, or to any participating country or
19 countries in connection with the operations of such institution
20 or organization, to be used on terms and conditions specified
21 by the Administrator and designed to promote multilateral
22 intra-European trade, to facilitate the transferability of
23 European currencies, and progressively to eliminate the exist-
24 ing systems of bilateral trade and to liberalize trade among
25 participating countries and between them and other countries.

1 “(2) The Administrator shall apply the terms set forth
2 in paragraph (1) of subsection (c) of section 111 and para-
3 graph (6) of subsection (b) of section 115 with respect
4 to funds transferred under paragraph (1) above to the
5 extent that such funds are not made repayable to any cen-
6 tral institution or other organization described in paragraph
7 (1) above. With respect to such funds transferred under
8 paragraph (1) above as may be repayable to such institution
9 or organization the Administrator may establish such other
10 terms and conditions as he may find appropriate in the cir-
11 cumstances after consultation with the National Advisory
12 Council on International Monetary and Financial Problems.”

13 (c) Revising section 112 in the following particulars:

14 (1) Striking out subsections (b) and (c).

15 (2) Renumbering subsection (d) as (b).

16 (3) Renumbering subsections (e), (f), (g), (h),
17 (i), (j), and (k), as (c), (d), (e), (f), (g), (h), and
18 (i), respectively.

19 (4) Adding a new subsection (j) to read as follows:

20 “Notwithstanding any other provision of law, wherever
21 wheat or wheat flour is procured under this title for transfer
22 to countries which are parties to the International Wheat
23 Agreement of 1949 and credited to their guaranteed pur-
24 chase thereunder, the President, acting through the Com-
25 modity Credit Corporation, is authorized to make available,

1 or cause to be made available, such wheat or wheat flour at
2 the applicable price provided in that agreement.”

3 (5) Renumbering subsection (l) as (k) and striking
4 out the following therefrom: “(other than commodities pro-
5 cured by or in the possession of the Commodity Credit Cor-
6 poration pursuant to price-support programs required by
7 law).”

8 (d) Revising section 114 in the following particulars:

9 (1) Altering subsection (c) as follows:

10 (i) Striking out the period at the end of the first
11 sentence and inserting in lieu thereof a colon and the fol-
12 lowing: “*Provided further*, That in addition to the amount
13 heretofore authorized and appropriated, there is hereby
14 authorized to be appropriated for carrying out the provisions
15 and accomplishing the purposes of this title not to exceed
16 \$2,700,000,000 for the fiscal year ending June 30, 1951,
17 of which sum \$600,000,000 shall be available only for the
18 purposes set forth in subsection (d) of section 111: *Pro-*
19 *vided further*, That, in addition to the foregoing, any balance,
20 unobligated as of June 30, 1950, or subsequently released
21 from obligation, of funds appropriated for carrying out and
22 accomplishing the purposes of this title for any period ending
23 on or prior to that date is hereby authorized to be made avail-
24 able for obligations through the fiscal year ending June 30,
25 1951, and to be transferred to and consolidated with any

1 appropriations for carrying out and accomplishing the pur-
2 poses of this title for said fiscal year”.

3 (ii) Striking out the date “June 30, 1950” in the last
4 sentence and inserting in lieu thereof “June 30, 1951”.

5 (2) Adding the following new subsections:

6 “(h) The President is authorized to transfer to any
7 department or agency any portion of the funds allocated for
8 assistance to Germany from appropriations authorized by
9 subsection (c). This portion may be used for expenses, not
10 otherwise provided for, necessary to meet responsibilities of
11 the United States related to the rehabilitation of occupied
12 areas of Germany, including the furnishing of minimum
13 civilian supplies to prevent starvation, disease, and unrest
14 prejudicial to the objectives of the occupation. This portion
15 may be expended under authority of this subsection or any
16 provisions of law, not inconsistent herewith, applicable to
17 such department or agency and without regard to such
18 provisions of this title as the President may specify as
19 inapplicable.

20 “(i) As agreed upon by the Secretary of State and
21 the Administrator, a part of the German currency now or
22 hereafter deposited under the bilateral agreement of De-
23 cember 15, 1949, between the United States and the Fed-
24 eral Republic of Germany, or any supplementary or
25 succeeding agreement, shall be deposited into the GARIOA

1 (Government and Relief in Occupied Areas) special
2 account under the terms of article V of the said
3 bilateral agreement. In quantities and under conditions
4 determined by the Secretary of State after consultation with
5 the Administrator, the currency so deposited shall be avail-
6 able for meeting the responsibilities of the United States
7 in the occupation of Germany.”

8 (e) Revising section 115 in the following particulars:

9 (1) Revising paragraph (6) of subsection (b) as
10 follows:

11 (i) Striking out the period and the next word “Such”
12 after the word “rates” and inserting in lieu thereof a colon
13 and the following: “*Provided further*, That such”.

14 (ii) Inserting after “(Public Law 389, Eightieth Con-
15 gress),” the following: “shall be used in furtherance of any
16 central institution or other organization formed by two or
17 more participating countries to further the purposes set
18 forth in paragraph (1) of subsection (d) of section 111 or
19 otherwise”.

20 (iii) Striking out the words “for such purposes as may
21 be agreed to between such country and the Administrator
22 in consultation with the National Advisory Council on Inter-
23 national Monetary and Financial Problems, and the Public
24 Advisory Board provided for in subsection (a) of section
25 107”.

1 (iv) Striking out the words “operations under this title
 2 and under agreement that” and inserting in lieu thereof the
 3 following: “operations under this title: *Provided further*,
 4 That the use of such special account shall be subject to
 5 agreement between such country and the Administrator,
 6 who shall act in this connection after consultation with the
 7 National Advisory Council on International Monetary and
 8 Financial Problems and the Public Advisory Board pro-
 9 vided for in subsection (c) of section 107: *And provided*
 10 *further*, That”.

11 (2) Adding the following new sentence to subsection
 12 (e): “The Administrator shall also encourage emigration
 13 from participating countries having permanent surplus man-
 14 power to areas, particularly underdeveloped and dependent
 15 areas, where such manpower can be effectively utilized.”

16 (3) Adding the following new subsection:

17 “(j) The Administrator shall utilize such amounts of
 18 the local currency allocated pursuant to subsection (h) as
 19 may be necessary, to give full and continuous publicity
 20 through the press, radio, and all other available media, so
 21 as to inform the peoples of the participating countries regard-
 22 ing the assistance, including its purpose, source, and char-
 23 acter, furnished by the American taxpayer.”

24 SEC. 103. Any funds appropriated by Public Law 793,

1 Eightieth Congress, for the purposes of the China Aid Act
2 of 1948 and unobligated as of June 30, 1950, or released
3 from obligation thereafter shall be available to the President
4 through June 30, 1951, for use as follows:

5 (a) Not less than the sum of \$40,000,000 for obligation
6 for assistance to be furnished in conformity with the pro-
7 visions, wherever applicable, of the Economic Cooperation
8 Act of 1948, as amended, in areas of China which the
9 President may deem to be not under Communist domination.

10 (b) Not to exceed \$6,000,000 for allocation to the
11 Secretary of State, to remain available until expended, under
12 such regulations as the Secretary of State may prescribe,
13 using private agencies to the maximum extent practicable,
14 for necessary expenses of tuition, subsistence, and trans-
15 oceanic passage for selected citizens of China for study or
16 teaching in accredited colleges, universities, or other edu-
17 cational institutions in the United States approved by the
18 Secretary of State for the purposes, or for research and
19 related academic and technical activities in the United States,
20 and the Attorney General is hereby authorized and directed
21 to promulgate regulations providing that such selected citi-
22 zens of China who have been admitted for the purpose of
23 study in the United States, shall be granted permission to

1 accept employment upon application filed with the Com-
2 missioner of Immigration and Naturalization.

3 (c) The remaining portion for obligation for assistance
4 in the general area of China in conformity with the pro-
5 visions, wherever applicable, of the Economic Cooperation
6 Act of 1948, as amended, to accomplish in that area policies
7 and purposes similar to those of the said Act.

8 SEC. 104. The Far Eastern Economic Assistance Act
9 of 1950 is hereby amended as follows:

10 (a) Striking out "June 30, 1951" in subsection (c)
11 of section 3 and inserting in lieu thereof "June 30, 1952".

12 (b) Striking out the period at the end of subsection
13 (d) of section 3 and inserting in lieu thereof a comma and
14 the following: "and \$100,000,000 for the fiscal year end-
15 ing June 30, 1951."

16 (c) Striking out "June 30, 1950" in section 4 and
17 inserting in lieu thereof "June 30, 1951".

18 (d) Adding the following new section:

19 "SEC. 5. The Congress hereby expresses itself as favor-
20 ing the creation by the free countries and the free peoples
21 of the Far East of a joint organization, consistent with the
22 Charter of the United Nations, to establish a program of
23 self-help and mutual cooperation designed to develop their

1 economic and social well-being, to safeguard basic rights
2 and liberties and to protect their security and independence.”

3 TITLE II

4 SEC. 201. This title may be cited as the “United Nations
5 Palestine Refugee Aid Act of 1950”.

6 SEC. 202. The Secretary of State is hereby authorized
7 to make contributions from time to time before July 1, 1951,
8 to the United Nations for the United Nations Relief and
9 Works Agency for Palestine Refugees in the Near East,
10 established under the resolution of the General Assembly of
11 the United Nations of December 8, 1949, in amounts not
12 exceeding in the aggregate \$27,450,000, for the purposes
13 set forth in the said resolution.

14 SEC. 203. (a) There is hereby authorized to be appro-
15 priated, out of any money in the Treasury not otherwise
16 appropriated, not to exceed \$27,450,000 to carry out the
17 purposes of this title.

18 (b) Notwithstanding the provision of any other law,
19 the Reconstruction Finance Corporation is authorized and
20 directed, until such time as an appropriation shall be made
21 pursuant to subsection (a) of this section, to make advances
22 to the Secretary of State, not to exceed in the aggregate
23 \$8,000,000, to carry out the provisions of this title. From
24 appropriations authorized under subsection (a) of this sec-

1 tion, there shall be repaid to the Reconstruction Finance
2 Corporation, without interest, the advances made by it under
3 authority contained herein. No interest shall be charged
4 on advances made by the Treasury to the Reconstruction
5 Finance Corporation in implementation of this section.

6 SEC. 204. (a) The provisions of sections 301, 302, and
7 303 of Public Law 402, Eightieth Congress, are hereby
8 made applicable with respect to the United Nations Relief
9 and Works Agency for Palestine Refugees in the Near East
10 to the same extent as they apply with respect to the govern-
11 ment of another country: *Provided*, That when reimburse-
12 ment is made by said Agency, such reimbursement shall be
13 credited to the appropriation, fund, or account utilized
14 for paying the compensation, travel expenses, and allowances
15 of any person assigned hereunder.

16 (b) Departments and agencies of the United States
17 Government are authorized, with the approval of the Secre-
18 tary of State, to furnish or procure and furnish supplies,
19 materials, and services to the United Nations Relief and
20 Works Agency for Palestine Refugees in the Near East:
21 *Provided*, That said Agency shall make payments in ad-
22 vance for all costs incident to the furnishing or procurement
23 of such supplies, materials, or services, which payments may
24 be credited to the current applicable appropriation or fund

1 of the department or agency concerned and shall be available
2 for the purposes for which such appropriations and funds are
3 authorized to be used.

4 TITLE III

5 SEC. 301. This title may be cited as the "Act for Inter-
6 national Development".

7 SEC. 302. The Congress hereby finds as follows:

8 (a) The peoples of the United States and other na-
9 tions have a common interest in the freedom and in the
10 economic and social progress of all peoples. Such prog-
11 ress can further the secure growth of democratic ways
12 of life, the expansion of mutually beneficial commerce,
13 the development of international understanding and good
14 will, and the maintenance of world peace.

15 (b) The efforts of the peoples living in economi-
16 cally underdeveloped areas of the world to realize their
17 full capabilities and to develop the resources of the lands
18 in which they live can be furthered through the coop-
19 erative endeavor of all nations to exchange technical
20 knowledge and skills and to encourage the flow of
21 investment capital.

22 (c) Technical assistance and capital investment can
23 make maximum contribution to economic development
24 only where there is understanding of the mutual advan-
25 tages of such assistance and investment and where there

1 is confidence of fair and reasonable treatment and due
2 respect for the legitimate interests of the peoples of the
3 countries to which the assistance is given and in which
4 the investment is made and of the countries from which
5 the assistance and investments are derived. In the
6 case of investment this involves confidence on the part
7 of the people of the underdeveloped areas that investors
8 will conserve as well as develop local resources, will
9 bear a fair share of local taxes and observe local laws,
10 and will negotiate adequate wages and working condi-
11 tions for local labor. It involves confidence on the part
12 of investors, through intergovernmental agreements or
13 otherwise, that they will not be deprived of their prop-
14 erty without prompt, adequate, and effective compen-
15 sation; that they will be given reasonable opportunity
16 to remit their earnings and withdraw their capital; that
17 they will have reasonable freedom to manage, operate,
18 and control their enterprises; that they will enjoy secu-
19 rity in the protection of their persons and property,
20 including industrial and intellectual property, and non-
21 discriminatory treatment in taxation and in the conduct
22 of their business affairs.

23 (d) Greater production and higher standards of
24 living in the economically underdeveloped areas and
25 international trade between these areas and the eco-

1 nominically advanced areas of the world can be promoted
2 through agreements, negotiated through the United
3 Nations and its specialized agencies or otherwise, to
4 establish fair labor standards of wages and working con-
5 ditions, including the encouragement of collective bar-
6 gaining between management and labor.

7 SEC. 303. (a) It is declared to be the policy of the
8 United States to aid the efforts of the peoples of economi-
9 cally underdeveloped areas to develop their resources and
10 improve their working and living conditions by encouraging
11 the exchange of technical knowledge and skills and the flow
12 of investment capital to countries which provide conditions
13 under which such technical assistance and capital can effec-
14 tively and constructively contribute to raising standards of
15 living, creating new sources of wealth, increasing produc-
16 tivity and expanding purchasing power.

17 (b) It is further declared to be the policy of the United
18 States that in order to achieve the most effective utilization
19 of the resources of the United States, private and public,
20 which are or may be available for aid in the development
21 of economically underdeveloped areas, agencies of the
22 United States Government, in reviewing requests of foreign
23 governments for aid for such purposes, shall take into con-
24 sideration (1) whether the assistance applied for is an ap-

1 appropriate part of a program reasonably designed to con-
2 tribute to the balanced and integrated development of the
3 country or area concerned; (2) whether any works or
4 facilities which may be projected are actually needed in
5 view of similar facilities existing in the area and are other-
6 wise economically sound; and (3) with respect to projects
7 for which capital is requested, whether private capital is
8 available either in the country or elsewhere upon reasonable
9 terms and in sufficient amounts to finance such projects.

10 SEC. 304. (a) In order to accomplish the purposes of
11 this title, the United States is authorized to participate in
12 multilateral technical cooperation programs carried on by
13 the United Nations, the Organization of American States,
14 and their related organizations, and by other international
15 organizations, wherever practicable.

16 (b) Within the limits of appropriations made available
17 to carry out the purposes of this title, the President is author-
18 ized to make contributions to the United Nations for tech-
19 nical cooperation programs carried on by it and its related
20 organizations which will contribute to accomplishing the
21 purposes of this title as effectively as would participation in
22 comparable programs on a bilateral basis. The President is
23 further authorized to make contributions for technical co-

1 operation programs carried on by the Organization of Amer-
2 ican States, its related organizations, and by other inter-
3 national organizations.

4 (c) Agencies of the United States Government on re-
5 quest of international organizations are authorized, upon ap-
6 proval by the President, to furnish services and such facilities
7 as may be necessary in connection therewith, on an advance
8 of funds or reimbursement basis, for such organizations in
9 connection with their technical cooperation programs.
10 Amounts received as reimbursements from such organiza-
11 tions shall be credited, at the option of the appropriate
12 agency, either to the appropriation, fund, or account utilized
13 in incurring the obligation, or to an appropriate appropria-
14 tion, fund, or account currently available for the purposes
15 for which expenditures were made.

16 SEC. 305. The President is authorized to plan, under-
17 take, administer, and execute bilateral technical cooperation
18 programs carried on by any United States Government
19 agency and, in so doing—

20 (a) To coordinate and direct existing and new tech-
21 nical cooperation programs.

22 (b) To assist other interested governments in the
23 formulation of programs for the balanced and integrated
24 development of the economic resources and productive
25 capacities of economically underdeveloped areas.

1 (c) To receive, consider, and review reports of
2 joint commissions set up as provided in section 310 of
3 this title.

4 (d) To utilize the services and facilities of private
5 agencies and persons.

6 (e) To make, within appropriations made avail-
7 able for the purpose, advances and grants in aid of
8 technical cooperation programs to any person, corpora-
9 tion, or other body of persons, or to any foreign govern-
10 ment or foreign government agency.

11 (f) To make and perform contracts or agreements
12 in respect of technical cooperation programs on behalf
13 of the United States Government with any person, cor-
14 poration, or other body of persons however designated,
15 whether within or without the United States, or with
16 any foreign government or foreign government agency:
17 *Provided*, That with respect to contracts or agreements
18 which entail commitments for the expenditure of funds
19 appropriated pursuant to the authority of this title, such
20 contracts or agreements, within the limits of appropria-
21 tions or contract authorizations hereafter made available,
22 may, subject to any future action of the Congress, run
23 for not to exceed three years in any one case.

24 (g) To provide for printing and binding outside
25 the continental limits of the United States, without

1 regard to section 11 of the Act of March 1, 1919
2 (44 U. S. C. 111).

3 (h) To provide for the publication of information
4 made available by the joint commissions referred to in
5 section 310, and from other sources, regarding resources,
6 opportunities for private investment capital, and the
7 need for technical knowledge and skill in each partici-
8 pating country.

9 SEC. 306. Agreements made by the United States under
10 the authority of this title with other governments and with
11 international organizations shall be registered with the Secre-
12 tariat of the United Nations in accordance with the provisions
13 of article 102 of the United Nations Charter.

14 SEC. 307. In carrying out the programs authorized in
15 section 305 of this title—

16 (a) The participation of private agencies and per-
17 sons shall be sought wherever practicable.

18 (b) Due regard shall be given, in reviewing re-
19 quests for assistance, to the possibilities of achieving
20 satisfactory results from such assistance as evidenced by
21 the desire of the country requesting it (1) to take steps
22 necessary to make effective use of the assistance made
23 available, including the encouragement of the flow of
24 productive local and foreign investment capital where
25 needed for development; and (2) to endeavor to facili-

1 tate the development of the colonies, possessions, de-
2 pendencies, and non-self-governing territories adminis-
3 tered by such requesting country so that such areas may
4 make adequate contribution to the effectiveness of the
5 assistance requested.

6 (c) Assistance shall be made available only where
7 the President determines that the country being
8 assisted—

9 (1) Pays a fair share of the cost of the
10 program.

11 (2) Provides all necessary information con-
12 cerning such program and gives the program full
13 publicity.

14 (3) Seeks to the maximum extent possible full
15 coordination and integration of technical cooperation
16 programs being carried on in that country.

17 (4) Endeavors to make effective use of the re-
18 sults of the program.

19 (5) Cooperates with other countries participat-
20 ing in the program in the mutual exchange of
21 technical knowledge and skills.

22 SEC. 308. The President is authorized to prescribe
23 such rules and regulations as may be necessary and proper
24 to carry out the provisions of this title.

25 SEC. 309. The President shall create an advisory board,

1 hereinafter referred to as the "board", which shall advise
2 and consult with the President or such other officer as he
3 may designate to administer the program herein authorized,
4 with respect to general or basic policy matters arising in
5 connection with operation of the program. The board shall
6 consist of not more than thirteen members to be appointed
7 by the President, one of whom, by and with the advice and
8 consent of the Senate, shall be appointed by him as chair-
9 man. The members of the board shall be broadly repre-
10 sentative of voluntary agencies and other groups interested
11 in the program, including business, labor, agriculture, public
12 health, and education. All members of the board shall be
13 citizens of the United States; none except the chairman shall
14 be an officer or an employee of the United States (including
15 any agency or instrumentality of the United States) who
16 as such regularly receives compensation for current services.
17 Members of the board, other than the chairman if he is an
18 officer of the United States Government, shall receive out
19 of funds made available for the purposes of this title a per
20 diem allowance of \$50 for each day spent away from their
21 homes or regular places of business for the purpose of attend-
22 ance at meetings of the board or at conferences held upon
23 the call of the chairman, and in necessary travel, and while
24 so engaged they may be paid actual travel expenses and
25 not to exceed \$10 per diem in lieu of subsistence and other

1 expenses. The President may appoint such committees in
2 special fields of activity as he may determine to be necessary
3 or desirable to effectuate the purposes of this title. The
4 members of such committees shall receive the same com-
5 pensation as that provided for members of the board.

6 SEC. 310. (a) At the request of a foreign country, there
7 may be established a joint commission for economic develop-
8 ment to be composed of persons named by the President
9 and persons to be named by the requesting country, and may
10 include representatives of international organizations mu-
11 tually agreed upon.

12 (b) The duties of each such joint commission shall
13 be mutually agreed upon, and may include, among other
14 things, examination of the following:

15 (1) The requesting country's requirements with
16 respect to technical assistance.

17 (2) The requesting country's resources and poten-
18 tialities, including mutually advantageous opportunities
19 for utilization of foreign technical knowledge and skills
20 and investment.

21 (3) Policies which will remove deterrents to and
22 otherwise encourage the introduction, local develop-
23 ment, and application of technical skills and the crea-
24 tion and effective utilization of capital, both domestic
25 and foreign; and the implementation of such policies by

1 appropriate measures on the part of the requesting
2 country and the United States, and of other countries,
3 when appropriate, and after consultation with them.

4 (c) Such joint commissions shall prepare studies and
5 reports which they shall transmit to the appropriate au-
6 thorities of the United States and of the requesting countries.
7 In such reports the joint commissions may include recom-
8 mendations as to any specific projects which they conclude
9 would contribute to the economic development of the re-
10 questing countries.

11 (d) The costs of each joint commission shall be borne
12 by the United States and the requesting country in the pro-
13 portion that may be agreed upon between the President and
14 that country.

15 SEC. 311. All or part of United States support for and
16 participation in any technical cooperation program carried
17 on under this title shall be terminated by the President—

18 (a) If he determines that such support and par-
19 ticipation no longer contribute effectively to the pur-
20 poses of this title, are contrary to a resolution adopted
21 by the General Assembly of the United Nations that the
22 continuance of such technical cooperation programs
23 is unnecessary or undesirable, or are not consistent with
24 the foreign policy of the United States.

1 (b) If a concurrent resolution of both Houses of
2 the Congress directs such termination.

3 SEC. 312. The President may exercise any power or
4 authority conferred on him by this title through the Secre-
5 tary of State or through any other existing officer or em-
6 ployee of the United States Government. To further the
7 purposes of this title, the President is authorized to establish
8 an Institute of International Technical Cooperation and to
9 prescribe its powers, duties, and organization, which shall
10 be consistent with the provisions of this title.

11 SEC. 313. In order to carry out the purposes of this
12 title—

13 (a) The President shall appoint, by and with the
14 advice and consent of the Senate, a person who, under
15 the direction of the President or such other officer as
16 he may designate pursuant to section 312 hereof to
17 exercise the powers conferred upon him by this title,
18 shall be responsible for planning, implementing, and
19 managing the programs authorized in this title. He
20 shall be compensated at a rate fixed by the President
21 without regard to the Classification Act of 1949 but
22 not in excess of \$16,000 per annum.

23 (b) Officers, employees, agents, and attorneys may
24 be employed for duty within the continental limits of

1 the United States in accordance with the provisions of
2 the civil-service laws and the Classification Act of 1949.

3 (c) Persons employed for duty outside the conti-
4 nental limits of the United States and employees of the
5 United States Government assigned for such duty shall
6 receive compensation at any of the rates provided for
7 the Foreign Service Reserve and Staff by the Foreign
8 Service Act of 1946 (60 Stat. 999), as amended, to-
9 gether with allowances and benefits which shall not
10 exceed those established thereunder, and may be ap-
11 pointed to any class in the Foreign Service Reserve or
12 Staff in accordance with the provisions of such Act.

13 (d) Alien clerks and employees employed for the
14 purpose of performing functions under this title shall be
15 employed in accordance with the provisions of the For-
16 eign Service Act of 1946, as amended.

17 (e) Officers and employees of the United States
18 Government may be detailed to offices or positions to
19 which no compensation is attached with any foreign
20 government or foreign government agency or with any
21 international organization: *Provided*, That while so
22 detailed any such person shall be considered, for the
23 purpose of preserving his privileges, rights, seniority, or
24 other benefits, an officer or employee of the United
25 States Government and of the United States Govern-

1 ment agency from which detailed and shall receive there-
2 from his regular compensation, which shall be reimbursed
3 to such agency from funds available under this title:
4 *Provided further*, That such acceptance of office shall in
5 no case involve the taking of an oath of allegiance to
6 another government.

7 (f) Experts and consultants or organizations thereof
8 may be employed as authorized by section 15 of the
9 Act of August 2, 1946 (5 U. S. C. 55a), and individuals
10 so employed may be compensated at a rate not in excess
11 of \$75 per diem.

12 (g) Such additional civilian personnel may be em-
13 ployed without regard to subsection (a) of section 14
14 of the Federal Employees Pay Act of 1946 (60 Stat.
15 219), as amended, as may be necessary to carry out
16 the policies and purposes of this title.

17 SEC. 314. No citizen or resident of the United States,
18 whether or not now in the employ of the Government, may
19 be employed or assigned to duties by the Government under
20 this Act until such individual has been investigated by the
21 Federal Bureau of Investigation and a report thereon has
22 been made to the Secretary of State: *Provided, however*,
23 That any present employee of the Government, pending the
24 report as to such employee by the Federal Bureau of In-
25 vestigation, may be employed or assigned to duties under

1 this Act for the period of six months from the date of its
2 enactment. This section shall not apply in the case of any
3 officer appointed by the President by and with the advice
4 and consent of the Senate.

5 SEC. 315. The President shall transmit to the Congress
6 an annual report of operations under this title.

7 SEC. 316. (a) In order to carry out the provisions of
8 this title, there shall be made available such funds as are
9 hereafter authorized and appropriated from time to time for
10 the purposes of this title: *Provided, however,* That for the
11 purpose of carrying out the provisions of this title through
12 June 30, 1951, there is hereby authorized to be appropriated
13 a sum not to exceed \$25,000,000, including any sums appro-
14 priated to carry on the activities of the Institute of Inter-
15 American Affairs, and technical cooperation programs as
16 defined in section 317 herein under the United States In-
17 formation and Educational Exchange Act of 1948 (62
18 Stat. 6). Activities provided for under this title may be
19 prosecuted under such appropriations or under authority
20 granted in appropriation Acts to enter into contracts pending
21 enactment of such appropriations. Unobligated balances of
22 such appropriations for any fiscal year may, when so speci-
23 fied in the appropriation Act concerned, be carried over to
24 any succeeding fiscal year or years. The President may al-
25 locate to any United States Government agency any part of

1 any appropriation available for carrying out the purposes of
2 this title. Such funds shall be available for obligation and
3 expenditure for the purposes of this title in accordance with
4 authority granted hereunder or under authority governing
5 the activities of the Government agencies to which such funds
6 are allocated.

7 (b) Nothing in this title is intended nor shall it be con-
8 strued as an expressed or implied commitment to provide
9 any specific assistance, whether of funds, commodities, or
10 services, to any country or countries, or to any international
11 organization.

12 SEC. 317. If any provision of this title or the applica-
13 tion of any provision to any circumstances or persons shall
14 be held invalid, the validity of the remainder of the title and
15 the applicability of such provision to other circumstances or
16 persons shall not be affected thereby.

17 SEC. 318. As used in this title—

18 (a) The term “technical cooperation programs” means
19 programs for the international interchange of technical knowl-
20 edge and skills designed to contribute to the balanced and
21 integrated development of the economic resources and pro-
22 ductive capacities of economically underdeveloped areas.
23 Such activities may include, but need not be limited to,
24 economic, engineering, medical, educational, agricultural,
25 fishery, mineral, and fiscal surveys, demonstration, training,

1 and similar projects that serve the purpose of promoting the
2 development of economic resources and productive capacities
3 of underdeveloped areas. The term "technical cooperation
4 programs" does not include such activities authorized by the
5 United States Information and Educational Exchange Act
6 of 1948 (62 Stat. 6) as are not primarily related to economic
7 development nor activities undertaken now or hereafter pur-
8 suant to the International Aviation Facilities Act (62 Stat.
9 450), nor pursuant to the Philippine Rehabilitation Act of
10 1946 (60 Stat. 128), as amended, nor pursuant to the
11 Foreign Assistance Act of 1948 (62 Stat. 137), as amended,
12 nor activities undertaken now or hereafter in the adminis-
13 tration of areas occupied by the United States armed forces
14 or in Korea by the Economic Cooperation Administration.

15 (b) The term "United States Government agency"
16 means any department, agency, board, wholly or partly
17 owned corporation or instrumentality, commission, or inde-
18 pendent establishment of the United States Government.

19 (c) The term "international organization" means any
20 intergovernmental organization and subordinate bodies
21 thereof of which the United States is a member.

Passed the House of Representatives March 31, 1950.

Attest:

RALPH R. ROBERTS,

Clerk.

81ST CONGRESS
2^D Session

H. R. 7797

AN ACT

To provide foreign economic assistance.

APRIL 3 (legislative day, MARCH 29), 1950

Read twice and ordered to be placed on the calendar

S. 3304

IN THE SENATE OF THE UNITED STATES

APRIL 5 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CONNALLY, on behalf of the Committee on Foreign Relations, to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, viz: At the end of the bill, insert the following new title:

TITLE V

1

2 SEC. 501. That this title may be cited as the "Act for
3 International Development".

4 SEC. 502. It is declared to be the policy of the United
5 States and the purpose of this title to aid the efforts of the
6 peoples of economically underdeveloped areas to develop
7 their resources and improve their working and living con-
8 ditions, by encouraging the exchange of technical knowledge
9 and skills.

10 SEC. 503. Within the limits of appropriations made avail-

1 able to carry out the purposes of this title, the President
2 is authorized to make contributions to the United Nations
3 and the Organization of American States and their related
4 organizations, and to other international organizations, for
5 technical cooperation programs carried on by them which
6 will contribute to accomplishing the purposes of this title
7 as effectively as would participation in comparable programs
8 on a bilateral basis.

9 SEC. 504. The President is authorized to undertake and
10 administer bilateral technical cooperation programs carried
11 on by any United States Government agency and, in so
12 doing—

13 (a) to coordinate and direct existing and new
14 technical cooperation programs;

15 (b) to seek the participation of private agencies
16 and persons to the greatest extent practicable;

17 (c) to make and perform contracts or agreements
18 with, and make advances and grants to, appropriate
19 persons, corporations, or other bodies of persons, or to
20 State, local, or foreign governments for technical co-
21 operation programs: *Provided*, That with respect to
22 contracts or agreements which entail commitments for
23 the expenditure of funds appropriated pursuant to the
24 authority of this title, such contracts or agreements,
25 within the limits of annual appropriations or contract

1 authorizations hereafter made available, may not run
2 beyond June 30, 1952;

3 (d) to provide for printing and binding outside
4 the continental limits of the United States, without
5 regard to section 11 of the Act of March 1, 1919
6 (44 U. S. C. 111).

7 SEC. 505. In carrying out the programs authorized in
8 section 4, the President shall make assistance available only
9 where he determines that the country being assisted pays
10 a fair share of the cost of the program; provides all neces-
11 sary information concerning such program and gives it full
12 publicity; seeks the greatest possible coordination of its
13 technical assistance programs; and cooperates with other
14 participating countries in the mutual exchange of technical
15 knowledge and skills.

16 SEC. 506. The President is authorized to prescribe such
17 rules and regulations as may be necessary and proper to
18 carry out this title, and to exercise any power or authority
19 conferred on him, through the Secretary of State or through
20 any other officer or employee of the United States
21 Government.

22 SEC. 507. In order to carry out the purposes of this
23 title—

24 (a) the President shall, by and with the advice
25 and consent of the Senate, appoint one person who, under

1 the direction of the President or such person as he may
2 designate pursuant to section 7 to exercise the powers
3 conferred on him by this title, shall be responsible for
4 planning, implementing, and managing the programs
5 herein authorized. He shall be compensated at a rate
6 fixed by the President without regard to the Classifica-
7 tion Act of 1949 but not in excess of \$15,000 per
8 annum;

9 (b) such additional civilian personnel, including
10 attorneys, may be employed without regard to subsection
11 (a) of section 14 of the Federal Employees Pay Act of
12 1946 (60 Stat. 219), as amended, as may be neces-
13 sary to carry out the policies and purposes of this title.
14 Experts and consultants or organizations thereof may
15 be employed as authorized by section 15 of the Act of
16 August 2, 1946 (5 U. S. C. 55a), and individuals so
17 employed may be compensated at a rate not in excess
18 of \$75 per diem.

19 (c) persons employed for duty outside the conti-
20 nental limits of the United States and employees of the
21 United States Government assigned for such duty shall
22 receive compensation at any of the rates provided for
23 the Foreign Service Reserve and Staff by the Foreign
24 Service Act of 1946 (60 Stat. 999), as amended, to-
25 gether with allowances and benefits which shall not

1 exceed those established thereunder, and may be ap-
2 pointed to any class in the Foreign Service Reserve or
3 Staff in accordance with the provisions of such Act;

4 (d) alien clerks and employees employed for the
5 purpose of performing functions under this title shall be
6 employed in accordance with the provisions of the
7 Foreign Service Act of 1946, as amended;

8 (e) officers and employees of the United States
9 Government may be detailed to offices or positions to
10 which no compensation is attached with any foreign
11 government or foreign government agency or with any
12 international organization: *Provided*, That while so de-
13 tailed any such person shall be considered, for the
14 purpose of preserving his privileges, rights, seniority,
15 or other benefits, an officer or employee of the United
16 States Government and of the United States Government
17 agency from which detailed and shall receive therefrom
18 his regular compensation, which shall be reimbursed to
19 such agency from funds available under this title: *Pro-*
20 *vided further*, That such acceptance of office shall in no
21 case involve the taking of an oath of allegiance to
22 another government.

23 SEC. 508. In order to carry out the provisions of this
24 title, there shall be made available such funds as are here-
25 after authorized and appropriated from time to time for the

1 purposes of this title: *Provided, however,* That for the pur-
2 pose of carrying out this title through June 30, 1951, there
3 is hereby authorized to be appropriated a sum not to exceed
4 \$45,000,000, including any sums appropriated to carry on
5 the activities of the Institute of Inter-American Affairs, and
6 technical cooperation programs as defined in section 10
7 herein, under the United States Information and Educational
8 Exchange Act of 1948 (62 Stat. 6). Activities provided for
9 under this title may be carried on under such appropriations
10 or under authority granted in appropriations Acts to enter
11 into contracts pending enactment of such appropriations.
12 The President may allocate to any United States Government
13 agency any part of any appropriation available for carrying
14 out the purposes of this title. Such funds shall be available
15 for obligation and expenditure for the purposes of this title
16 in accordance with authority granted hereunder or under
17 authority governing the activities of the Government agencies
18 to which such funds are allocated.

19 SEC. 509. The President shall transmit to the Congress
20 an annual report of operations under this title.

21 SEC. 510. As used in this title, the term "technical co-
22 operation programs" means programs for the international

1 interchange of technical knowledge and skills designed to
2 contribute to the balanced and integrated development of
3 the economic resources and productive capacities of eco-
4 nomically underdeveloped areas.

5 SEC. 511. All authority granted in this title shall expire
6 on June 30, 1955, unless extended by Act of Congress.

AMENDMENT

Intended to be proposed by Mr. CONNALLY, on behalf of the Committee on Foreign Relations, to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

APRIL 5 (legislative day, MARCH 29), 1950
Ordered to lie on the table and to be printed

appropriation bill was before the Senate. At that time the senior Senator from Illinois said:

I think the Senator has touched the nerve center of the matter, so far as the argument is concerned, when he says that no project has been identified as being unworthy. It seems to me, after the committee has given the matter serious consideration, that the minority ought to point out, if they expect to receive my vote, why the appropriations should be reduced \$200,000,000 and what projects are affected. It seems to me there is a weakness in their argument.

A little later the senior Senator from Illinois said:

I am sympathetic with those on the other side of the aisle who are constantly talking about economy, but who are always seeking to give the notion to the country that they are the ones who are going to save the country through economy. Of course, they claim they are going to accomplish economy by the proposed reduction of \$200,000,000; but a reduction in appropriations without any explanation is just as bad in principle as an increase in appropriations by \$200,000,000 without any explanation.

Mr. President, when an attempt is made to reduce by \$200,000,000 the authorizations for the Missouri River Basin, that is directly opposite to what the senior Senator from Illinois was contending for at the time when he made the speech to which I have just referred.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

Mr. SALTONSTALL. Mr. President, on the question of the final passage of the bill, I wish to ask for the yeas and nays.

Mr. FERGUSON. Mr. President, I should like to say only a few words in regard to why I am opposing this bill and why I shall vote against its passage.

As to the projects for the Corps of Engineers, I find that they may be summarized as follows:

A. Projects complete or essentially complete at end of fiscal year 1949. Total estimated Federal cost, \$1,206,000,000.

B. Projects under way in fiscal year 1950. Total estimated Federal cost, \$6,652,400,000.

C. Projects authorized but not under way. Total estimated Federal cost, \$5,265,000,000—toward which \$41,000,000 has been appropriated for planning.

Total monetary ceiling for B and C combined is \$7,805,000,000.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. CAPEHART. I should like to ask the able Senator from Michigan to point out any projects in Indiana included in the bill, inasmuch as the Senator said that projects in every State in the Union are included in this omnibus authorization bill. Will the Senator show me where, in the bill, the State of Indiana is to get one red penny of authorizations for any project?

Mr. FERGUSON. Very well, I make an exception in the case of Indiana, namely, that the bill does not include an authorization for the State of Indiana.

Mr. CAPEHART. That is correct; not

one red cent is to be authorized by this bill for the State of Indiana.

Mr. CAPEHART subsequently said: Mr. President, I wish to correct the statement I made a moment ago for the RECORD, namely, that Indiana was not included in the list. I now find that it was included, and I desire to correct the statement I made previously.

The PRESIDING OFFICER. The correction will be made.

Mr. SALTONSTALL. Mr. President, will the Senator from Michigan yield for a question and a brief statement?

Mr. FERGUSON. I yield.

Mr. SALTONSTALL. The Senator is a member of the Appropriations Committee, as I am. Of course, the testimony of Gen. Dwight Eisenhower was in regard to the need for a 48-group air force.

Does the Senator agree that I am correct in stating that in the budget today there is an item of \$1,350,000,000 for the Air Force, and an item of \$650,000,000 for a naval air force, or a total of \$2,100,000,000; and that if provision is added for a 48-group air force, that will increase the appropriation for the Air Force from \$1,300,000,000 to \$2,000,000,000 a year, over the next 6 years? In other words, that appropriation will not level off, and we shall not soon be through paying for expenditures, which will constantly be mounting, and we shall have to be paying more than \$2,000,000,000 a year for the Air Force until 1956? Does the Senator agree?

Mr. FERGUSON. Yes, that is what the record shows, because as we go along, from year to year, the depreciation of the present planes, even those we acquire now, will be so great that the figure which has been stated will be required for the maintenance of the Air Force on the basis of 48 groups, plus 11 groups for the National Guard.

Mr. SALTONSTALL. Does the Senator also agree that I am correct in saying that for the Atomic Energy Commission there is an item \$626,000,000 in cash and an item of \$333,000,000 in contract authority, which do not include any recommendations for H bomb expenditures which may be presented to us?

Mr. FERGUSON. Yes; those are correct figures.

Mr. SALTONSTALL. So, if we do not take the steps the Senator suggests in the interest of national security, we shall run the risk of receiving no value from the projects now proposed to be authorized. Is not that correct?

Mr. FERGUSON. That is correct.

Mr. President, as I consider these projects as a whole, they are not in the interest of national defense. I do not mean to say that some of them are not; but certainly the projects which are necessary should be authorized as they are needed. This is an omnibus bill. We find included in it, I believe, one or more projects in every State of the Union.

Mr. President, I believe that when this country is in the serious financial straits it is in today; when we are in a cold war; when, in the opinion of some persons, we are even on the verge of or are approaching a hot war; when before our committee we heard the testimony of Gen. Dwight Eisenhower as to the necessity for the expenditure of more than

half a billion dollars more on armaments; and when all these projects have already been begun, I think we should not authorize further projects, as carried in this omnibus authorization bill. To the contrary, Mr. President, we should wait and see as we go along.

When worthy projects which are very vital are presented, we should authorize them, instead of seeking to make authorization in an omnibus bill, under which, as in this case, some billion and a half dollars' worth of projects would be authorized, although there is no need for some of them.

Mr. SALTONSTALL. Does the Senator also agree that I am correct, as a member of the Appropriations Committee, in saying that, so far as we can see, there will be a deficit of at least \$5,000,000,000 this year?

Mr. FERGUSON. Yes; the deficit will be upward of \$5,000,000,000.

Mr. SALTONSTALL. Does the Senator also agree that, quite correctly, there will be increased demands for social security?

Mr. FERGUSON. That is correct.

Mr. SALTONSTALL. And also a demand for lower taxes?

Mr. FERGUSON. That is always in existence, and particularly now.

Mr. SALTONSTALL. So our great problem is to provide for the security of the country without increasing the deficit to too great an extent. Does not the Senator agree?

Mr. FERGUSON. I agree with the Senator from Massachusetts that that is our No. 1 problem at the present time, and should be our No. 1 problem.

Mr. CHAVEZ. Mr. President, all the amendments coming from the floor have been submitted, with the exception of some survey amendments which have been offered by the Senator from California [Mr. KNOWLAND] and several other Senators. The amendments simply provide for surveys. I send them to the desk and ask that they may be considered en bloc.

The PRESIDING OFFICER. Is there objection to the consideration of the amendments en bloc? The Chair hears none, and it is so ordered.

The amendments will be stated.

The LEGISLATIVE CLERK. On page 47, after line 4, it is proposed to insert "Filberts Creek at Edenton, N. C."

On page 49, after line 2, it is proposed to insert "Reclamation District No. 768, Humboldt County, Calif."

On page 17, after line 19, it is proposed to insert "Channel from the Gulf of Mexico into Fort Myers Beach, Estero Island, Fla."

On page 16, after line 21, it is proposed to insert "channel from Turkey Point to Havre de Grace, Harford County, Md."

On page 47, after line 5, it is proposed to insert "Johns Island and vicinity."

On page 48, after line 16, it is proposed to insert "Salt River, Ky."

The PRESIDING OFFICER. The question is on agreeing to the amendments, en bloc.

The amendments were agreed to.

Mr. SALTONSTALL. Mr. President, when the question occurs on the final

passage of the bill, I wish to ask for the yeas and nays.

The PRESIDING OFFICER. If there are no further amendments to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. SALTONSTALL, Mr. WILLIAMS, and other Senators asked for the yeas and nays, and they were ordered.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WITHERS (when his name was called). On this vote, I have a pair with the junior Senator from Louisiana [Mr. LONG]. If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I withhold my vote.

The roll call was concluded.

Mr. O'MAHONEY. On behalf of my colleague from the State of Wyoming [Mr. HUNT], I desire to note that he is detained from the Senate because of illness. If present and voting, he would vote "yea."

Mr. LUCAS. I announce that the Senator from California [Mr. DOWNEY] is absent because of illness.

The Senator from Colorado [Mr. JOHNSON] and the Senator from Louisiana [Mr. LONG] are absent by leave of the Senate.

The Senator from Washington [Mr. MAGNUSON], the Senator from Pennsylvania [Mr. MYERS], the Senator from Florida [Mr. PEPPER], and the Senator from Alabama [Mr. SPARKMAN] are absent on public business.

The Senator from Iowa [Mr. GILLETTE] and the Senator from Montana [Mr. MURRAY] are necessarily absent.

The Senator from Pennsylvania [Mr. MYERS] is paired on this vote with the Senator from Montana [Mr. MURRAY]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Montana would vote "nay."

I announce further that if present and voting, the Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Colorado [Mr. JOHNSON], the Senator from Washington [Mr. MAGNUSON], the Senator from Florida [Mr. PEPPER], and the Senator from Alabama [Mr. SPARKMAN] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from South Dakota [Mr. GURNEY], the Senator from New Jersey [Mr. SMITH], and the Senator from New Hampshire [Mr. TOBEY] are absent by leave of the Senate.

The Senator from Ohio [Mr. TAFT] and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

The Senator from Vermont [Mr. AIKEN] is paired with the Senator from South Dakota [Mr. GURNEY]. If present and voting, the Senator from Ver-

mont would vote "nay" and the Senator from South Dakota would vote "yea."

The Senator from Ohio [Mr. TAFT] is paired with the Senator from New Hampshire [Mr. TOBEY]. If present and voting, the Senator from Ohio would vote "nay" and the Senator from New Hampshire would vote "yea."

The Senator from Wisconsin [Mr. MCCARTHY] is detained on official business.

The Senator from South Dakota [Mr. MUNDT] is detained on official business and is paired with the Senator from Missouri [Mr. KEM], who is also detained on official business. If present and voting, the Senator from South Dakota would vote "yea" and the Senator from Missouri would vote "nay."

The Senator from Vermont [Mr. FLANDERS] is detained on official business and is paired with the Senator from Maine [Mrs. SMITH], who is also detained on official business. If present and voting, the Senator from Vermont would vote "nay" and the Senator from Maine would vote "yea."

The Senator from Washington [Mr. CAIN] is absent on official business and is paired with the Senator from Montana [Mr. ECTON], who is detained on official business. If present and voting, the Senator from Washington would vote "yea" and the Senator from Montana would vote "nay."

The result was announced—yeas 53, nays 19, as follows:

YEAS—53

Anderson	Hayden	McFarland
Benton	Hendrickson	McKellar
Brewster	Hickenlooper	Malone
Butler	Hill	Maybank
Capehart	Hoe	Millikin
Chapman	Holland	Morse
Chavez	Humphrey	Neely
Connally	Johnson, Tex.	O'Mahoney
Cordon	Johnston, S. C.	Russell
Darby	Kefauver	Stennis
Donnell	Kerr	Taylor
Dworshak	Kilgore	Thomas, Okla.
Eastland	Langer	Thomas, Utah
Ellender	Leahy	Thye
Fulbright	Lehman	Watkins
George	Lucas	Wherry
Graham	McCarran	Young
Green	McClellan	

NAYS—19

Bricker	Jenner	Saltontall
Bridges	Knowland	Schoeppel
Byrd	Lodge	Tydings
Douglas	McMahon	Wiley
Ferguson	Martin	Williams
Frear	O'Connor	
Ives	Robertson	

NOT VOTING—24

Aiken	Johnson, Colo.	Pepper
Cain	Kem	Smith, Maine
Downey	Long	Smith, N. J.
Ecton	McCarthy	Sparkman
Flanders	Magnuson	Taft
Gillette	Mundt	Tobey
Gurney	Murray	Vandenberg
Hunt	Myers	Withers

So the bill (H. R. 5472) was passed.

Mr. CHAVEZ. Mr. President, I move that the bill as passed by the Senate be printed with the amendments numbered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAVEZ. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CHAVEZ, Mr. MCCLELLAN, Mr. HOLLAND, Mr. CAIN, and Mr. MALONE conferees on the part of the Senate.

COMMITTEE MEETINGS DURING SENATE SESSIONS

Mr. TYDINGS. Mr. President, one of the hearings which the subcommittee of the Committee on Foreign Relations will be having will occur on next Thursday. The witness who is appearing has been requested to come before the committee by the Senator from Wisconsin [Mr. MCCARTHY]. It is quite likely that we shall want to continue at some length with this witness. It is also a fact that the witness himself is engaged in a lecture tour, and we have had some difficulty arranging a date so that he could attend the hearing. I therefore ask unanimous consent that the committee may sit Thursday and Friday while the Senate is in session, in order that we may dispose of business now before the committee.

The PRESIDING OFFICER. Is there objection?

Mr. WHERRY. Mr. President, reserving the right to object, has the distinguished Senator from Maryland taken this up with the Senator from Wisconsin [Mr. MCCARTHY]?

Mr. TYDINGS. No, I have not; because it is the Senator's witness, and I am trying to accommodate him. I take it for granted he would be in favor of having all the time necessary.

Mr. WHERRY. I did not mean to imply that the Senator from Maryland had not considered that angle of it. I was merely trying to make sure that the arrangement made would be satisfactory to the Senator from Wisconsin.

Mr. TYDINGS. I am sure the Senator from Wisconsin would like this witness to have all the time necessary. We may not be able to finish by the time the Senate convenes. We may have to go over until Friday. Therefore I have made the request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Maryland? The Chair hears none, and it is so ordered.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948—ORDER OF BUSINESS

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of Senate bill 3304, Calendar 1379.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. KEFAUVER. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. LUCAS. No. I have moved that the Senate proceed to the consideration of S. 3304.

Mr. KEFAUVER. Mr. President, will the Senator yield for an inquiry?

Mr. LUCAS. I yield.

Mr. KEFAUVER. I had hoped, and I had understood from the majority leader the hope would be realized, that, shortly after the conclusion of the river

and harbor bill, the Senate would proceed to the consideration of Senate Resolution 202. I hope the discussion of the resolution would not take long. It provides for an investigation which, if worth-while results are to be accomplished, should be begun as soon as possible. The matter has been in the Senate quite a while, and I am trying to obtain consideration of the resolution.

Mr. LUCAS. Does the Senator from Tennessee think it is more important than the ECA bill?

Mr. KEFAUVER. I may say to the Senator I think it is a subject of great importance. I do not think it would take very long to dispose of the resolution. Debate on the ECA bill will continue for several weeks, I understand, or at least for several days.

Mr. DONNELL. Will the Senator yield?

Mr. LUCAS. I yield to the Senator.

Mr. DONNELL. I should like to state, so the Senator from Tennessee may be advised, that there will be opposition to an amendment in the nature of a substitute which I understand he is expecting to present.

Mr. LUCAS. I understood from the newspapers today in St. Louis that there would be opposition.

Mr. DONNELL. There will be. The newspapers are entirely correct.

Mr. KEFAUVER. Mr. President, if the Senator will yield further, I hope the Senator from Missouri will indicate what the opposition will be, so that we may get an idea of how long the resolution will take. The matter is pretty well understood, I think.

Mr. DONNELL. I may say I cannot give an assurance that it will be particularly brief. There will be very strong opposition, I may say, to the amendment which I understand will be presented by the Senator from Tennessee, and I make no promises as to the length of time the debate will consume.

Mr. LUCAS. The Senator from Missouri, I understand, is going to speak when the matter comes up.

Mr. DONNELL. The Senator has understood correctly.

Mr. LUCAS. Therefore, the Senator from Tennessee can govern himself accordingly.

Mr. KEFAUVER. Mr. President, if the Senator from Illinois will yield further, I may say the difficulty, as I see it, is that when the ECA bill is out of the way, there will be something else just as important. The way matters are going now, it looks as if we may never have time to take up the resolution providing for the investigation. I may say to the majority leader that while he was out of the city, there was worked out an arrangement with the acting majority leader, the Senator from Pennsylvania, so that I was given to understand that he would try to see that the resolution was brought up in a few days. He wanted to wait until the majority leader returned, before granting unanimous consent for its consideration.

Mr. LUCAS. Mr. President, let me say to the distinguished Senator from Tennessee that I am just as eager as he is to have the resolution come before the Senate, have it debated, and a decision made one way or the other. However, the

Senator from Tennessee certainly will not advise the Senate and the country that the so-called crime probe is more important than is the bill to amend the Economic Cooperation Act, as amended, which I am trying to get before the Senate. The crime probe can go on and on. ECA is an emergency proposition. The Senator from Tennessee will have all summer long and all fall, so far as I am concerned, to investigate every crook in America, and he can have all the money he wants so far as I am concerned to do that. Certainly the Senator from Tennessee will not insist that the resolution to investigate organized crime is more important than ECA legislation.

Mr. KEFAUVER. I did not say it was more important.

Mr. LUCAS. What is the Senator saying?

Mr. KEFAUVER. What I said was that I thought it should not take a very long time.

Mr. LUCAS. The Senator has heard the distinguished Senator from Missouri say that it will take some time. I know that if the Senator from Missouri speaks on the measure it will take some time. I say that most respectfully.

Mr. KEFAUVER. I have heard the Senator from Missouri make rather brief speeches and my thought was that if we could have the resolution considered tonight perhaps the Senator from Missouri, by the time we adjourned, would have spoken fully on the matter. I do not know that many Members of the Senate wish to discuss it. I do not believe the resolution will take a very long time. It has to do with a matter of great importance.

Mr. LUCAS. There is no question about the importance of the resolution, but I know the Senator from Tennessee will wish to speak on it at great length, because he will be compelled to answer many arguments. I shall wish to take some time on it, because, according to the press I have been charged with some sort of trickery in trying to have appointed a committee which I thought could do a job, and certainly I want a little time to debate it. I know that several other Senators will wish to take some time. It cannot be done tonight. It cannot be done in a day's time.

Mr. KEFAUVER. Will the Senator yield?

Mr. LUCAS. I yield.

Mr. KEFAUVER. I had a feeling that after the issues had been presented, the question would resolve itself rather quickly. I believe almost every Senator is in favor of the resolution, in one form or another. After the opposing positions are stated, it does not seem to me it would take a very long time to dispose of the resolution. Perhaps the Senator from Illinois can give us some idea as to when the resolution may come up for consideration and determination.

Mr. LUCAS. I should like to have the resolution considered as soon as possible. I am not trying to delay its consideration. However, there are matters before the Senate which are more important than the proposed crime probe. The Senator knows that to be so. There will be time between now and November 5 to

investigate anything which the Senator wishes to investigate, anywhere in the country. Surely, on an important measure such as the ECA bill, which the President of the United States himself has said is the most important measure before us today, the Senate ought to go along with the President. I cannot understand why the Senator from Tennessee insists on bringing up the resolution. If he does insist, I shall suggest that he move to bring it up in place of consideration of ECA and get a vote on the motion, so that we may see what the Senate has to say about it.

Mr. KEFAUVER. Very well. Mr. President, I move that the Senate—

The PRESIDING OFFICER. The motion is not in order. The question is on agreeing to the motion of the Senator from Illinois to proceed to the consideration of S. 3304.

Mr. KEFAUVER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KEFAUVER. The distinguished majority leader suggested that the Senate decide which matter we should take up at this time.

The PRESIDING OFFICER. The substitute motion is not in order. The power is in the Senate to vote the motion up or down. In either event, whatever the action of the Senate, the Senator from Tennessee may move to consider his motion.

Mr. KEFAUVER. May I inquire how the majority leader expected to have the Senate vote on the question.

Mr. LUCAS. I do not wish to become involved in a technical discussion with the Senator from Tennessee. I have simply moved to take up the ECA bill. If it is taken up, the Senator may move to lay it aside.

The PRESIDING OFFICER. If the motion were agreed to it would be in order to proceed with another matter. If the pending motion were defeated, the Senator from Tennessee could move to proceed to the consideration of the resolution. The question is on agreeing to the motion of the Senator from Illinois.

Mr. WHERRY. There is another matter which the Senate has been unable to take up and act upon. I do not know whether the majority leader read anything about it in St. Louis. If he did not, I should like to refresh his memory.

Mr. LUCAS. I did not have to read about the measure which I presume the Senator from Nebraska has in mind.

Mr. WHERRY. I refer to the conference report on the basing-point bill, which has not yet been brought up for consideration. I should like to say that I shall not oppose the motion to take up the ECA bill. I feel it is an important measure and should receive the consideration of the Senate. However, I feel that the conference report is in a little different category than a matter on which a choice may be made as to which measure should be considered. I am not certain as to who will speak on the conference report. I know, as does the majority leader, that several Senators wish to debate the issue. I doubt very much

that its consideration would take as much time as the consideration of the ECA bill. However, I suggest to the distinguished majority leader that if he can see his way clear to do so, after the ECA bill has been disposed of, he try to make the conference report the order of business, so that it may be considered at that time. We could take it up then, if not before. I have in mind that perhaps we could get a unanimous-consent agreement to consider the report on an afternoon during debate on the ECA bill.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois.

The motion was agreed to, and the Senate proceeded to consider the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

INVESTIGATION OF CERTAIN CRIMINAL ACTIVITIES

Mr. KEFAUVER. Mr. President, I move that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Senate Resolution 202.

The PRESIDING OFFICER. The question is on the motion of the Senator from Tennessee that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Senate Resolution 202, which the clerk will state by title.

The LEGISLATIVE CLERK. A resolution (S. Res. 202) to investigate gambling and racketeering activities.

The PRESIDING OFFICER. The motion is debatable.

Mr. LUCAS. Mr. President, I hope the Senate will not consider the resolution at this time. I want the Senator from Tennessee to understand, and I want the country and the Senate to understand, that insofar as the majority leader is concerned, he is in favor of the investigation. I do not care how far the investigators go, whom they investigate, or what they investigate, so long as they stay within the scope of the resolution. I think something ought to be done to investigate criminal activities. However, it seems to me ridiculous, when we have such a program as the ECA, which not only affects the Nation but the world as well, which the President of the United States has asked to be brought up at the earliest possible time, to have a motion made to set it aside and take up a resolution providing for a probe of this kind, in connection with which there exists no emergency. The Senator from Tennessee and the committee which would ultimately be appointed under the resolution, could probe from now until the end of time, so far as I am concerned; but certainly no emergency is involved. In my opinion, the Senate should reject the motion.

Mr. KEFAUVER. Mr. President, the majority leader has been very cooperative, and I know he is considering the matter in the light of what he believes to be more important. However, I do not think consideration of the resolution should take any great length of time. Insofar as I am able to make any kind of agreement, I would agree with the majority leader that if it should take more than a day, consideration of the resolu-

tion should be deferred until after the ECA bill is out of the way. However, I fear that if the resolution is not taken up at this time, it will be deferred, and later on the conference report on the basing-point bill will be considered more important. After that, the appropriation bill will be considered more important. Therefore I do not know when the resolution will be brought up for consideration.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. KEFAUVER. Yes.

Mr. LUCAS. The Senator by his motion has practically told the country and the Senate that he believes the proposed probe is more important than the European recovery program. Candidly, I am a little surprised at my friend, the Senator from Tennessee, that he would attempt to say to the country and to the world at large that the probe is more important than the pending bill dealing with ECA. The Senator, in my judgment, puts himself in an improper light before the country. I may be wrong about it, but that is the way I feel.

Mr. KEFAUVER. I am disappointed that the distinguished majority leader should thoroughly misunderstand my position. I thought it was understood that the debate on the ECA bill would take several weeks. It seemed to the junior Senator from Tennessee that before we got into that debate, the resolution, which is also of great importance, could be taken up. Many Senators would be willing to forego attending the ball game tomorrow and stay here and debate the resolution and listen to the eloquence of the distinguished Senator from Missouri. It seems to me that to many of us consideration of the resolution is more important than going to a ball game tomorrow, which I had understood would be the order of business. That is a very important order of business, too, but I was not comparing the importance of the resolution with the ECA bill. However, in making any comparison, it looks to the junior Senator from Tennessee that if the resolution were to be given consideration, now would be the time to present it to the Senate and let the Senate decide which question should be brought up at this time.

Mr. McFARLAND. Mr. President, I should like to state that the question was asked the junior Senator from Arizona when he was acting in the capacity of majority leader, whether they would be any votes taken tomorrow, and I gave assurance that there would not be. Whether that was a proper assurance I do not know.

So far as going to the ball game is concerned, the Senate was in session until 8:45 o'clock Friday night, and we are in session now at 7:15. A little recreation now and then is of benefit to anyone. I have no hesitancy in saying that I think it is a good thing for Senators to go to a ball game once in a while. I think we will make more progress than by working day and night all the time.

Mr. BRIDGES. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BRIDGES. Has the resolution which the Senator from Tennessee is now attempting to have made the order of business ever been referred to a committee of the Senate and acted upon by the committee?

The PRESIDING OFFICER. The resolution was referred to the Committee on the Judiciary and reported to the Senate, and then was referred to the Committee on Rules and Administration.

Mr. KEFAUVER. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. KEFAUVER. Senate Resolution 202 has been reported by the Committee on the Judiciary and by the Committee on Rules and Administration with two amendments, and it is on the calendar.

Mr. BRIDGES. In its present form?

Mr. KEFAUVER. The junior Senator from Tennessee will offer his substitute resolution, which does not change in any important particular the nature or scope of the investigation. It does authorize a larger amount of money to conduct the investigation. It strikes out the July 31 report provision and substitutes the date January 31 as the time for making the report. It establishes a special committee to be composed of five members of the Committee on the Judiciary and the Committee on Interstate and Foreign Commerce.

Mr. BRIDGES. Then the proposal upon which the Senate will be called upon to pass, which is the substitute, was never referred to a committee or passed on by a committee?

Mr. KEFAUVER. The original resolution, Senate Resolution 202, has been.

Mr. BRIDGES. I understand that.

Mr. KEFAUVER. The substitute has not been.

Mr. BRIDGES. I understand there has been a lot of shenanigans about this matter in the Democratic Policy Committee, and so on. Why is it not the proper procedure for the whole thing to be heard by a committee and reported to the Senate?

Mr. LUCAS. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I yield.

Mr. LUCAS. I do not like that word "shenanigans." Nobody knows the meaning of it better than does the Senator from New Hampshire.

Mr. BRIDGES. I thank the Senator from Illinois. I think perhaps he is right.

Mr. KEFAUVER. Mr. President, I may say to the Senator from New Hampshire that there is no shenanigans. There is nothing but an honest desire to have an impartial investigation, without regard to trying to be of benefit or damage to any political party, or without any regard to political considerations.

Mr. BRIDGES. Can the Senator tell the Senate why he did not accept the report of the Committee on the Judiciary and the report of the Committee on Rules and Administration, and why he is now attempting to put forward a substitute?

Mr. KEFAUVER. I think a brief statement about that would be of some clarifying benefit.

Mr. BRIDGES. I do not want to say there was shenanigans if it offends the

The deed of conveyance contains the normal reversionary clause which prescribes that in the event the property should not be maintained by the Federal Government as a military reservation, it will revert to Pierce County.

There are two small portions of this reservation which have become surplus, and of no further military use, and which are desired by the county. The two tracts are both located on the north boundary of the reservation, and have lost their military usefulness because of the fact that they are small, triangular-shaped parcels which are now separated from the main reservation by a highway. The county desires the more northerly of these two parcels—approximately an acre—for road purposes. It desires the more southerly portion—approximately 63 acres—for school purposes. The Department of Defense and the Bureau of the Budget interpose no objection to releasing this property back to the original donors.

As a matter of fact, there is some legal question as to whether legislative authority is in fact necessary in this instance, because of the fact that the deed itself contains the reversionary provision. However, the Federal Government feels that there is some possibility that the title of the Federal Government to the remainder of the tract might be jeopardized if the reversionary clause of the deed were permitted to operate with respect to these two individual portions of the whole reservation. For that reason legislative authority is being requested, and section 2 of the bill specifically protects the title of the United States to the remainder of the reservation. The Committee on Armed Services felt that the wording in section 2 which made it mandatory that the State of Washington and Pierce County, Wash., should both be required to take certain action, is unduly restrictive. Neither the officials of the State of Washington nor the Office of the Judge Advocate General are positive as to what action, if any, the State government would be required to take. For that reason the committee recommends amending the bill so as to substitute the words "in accordance with local law" for the words, "by the State of Washington and Pierce County, Wash."

This amendment is concurred in by the departmental witnesses and has been checked with the Office of the Legislative Counsel of the Senate as to its legal sufficiency.

I wonder if, by that explanation, the Senator from Oregon [Mr. MORSE] has either had his very legitimate interest satisfied, or if he cares to ask me any further questions.

Mr. MORSE. Mr. President, I want to thank the Senator from Washington for his explanation of the bill. I shall study it very carefully between now and the next calendar day, and I shall ask to have the bill go over until then.

The PRESIDING OFFICER. Objection is heard.

The next bill in order at the foot of the calendar will be stated.

DAYLIGHT-SAVING TIME IN THE DISTRICT

The bill (S. 3176), to authorize the Board of Commissioners of the District of Columbia to establish daylight-saving time in the District, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Board of Commissioners of the District of Columbia is authorized to advance the standard time applicable to the District 1 hour for a period of each year commencing not earlier than the last Sunday of April and ending not later than the last Sunday of September. Any such time established by the Commissioners under the authority of this act shall, during the period of the year for which it is applicable, be the standard time for the District of Columbia.

The PRESIDING OFFICER subsequently said: The Chair wishes to announce that the bill providing for daylight-saving time for the District of Columbia was objected to when it was reached on the call of the calendar, and was not carried to the foot of the calendar by unanimous consent. Therefore, the calling of that bill a moment ago was an error. The bill has not been passed. It was objected to on the call of the calendar and is still on the calendar.

BILL PASSED OVER

The PRESIDING OFFICER. The next bill at the foot of the calendar will be stated.

The bill (S. 583), conferring jurisdiction upon the United States District Court for the Eastern District of Pennsylvania to hear, determine, and render judgment upon the claims of the estate of Archangelo Straneri, was announced as next in order.

Mr. HENDRICKSON. Mr. President, I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

CONVEYANCE OF LANDS TO THE TWO ROCK UNION SCHOOL DISTRICT OF SONOMA COUNTY, CALIF.

The PRESIDING OFFICER. The next bill at the foot of the calendar will be stated.

The bill (H. R. 4732), to direct the Secretary of the Army to convey certain lands to the Two Rock Union School District, a political subdivision of the State of California in Sonoma County, Calif., and to furnish said school district water free of charge, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. KNOWLAND. Mr. President, this bill was held over during my absence, when I was at the Naval Academy as a member of the Board of Visitors. I think the bill went to the foot of the calendar at the request of the Senator from Oregon [Mr. MORSE].

The Two Rock Army Base consists of approximately 867 acres. It is a radio receiving station with a permanent garrison of 18 officers and 400 enlisted men. It is located approximately 10

miles east of Petaluma, Calif., and about 45 miles north of San Francisco.

The grammar-school facilities in the Two Rock School District are quite out of date. The present school building was built in 1885, and has no water or telephone. Its sanitary facilities are wholly inadequate. The California Commission on Redistricting of Rural Schools has recommended a consolidating of the three school districts in the area into one union district, so that one modern grammar school may be built to serve the whole area.

The consolidation has been effected, but the building program cannot get under way because of the lack of a suitable site for the new building.

H. R. 4732 proposes to give to the Two Rock Union School District a tract consisting of 5.36 acres located in the northeast portion of the Two Rock Army Base.

The value of this land is approximately \$400. It contains no improvements. The Department of the Army interposes no objection to this transfer and the Bureau of the Budget concurs. The land is selected for two reasons: First, because of its accessibility to the water supply of the Army base; second, this particular plot is centrally located in the union school district. Approximately half of the students in the Two Rock grammar-school are children of Army personnel.

The bill requires that water is to be supplied from the Army system, but paid for by the school district. The bill also requires that the school district relocate the security fence around the area. The bill provides a reversionary clause which will be effective should the land fail to be used for school purposes. The rights of the United States with respect to fissionable material are also reserved in the bill.

I recommend that the title of the bill be amended by striking out the words, "to furnish school district water free of charge," and substituting the words, "for other purposes."

The original bill contemplated that there should be no charge for the water. It was amended in the House to require payment but the title was erroneously let stand in its original form.

Mr. President, I believe the Federal Government would be amply compensated for the \$400 worth of property because half the students will be students of the personnel on the Army base.

Mr. MORSE. Mr. President, since asking to have the bill go to the foot of the calendar, I have taken the time to study it. I find that the Government not only will receive on this transfer a sum equal to half the fair market value of the property—its total value is \$400—but probably will receive in excess of that amount by reason of the fact that the school district will transfer and relocate the military fence. I have checked the matter with staff members of the committee and find that this particular bill in no way violates the principle of the Federal Government receiving at least half of the fair market value of the property.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The committee amendments have been heretofore agreed. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 4732) was read the third time and passed.

The title was amended so as to read: "An act to direct the Secretary of the Army to convey certain lands to the Two Rock union school district, a political subdivision of the State of California, in Sonoma County, Calif., and for other purposes."

CATHERINE A. GLESENER

Mr. MORSE. Mr. President, I wish to call attention to Senate bill 469, Calendar 1258, a bill which has received the attention of the two Senators from Washington [Mr. MAGNUSON and Mr. CAIN] and the two Senators from Oregon [Mr. CORDON] and myself, in recent months and weeks. Consideration of the bill was objected to during the last call of the calendar until the Senator from New Jersey [Mr. HENDRICKSON] could make further study as to the claims set forth in the bill.

I understand that the Senator from New Jersey and the chairman of the Judiciary Committee [Mr. MCCARRAN] have agreed upon an amendment to the bill. In the absence of the Senator from Washington [Mr. MAGNUSON], the author of the bill, I have been asked to read the following statement:

The Senator from Washington [Mr. MAGNUSON], who is unable to be on the floor at this moment, has requested me to ask unanimous consent that the Senate return to Calendar No. 1258. This is a bill for the relief of C. A. Glesener.

Senator: will note the bill was reported by the committee and appeared on the calendar just 1 day before last calendar call. The bill was not objected to, but a request was made that the bill go over for further study. I understand that the junior Senator from New Jersey, who asked that the bill go over for further study, on the last calendar call, has an amendment he wishes to offer.

His amendment has been agreed to by the Senator from Washington [Mr. MAGNUSON], author of the bill, and by the chairman of the Judiciary Committee.

There should be no controversy over the bill, and in all fairness it should be considered at this time because of the circumstances I have already related.

Mr. President, I would only add that the woman involved in this particular bill has suffered great property damage, which has been admitted by the Government. For the past several years she has been working in an endeavor to iron out her difficulties with the Government. Now that the Government departments are in agreement with her, and, as I understand, now that the Senator from New Jersey and the Senator from Nevada are in agreement as to the final amount of the claim, I think in fairness to this poor woman we should dispose of this bill this afternoon.

The PRESIDING OFFICER. The Senator from Oregon asks unanimous consent that the Senate proceed to the consideration of Senate bill 469, Calendar 1258, a bill not included in the part of the calendar ordered for consideration by the Senate today. Is there objection?

Mr. TAFT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TAFT. The ECA bill, as I understand, is the unfinished business?

The PRESIDING OFFICER. Yes, the call of the calendar has been completed, and the ECA bill is the unfinished business.

Mr. TAFT. Then I take it that the Senator's request should be that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Senate bill 469. Is that correct?

The PRESIDING OFFICER. That is correct. Of course, the transaction of any other business at this point, by unanimous consent, would not affect the status of the unfinished business, so far as resuming it is concerned.

Mr. TAFT. Mr. President, I object unless the request includes a request to have the unfinished business temporarily laid aside. What I object to is the practice, at the end of the calendar, of bringing up a number of bills as to which no notice has been given, other than the fact that they are on the first part of the calendar, and can be brought up, of course, after the Senate returns to the current order of business.

However, I do not think we should consider another bill while the ECA bill is before us pending the Senate, except by temporarily laying aside the ECA bill and proceeding to the consideration of another bill. So I object, but only as to the form in which the request is made.

Mr. MORSE. Mr. President, if the Senator will withhold his objection, in order to do what I think anyone who would go into the record of this case would agree is merely plain justice to this woman, who, at long last, has gotten all the departments of Government concerned to agree as to the damage which has been done to her, I ask unanimous consent that the unfinished business, the ECA bill, be temporarily laid aside, and that the Senate proceed to the consideration of Senate bill 469, Calendar 1258.

The PRESIDING OFFICER. Is there objection?

Mr. WHERRY. Mr. President, reserving the right to object—and let me say I did not hear all the colloquy—I understand that the request of the junior Senator from Oregon has nothing to do with arrangements made in regard to the calendar prior to this time; but I understand that the Senator is now asking that the ECA bill be temporarily laid aside and that, by unanimous consent, the bill he has mentioned be brought up. I have no objection.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 469) for the relief of Catherine A. Glesener, which

had been reported from the Committee on the Judiciary with amendments.

The PRESIDING OFFICER. The first amendment of the committee will be stated.

The first amendment, was on page 1, line 5, after the word "to", to strike out "Catherine" and insert "Cathryn."

Mr. HENDRICKSON. Mr. President, I send to the desk two amendments, which I offer and ask to have stated. One of them is to a committee amendment, and the other is to the bill itself.

The PRESIDING OFFICER. It is the understanding of the Chair that the amendments of the Senator from New Jersey do not relate to the first committee amendment, which has been stated.

The question is on agreeing to the first committee amendment.

The amendment was agreed to. The PRESIDING OFFICER. The next amendment of the committee will be stated.

The next amendment, was on page 1, in line 6, after the word "of", to strike out "\$126,811" and insert "\$84,792."

The PRESIDING OFFICER. The Senator from New Jersey has offered an amendment to this committee amendment. His amendment to the committee amendment will be stated.

The amendment to the committee amendment was on page 1, in line 6, in lieu of the amount proposed by the committee, to insert "\$36,441, with interest at 4½ percent from January 1, 1938, to the date of enactment of this act."

The PRESIDING OFFICER. The question is on agreeing to the amendment to the committee amendment.

Mr. MCCARRAN. Mr. President, I should like to hear from the Senator from Oregon [Mr. MORSE] as to whether that amendment to the committee amendment is agreeable to the Senator from Washington [Mr. MAGNUSON]. I have not heard from him.

Mr. MORSE. My understanding is—and he has authorized me to so state—that it is agreeable to the Senator from Washington.

Mr. MCCARRAN. Very well. Mr. HENDRICKSON. Mr. President, I am reliably informed that these amendments are satisfactory to the distinguished Senator from Washington.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Jersey [Mr. HENDRICKSON] to the committee amendment on page 1, in line 6.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The next amendment of the committee will be stated.

The next amendment was, on page 2, in line 6, after the word "said" to strike out the word "Catherine", and insert "Cathryn."

The amendment was agreed to. The PRESIDING OFFICER. The amendment submitted by the Senator from New Jersey [Mr. HENDRICKSON] will be stated.

S. 3304

IN THE SENATE OF THE UNITED STATES

APRIL 19 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. McCARRAN (for himself and Mr. BREWSTER) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, viz: On page 7, after line 4, insert the following:

1 AID TO SPAIN,

2 SEC. 201. This title may be cited as the "Spanish Aid
3 Act of 1950".

4 NATURE OF ASSISTANCE

5 SEC. 202. The Administrator for Economic Coopera-
6 tion is hereby authorized to furnish assistance to the Spanish
7 state in conformity with—

8 (a) the provisions of the Economic Cooperation
9 Act of 1948, as amended, wherever such provisions are

1 applicable and not inconsistent with the intent and pur-
2 poses of this title; and

3 (b) the administrator is authorized to issue notes
4 from time to time during the fiscal year 1951 for pur-
5 chase by the Secretary of the Treasury in an amount
6 not exceeding in the aggregate \$100,000,000 for the
7 purpose of allocating funds during such fiscal year to the
8 Export-Import Bank of Washington for assistance to
9 Spain on credit terms under the provisions of paragraph
10 2 of section 111 (c) of the Economic Cooperation Act
11 of 1948, as amended, to the extent applicable.

AMENDMENT

Intended to be proposed by Mr. McCARRAN (for himself and Mr. Brewster) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

APRIL 19 (legislative day, March 29), 1950
Ordered to lie on the table and to be printed

my colleague, the senior Senator from New Jersey [Mr. SMITH]:

Mr. President, on the 15th of April the resignation of the Honorable Lewis L. Strauss as a member of the Atomic Energy Commission became effective. As it has been my great privilege to have had an intimate acquaintance with Mr. Strauss over a period of many years, I want to take this opportunity to pay a personal tribute to him for the outstanding services that he has rendered to his country and to the world.

Lewis Strauss began his public service during World War I as secretary to Herbert Hoover in the United States Food Administration. At Mr. Hoover's request and President Wilson's order he remained with the Food Administration throughout the war. After the war he had the distinction of attending the final armistice convention in Brussels in 1919 as one of the five United States delegates.

In 1940, when war again seemed to be threatening the United States, Mr. Strauss left his work in private banking and philanthropy in New York, and entered active service as a lieutenant commander in the United States Naval Reserve. This was the beginning of a period of nearly 10 years of almost uninterrupted and uniformly distinguished service to the United States.

Mr. Strauss' naval record during the recent war was marked by a series of highly important achievements. He originated a new and more efficient inspection service for the entire Navy, at considerable savings in money and manpower. He developed a number of fruitful innovations in naval ordnance matériel, and helped in the development of the proximity fuse, one of the outstanding inventions of the war. In the field of war production it was he who first proposed the famous Army-Navy E awards for outstanding production achievements.

As time went on Mr. Strauss was given increasingly heavy responsibilities. He wrote the contract termination legislation and procedures for the Navy. He became the Navy's representative on the Munitions Board, and later on the Interdepartmental Committee on Atomic Energy. As coauthor of the Strauss-Draper report on integration of design and procurement activities of the Army, Navy, and Air Force, he was instrumental in saving hundreds of millions of dollars, and helped to lay the foundation for the eventual unification of the armed services. Finally, he was the author of the proposal for creation of an Office of Naval Research, which is today a most important Federal agency in the field of basic scientific research.

These outstanding services brought Mr. Strauss numerous decorations and rapid promotion in the Navy to the rank of rear admiral. I understand that he was the first Naval Reserve officer ever to achieve this rank. The Navy awarded him the Legion of Merit and the Silver Star in lieu of a second award, and the Army has decorated him with the Oak Leaf Cluster in lieu of a third Legion of Merit.

In May 1946 Admiral Strauss was finally able to return to his long-neglected private affairs, but only 2 months later he was called again to public service by President Truman, who asked him to serve as a member of the Atomic Energy Commission. He thereupon severed all his business connections and entered on this vitally important work which was to keep him in the public service for another 3½ years.

Mr. President, I think we Americans have been particularly fortunate in having on the Atomic Energy Commission, during its crucial first years, a man of the imagination and breadth of view of Lewis Strauss. He has been clearly aware of the stern responsibility for our national security entrusted to the Commission, and has been a tireless

advocate of strong and adequate security measures in atomic-development work. At the same time he has sought in every way to emphasize the more hopeful and positive possibilities of atomic energy. Especially in the field of medicine he has taken a tireless personal interest in the use of radioactive isotopes as a research tool and a possible cure for cancer.

A few weeks ago I wrote to former President Hoover advising him that it was my purpose to make a public tribute to Lewis Strauss about the time of the termination of his work with the Atomic Energy Commission. Mr. Hoover wrote to me warmly approving the proposal and added:

"He became—then only about 20—my secretary in 1917 and continued through the food administration and the reconstruction of Europe until after the peace in 1919. Then he went into business most successfully.

"He is the president of the Congregation Emanuel. He was long a member and, I believe later the head of the Jewish Joint Distribution Committee, which has ministered to millions of gentiles as well as Jews during all the years from 1919 to date.

"He was an ensign in the Naval Reserve and was called to service in the Second World War in 1940, or so. By sheer merit he rose to the rank of admiral in 1945.

"You know his extraordinary intelligence and his sterling character for integrity."

These were the words of former President Hoover, and the following are the words of President Truman in his letter acquiescing in Mr. Strauss' desire to retire from his post. President Truman wrote, in part:

"Your personal concern and your diligence are reflected especially in the medical and military phases of the program and in the security policies and practices developed by the Commission.

"The sound policies which today guide the national atomic-energy program bear in large measure the impress of your efforts in support of civilian direction which will serve the military needs of the Nation and at the same time foster the service which science and technology can render to the general welfare."

Mr. President, Lewis Strauss has been a warm personal friend of mine for over 30 years. We have been closely associated in the humanitarian and educational enterprises inaugurated by former President Hoover following World War I. To me it is a great personal privilege to make this simple tribute to a great American.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Mauer, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5472) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WHITTINGTON, Mr. LARCADE, Mr. DAVIS of Tennessee, Mr. DONDERO, and Mr. ANGELL were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 715. An act for the relief of Manuel Uribe;

H. R. 1481. An act for the relief of the estate of Julius Zaffarelli;

H. R. 1487. An act for the relief of Lt. (sg) Giacomo Falco;

H. R. 2554. An act to amend the District of Columbia Credit Union Act of 1932;

H. R. 3306. An act for the relief of Antonio Rojas Velez;

H. R. 3315. An act for the relief of Alejo Padilla;

H. R. 3769. An act for the relief of Doris M. Faulkner;

H. R. 3924. An act for the relief of Dr. T. F. Harrison;

H. R. 4070. An act to cancel drainage charges against certain lands within the Uintah Indian irrigation project, Utah;

H. R. 4285. An act to amend the act of July 31, 1946, in order retroactively to advance in grade, time in grade, and compensation certain employees in the postal field service who are veterans of World War II;

H. R. 4289. An act to require settlers on public lands in Alaska to record notice of their settlement claims in the land office for the district in which the lands are situated, and for other purposes;

H. R. 4380. An act for the relief of Mrs. Agnes Emma Hay;

H. R. 5753. An act for the relief of Jean Clark;

H. R. 5921. An act to terminate lump-sum benefits provided by law to certain Reserve officers of the Navy and Air Force;

H. R. 5951. An act to amend section 3 of the Travel Expense Act of 1949;

H. R. 6093. An act for the relief of Masami Hiroya and Aiko Hiroya;

H. R. 6282. An act for the relief of Mrs. Elinor Anne-Britt Jedlund; and

H. R. 6475. An act to amend the Postal Rate Revision and Federal Employees Salary Act of 1948 to provide for the consideration of claims for the payment of certain postal notes filed later than 1 year from the last day of the month of issue.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. CONNALLY. Mr. President, the European recovery program has been the most stupendous and generous contribution by a great country to free nations in behalf of democracy and world peace in all recorded history.

It has been said that the United States can no longer choose whether we will or will not play a great part in the world. By the very nature of things we must play a great part. The only decision left for us is whether we shall play that part wisely and well or whether we shall play it poorly.

That we must play our role exceptionally well is obvious when we review the brazenly hostile tactics of Soviet communism. So serious has this breach between the east and the west become that the decisions we make today may determine the destiny of the free world for generations to come.

However much we deplore the tactics of the Soviet Government its persistently diabolical efforts have met with some major successes. Perhaps as a result of these successes it is pursuing its objective of world dominion with increasing boldness. We must continue to counter this new threat with imagination and vigor.

Meanwhile we know that the free world has not been asleep at the switch. While the Soviets have been building their satellite system we have encour-

aged the independence of countries like the Philippines, Indonesia, India, and Pakistan.

They have welded their puppet states into an economic bondage designed to further the interests of the Kremlin and the Soviet hierarchy. We have stirred the imagination of free men everywhere by the Marshall plan and the program of technical cooperation for the undeveloped areas, both of which are designed to enable free nations to achieve independence and economic stability.

They, through force and intimidation, have compelled their satellites to join with them in a network of mutual-defense treaties. We have freely negotiated the North Atlantic Treaty by which the states of the North Atlantic community have voluntarily agreed to take collective defense measures in the event of an armed attack.

Their world, Mr. President, is based upon the totalitarian concepts of slavery, intolerance, compulsion, and blind obedience to the Politburo. Ours is based upon the Christian concept of the dignity of the human being, the independence of the sovereign State, and the principles of freedom and voluntary cooperation.

Our present task is to make the world understand clearly the basic differences between the two systems. This we can best do by practical demonstration. Let us show the world how successful a society of free nations can be in solving their mutual problems. Clearly the first step in this direction is the successful completion of the programs we have already undertaken.

The pending measure—which is substantially that approved by a heavy majority in the House of Representatives some 2 weeks ago—will do much to enable us to play our part wisely and well. It will enable us to bolster the progress of European recovery for another year. It will permit us to continue our programs of aid to the peoples of Korea, to the general area of China and to the Palestine refugees. Finally it will authorize our Government to enlarge and expand the technical assistance we are giving the underdeveloped areas of the world. I would like to address myself briefly to these five separate parts of the omnibus bill before us.

TITLE I. EUROPEAN RECOVERY PROGRAM

We stand today at the halfway mark of the European recovery program. As one of those who participated in its creation, I am glad to report that it has been a powerful force in restoring western Europe to economic stability. Its accomplishments have far exceeded the expectations of those who debated its objectives in 1948. It has brought hope and encouragement to millions who 2 years ago were resigned to an era of despair, hunger and fear of Communist subversion.

It is sometimes too easy for us to forget the past—especially when the past is unpleasant. But I want to remind Members of the Senate of the conditions in western Europe when this program was launched three short years ago. The situation there was so charged with potential danger that the Presi-

dent called the Congress into special session to deal with the impending crisis. Congress immediately recognized the urgency and validity of that request and quickly provided funds for interim aid to France, Italy, and Austria. That was the winter when France was nearly prostrate, facing starvation, Communist-led strikes, sabotage, and riots.

At this point, Mr. President, I want to pay tribute to the remarkable speech which Secretary George Marshall delivered at Harvard in June 1947. That speech showed courage. It showed imagination. It showed vision. It is the kind of stuff American leadership is made of.

When the Congress met in January 1948, the Senate Committee on Foreign Relations began hearings immediately on the Marshall plan. Nearly 100 witnesses were heard. Practically no one opposed it. The report of the committee called attention to the economic break-down in Europe caused by war devastation, political tensions and uncertainty, prolonged interruption of international trade and shortage of supplies. It pointed out that subversive elements were hampering recovery and engineering social chaos. Those were the days when every election report from Europe indicated an increase in the number of Communists in office. Those were the days when coalition governments were but an interlude to Communist control. That was the spring we all feared Italy might go Communist. Against that background, the Senate of the United States by a resounding bipartisan vote of 69 to 17, approved the European recovery program.

For my part I believe that if we had not acted then with firmness and foresight, the cold war would now be perhaps lost. But for our resolute action then we might now be facing in Europe the same difficult situation we face today in China.

When we compare the chaos-ridden Europe of pre-Marshall plan days with the much more orderly continent of today, it is clear that our sacrifices have been productive of great and good results. In spite of all Communist efforts to vilify our undertaking, it is a great credit both to those who have assisted and to those who have been helped.

It is my considered opinion that, given the shortcomings of the European recovery program—and it has shortcomings as do all human enterprises—rarely have American dollars done so much work so many times and so well. In my judgment the ERP appropriations are among the wisest and most economical we have made in our modern history. I am proud to have voted for them.

Now that the program has settled down, we are in a position to assess its accomplishments and costs, its strengths and weaknesses. We all recall that in 1947 the participating countries made seven specific commitments. They promised the following things: First, to reach certain production goals, especially in coal and steel; second, to make the fullest possible use of available productive capacity and manpower; third, to modernize equipment and transportation facilities; fourth, to achieve finan-

cial stability; fifth, to reduce tariffs and expand trade; sixth, to remove obstacles to the free movement of persons within Europe; and, seventh, to organize means for the development of common resources. Where does western Europe stand today with regard to these objectives? Let us look at the record.

The production targets envisioned in 1947 have been exceeded in almost all sectors of the economy. By the end of 1949 the total industrial production of western Europe was 20 percent above that of 1938. Steel production was up 52 percent, electric power 21 percent, and hard coal 17 percent. It is expected that agricultural production, too, will reach the prewar level during the current crop year.

This remarkable recovery in industrial and agricultural production, which is described in greater detail in the committee report—and I hope all Senators will read the committee report—has been brought about in large part as the result of purchases that western Europe has been able to make in the United States because of Marshall plan aid. Raw materials and industrial machinery available only in the United States have assisted western Europe in rebuilding and modernizing industrial plants, mining facilities, transport, power plants, and other productive facilities. Gradually it has been possible, with the cooperation of the participating governments, the hard work of the people, and the sacrifices of the American taxpayers, to increase the standard of living in western Europe. By the end of the program, if present progress is maintained, the prewar standard of living which Europe enjoyed before the war may once again become a reality.

The people of western Europe now have a future of democratic promise and hope, rather than one of Communist chaos and despair.

After a slow beginning the participating countries have taken strong financial measures to prevent inflation which threatened because of scarcities of consumers goods and full employment. In France, where inflation seriously threatened a year ago, it has been stopped in its tracks. Throughout most of western Europe, as a consequence of vigorous financial measures, prices and wages have remained constant for the past year.

The recovery achievements in 2 years have been remarkable. Mr. Hoffman testified as follows:

Remember that it took western Europe 7 years to gain just the prewar level of industrial production after World War I. Today, after 2 years of the ECA program, and less than 5 years after the end of World War II, in which the devastation was far greater than in 1914-19, industrial production has not merely been lifted to the prewar level, but stands 20 percent above it.

I have no doubt that some people will ask why, in view of this encouraging increased production, we should not cut European recovery funds drastically or stop them altogether. The fact is—as I remarked last year—

That Europe will not, during the period of our aid, enjoy a higher standard of living than in 1938. Production will have to be in-

creased far above the prewar level before the people can once again live as well as they did. * * * During the war the participating countries lost many billions of dollars when their homes, their factories, and their transportation systems were destroyed. They also were forced to liquidate much of their overseas investments which had been a profitable source of income. They must now make up that lost ground. Moreover, we must not forget that the population of western Europe has increased by 20,000,000 since 1938 and production must be correspondingly increased.

We are greatly encouraged by the fact that the participating countries have met the production goals they set for themselves 2 years ago. It remains true, however, that western Europe simply does not have the dollars it needs to purchase goods in the United States. Obviously we cannot go on indefinitely furnishing several billion dollars worth of aid every year. It follows that the big task which confronts us during the next 2 years is to increase the dollar earning capacity of the western European economy so that purchases can be made in the United States without continued American assistance.

We are strongly moving in the right direction—in the direction of making western Europe capable of a satisfactory existence by 1952 without dependence on outside aid. The committee report points out that in fiscal 1947 Europe was short of dollars by the amount of \$7,400,000,000. A year later it had reduced that shortage to \$5,500,000,000. For this year the figure will be \$4,900,000,000, and ECA estimates the dollar gap will be closed to \$3,100,000,000 in 1951.

Mr. MILLIKIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. STENNIS in the chair). Does the Senator from Texas yield to the Senator from Colorado?

Mr. CONNALLY. I yield.

Mr. MILLIKIN. I wish to make some suggestions with reference to the technical-assistance amendment. When does the Senator estimate the amendment stage will be reached?

Mr. CONNALLY. Any amendments to the bill will be pending and may be offered and discussed when we take up the various sections of the bill.

Mr. MILLIKIN. The Senator does not anticipate that that stage will be reached today or tomorrow, does he?

Mr. CONNALLY. I think not.

Mr. ROBERTSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Virginia?

Mr. CONNALLY. I yield.

Mr. ROBERTSON. While I listen with great interest to this splendid discussion by the distinguished Senator from Texas of a program which was initiated to stem the tide of communism in western Europe, and which the Senator from Texas has told us has been so effective in doing so, I wish to take this opportunity to call attention to the fact that in the gallery today, to our left, is a group of students from a fine colored university in Richmond. Those students have pledged among themselves to fight

communism in Virginia and wherever else they can exert their influence throughout the Nation. I am very happy that they have an opportunity to hear my distinguished friend from Texas discuss this problem today.

Mr. CONNALLY. I thank the Senator from Virginia very warmly, and I am pleased to have the students here. I feel sure that, imbued, as they no doubt are, with the American theories of government and freedom and democracy, they will be a vital influence in the future affairs of the Nation.

Our goal is ever before us; this gap should be closed or reduced to manageable proportions by the end of the program. The President is to be commended for his selection of Mr. Gordon Gray to give careful consideration to this matter now.

If Europe is to close the dollar gap by 1952 and attain self-sufficiency, it must move firmly in the direction of integrating its economy and removing the many barriers to European trade which now exist. During the past few months the ECA has taken vigorous action to encourage the reduction of European trade barriers and to stimulate European integration. It proposes during the next year to withhold some \$600,000,000 from funds which would normally be allocated to the participating countries to encourage those countries to take the cooperative action necessary. Part of this money will be made available to those countries which, by bold action to reduce import restrictions and remove quotas, may suffer temporarily by increased competition. Part of the money will be used to establish the new European Payments Union. Creation of the Payments Union will constitute a long step forward toward freeing European trade, and integrating the economy of western Europe. The ECA proposes that the money put into the Payments Union go eventually to those countries which, upon the basis of their trade with each other in Europe, are entitled to final settlements in dollars. Each of the participating countries will also make payments in their own currencies into the Union.

Fifty years ago the American and European worker produced on about the same scale. Since that time our industrial development has proceeded at a much more rapid rate largely because we have enjoyed free competition across State boundary lines.

During that same time European countries have gone down the other road. They have choked free competition by the imposition of tariffs, import quotas, exchange controls, and other trade restrictions. Like tourniquets applied to various parts of the body, these barriers to trade have made mass production impossible because there has been no large market area in Europe.

Now it is relatively easy for an American to diagnose Europe's economic ills. It is much more difficult for us to persuade the patient to take the medicine we think is good for him. Even so, we must use methods of persuasion that are at hand. Accordingly, the committee recommends another amendment expressing the sense of the Congress,

that as much of the local currency counterpart funds as possible should be used to promote the liberalization of trade and transferability of currencies.

I would be less than candid if I did not admit that we have been disappointed in some aspects of the European recovery program.

In the first place, I believe I speak for the full committee when I say that western Europe has not made the prompt and vigorous progress toward integration which its serious condition requires. The ECA properly felt that production should come first and that integration and reduction of trade restrictions had to wait until some recovery in the individual countries had taken place. My observation has been that when a man is sick, he is more likely to take advice on how to improve his health than he is when he is feeling well. I want to urge the ECA to spare no efforts this year in getting the participating countries to face up to the necessity of integration. I want to urge the participating countries, individually and collectively, to plan fully and well for 1952 when they must get along without Marshall-plan aid. The American people have made heavy sacrifices to help western Europe. Western Europe must do its full share.

In the second place, we have all been disappointed at the slowness with which some of our European friends have met the serious problems of tax evasion in their countries. I realize this is not a simple problem, but I do not see how a country can command the respect of its own people, how it can respect itself, or how it can make a real contribution to the stability of the west, unless it has an eminently fair system of taxation and an effective system of tax collection.

In the third place, I have been disappointed at the relative ineffectiveness of our information program in some countries, particularly in France. Obviously our desire to bring the nature and extent of American aid to the attention of the people must be tempered somewhat by the political situation that prevails in each country. Nevertheless, reports from returning Americans indicate that we have not always made the most of our opportunities.

In the fourth place, certain of the participating countries, under the guise of saving dollars, have imposed restrictions which discriminate unfairly against American businessmen. In view of our generosity, this is a kind of gratitude which the American people simply cannot understand. No stone must be left unturned in preventing such discrimination and giving effect to the amendment on this point which the committee has inserted in the bill now before the Senate.

Mr. President, these shortcomings which I have listed are small, indeed, when compared to the splendid achievements of the ECA. The Administrator is doing everything he can to eliminate them. I am confident of his ability to do so.

In considering the ECA requests for this year, the committee heard the testimony of a number of administration witnesses, including several mission chiefs,

who returned from their posts in Europe to give the committee a first-hand account of conditions in their countries. The witnesses were carefully examined. A number of public witnesses were also heard. After careful consideration of the legislation and after amending the bill in several respects, the committee asks the Senate to approve the pending bill which authorizes the appropriation of \$2,950,000,000 for the fiscal year ahead. The bill also authorizes the continued use of some \$149,000,000 which will be saved out of funds appropriated last year.

I should make it clear, in connection with the discussion of these amounts, that members of the committee have reserved their right to reconsider the authorization figures after the Committee on Appropriations has considered the matter.

It should be a source of great satisfaction to us all that ECA appropriations have decreased steadily from year to year. It was originally contemplated that the 4-year program would cost in the neighborhood of \$17,000,000,000. It now seems likely that the total amount required will be less than \$15,000,000,000. This year the authorization requested is only slightly more than half the amount the United States spent for aid to western Europe during the first year of the program. Next year I expect a similar substantial reduction.

I know the dangers that beset a nation if it squanders its wealth. I also know the dangers that beset a nation that hoards its wealth. We know that the spendthrift ends his days in the poorhouse and that the miser ends his days in the prison he has built for himself. The United States must go the way of the responsible citizen who is a leader in his community; it must neither squander its wealth, nor hoard it from a free community that stands in need. Leadership and responsibility go hand in hand. Neither are cheap.

The European recovery program has been administered by men who understand this principle. The Administrator has been able to keep the cost of operations below the levels that were envisaged when the program began. He has requested substantially reduced amounts each year. More than that, he has been able to save a large sum from the funds the Congress appropriated for ECA last year. To say this is an unusual experience for the Congress is putting it mildly.

Last year I said:

Our European partners remain in the ranks of the democracies with growing vitality and faithful to free institutions and the goal of peace. They have resisted the corrosive, but cheap and ugly, doctrine of communism that destroys and corrupts, the doctrine that assails both the dignity of man and the morality of God.

That statement is still true. I am confident that, with the Marshall plan in operation, it will still be true in 1951.

I sometimes wonder whether those few who oppose the Marshall plan can seriously have considered whether the United States is stronger and is more secure, when surrounded by a free world which has remained free because of our

help, or would be stronger if surrounded by states which have fallen under the control of a world united by Communist imperialism.

KOREAN AID

I should like to turn for a few minutes to the other provisions of the bill before the Senate.

Title II is the Korean Aid Act of 1950. With the fall of China to the Communists, the Republic of Korea is flanked to the west by Communist China and to the north by the puppet Communist government that controls the northern part of Korea. It is one of the critical areas in the cold war. As long as Korea remains free, it is one of the areas to which the unconquered people of the Orient can look for encouragement. It can become a symbol, as has the Philippine Republic, of the freedom which the people of the United States can offer to the people of Asia who choose democracy rather than totalitarianism.

The United States has taken the lead in the United Nations in bringing the international community to the assistance of the Korean people in their fight for an independent nation, united and free from foreign domination. Since our troops occupied Korea in 1945, the Korean people have looked to the United States for strength to resist the constant Communist threat of expansion from the north.

Last year the Senate, as part of a contemplated 3-year program, authorized the appropriation of \$150,000,000 to give the Republic of Korea essential relief and help it to establish a sound economy and maintain its democratic form of government. As will be seen from the committee report, substantial progress has been made in Korea during the past year. Although the country still remains divided at the thirty-eighth parallel, its industrial production during 1949 was 50 percent above that of 1948. Korea has developed exportable surpluses of rice and wheat. These are an industrious people. They are helping themselves to the maximum possible extent, but they need a helping hand to enable them to overcome a balance of payments deficit that will run over \$100,000,000 during the next year.

The program for 1950-51 calls for an authorization of \$100,000,000. The committee believes this program, which has been carefully planned and administered, deserves the full support of the Congress. This money will be spent in one of the areas of the world where it will bolster resistance to communism, where it will help a free people who in time of trial must look to their friends.

AID TO THE GENERAL AREA OF CHINA

Title III of this bill is the China Area Aid Act of 1950.

This title does not call for the appropriation of new funds. It merely extends the availability of funds heretofore appropriated for use in China and the general area of China until June 30, 1951. Out of \$275,000,000, which was first appropriated in 1948 for economic assistance to China, it is estimated that as of June 30 this year there will remain about \$94,000,000. The committee

believed that conditions in China and the Far East are so fluid that it would be inadvisable at this time to do more than continue the availability of these funds for another year. In making these funds available, however, we have specified that not less than \$50,000,000 should be held available for assistance in China, including Formosa and Hainan—as distinguished from the general area of China—for as long as the President deems it practicable. These funds would, of course, be used only in areas not under Communist control.

The Senate Committee on Foreign Relations recently had a full report on the situation in the Far East from the Secretary of State and Ambassador Jessup. There is no doubt that these men are alive to the danger which further Communist advances in that area would hold for our civilization. I can assure the Senate that they will keep in close touch with the Foreign Relations Committee as plans are evolved for any further action the United States might take with respect to the Far East.

PALESTINE REFUGEES

Title IV of the bill authorizes the appropriation of not to exceed \$27,450,000 as a contribution by the United States to the United Nations to give effect to a General Assembly resolution designed to alleviate the critical refugee situation in the Near East. Last year the Congress contributed \$16,000,000 for the relief of refugees from the Arab-Israeli fighting in the Near East. Other members of the United Nations made contributions which in total equalled the help the United States gave.

This year the contribution of the United States, along with those of other members of the United Nations, will be used to provide work relief for these refugees and to get under way a number of works projects that will make it possible in time for the refugees to be permanently absorbed by the countries of the Near East.

Apart from the humanitarian considerations involved in the program, the committee strongly believes that it is in the interest of American foreign policy to approve this legislation. American petroleum, aviation, shipping, and educational interests are interwoven in the economies of the Near East. Moreover, there are real dangers to peace and security so long as the refugee problem remains unsolved. Even with the settlement of the refugee problem the political tensions which will arise as that area seeks to make room for a new state will be great. An affirmative foreign policy requires our support for the United Nations as it seeks to relieve tensions in that part of the world.

TECHNICAL ASSISTANCE

This deals with the so-called point 4. As the United States has assumed new and greater world responsibilities, we have learned that the progress of mankind in general and the well-being of our own country in particular are directly bound up with the conditions under which people live in other lands. Since the end of the Second World War we have become increasingly aware that

communism thrives where poverty, want, and misery abound.

It is, therefore, of the highest significance to recognize that two-thirds of the people of this globe now living in the Far East, the Latin-American Republics, the Near East, and Africa are unable to achieve full production and the full use of their natural resources because of deficiencies in technical skills and inadequate productive machinery. Primitive agriculture, inadequate transportation, insufficient food and attendant malnutrition, prevalence of preventable disease, lack of essential public-health programs, and absence of needed medicines and drugs make infant mortality high, the average span of life less than 30 years, as in contrast with our own of sixty-odd years, and man's period of productivity pitifully short. People in these areas are subject to frequent starvation, illness, and inability to produce those things which are required for a satisfactory and productive way of life.

As religious groups and missionaries, who have long engaged in trying to help the less fortunate of the world would argue, we, who live in plenty, have some duty to help those less fortunate than ourselves. In addition to moral considerations, cold figures show that it may be desirable for us economically to help less favored people to a higher standard of living. Statistics demonstrate that the greater and the more profitable part of our trade as a nation is with the more highly developed countries as in contrast with the people of the underdeveloped areas.

For the last 10 years the United States Government has been helping the people of the American Republics, of China, and of other underdeveloped areas with technical assistance, but the work has not been correlated and coordinated. Title V provides the basis for the needed coordination of existing technical assistance programs, and it authorizes a sum not to exceed \$45,000,000 to continue and to expand this work. Ten million dollars will go to the continuation of such existing programs as that of the Institute of Inter-American Affairs. The remaining \$35,000,000 will be used to expand the work to other parts of the world and to help those areas develop economically stable and balanced economies. In a sense, this will help to round out the work of the United Nations and its agencies, for the President is authorized to make contributions to the United Nations for this purpose out of the appropriated funds. In this way it will now be possible for a world program to be undertaken in the magnitude of \$85,000,000 to which the United States, the United Nations, other international agencies, private groups, and individuals will contribute, and in which they will share.

It will be a program of exchanging technical skill and expert advice on all kinds of problems confronting the underdeveloped areas. Needed help will be supplied through basic surveys, advice on potential lines of development, expert information on governments, on-the-job training, instruction in the use of materials, consultation on production prob-

lems, technical advice to schools and universities, and the exchange of students and teachers.

The program is not large. Nor can it ever be. One should not expect it to accomplish wonders in a short time. It is the beginning of a long, perhaps even slow and laborious process. Some results will be immediate and spectacular; most, however, will take time, patience, and great effort. It is not another ECA for the world nor a program of capital investment. The recipients must eventually shoulder the major financial burden.

The committee recommends title V for favorable Senate action because it is convinced that not only do we have a moral responsibility to lend the less fortunate peoples of the world a helping hand by mobilizing our expert and technical knowledge with which to help them; but that in doing so we shall help ourselves politically and economically.

CONCLUDING COMMENTS

In concluding my remarks, I want to emphasize that the position of leadership and responsibility which the United States occupies in the world today requires a strong, affirmative foreign policy. The Secretary of State a few weeks ago said:

The only way to deal with the Soviet Union, we have found from hard experience, is to create situations of strength. Wherever the Soviet detects weakness or disunity—and it is quick to detect them—it exploits them to the full.

The bill which we have before us today presents in its five titles five specific ways in which the United States can create situations of strength in the world at points where the Soviet Union is doing its best to create weakness and disunity.

Communists in western Europe have exploited to the full the confusion and chaos which came as a result of the devastation of war. Daily they seek to discover in the United States signs that we are not sincere in our policy to strengthen western Europe. Daily they seek to sow the seeds of disunity, uncertainty and fear.

Communists in North Korea infiltrate the Republic of South Korea constantly searching for mortal weaknesses which may give the Soviet system an opportunity to bring another satellite within its orbit.

In most of China, the people are now sampling the mean and ugly life which one finds in the police state. Every hour of the day and night communistic imperialism threatens the independence of millions of other peoples in the Far East.

In the Near East, the Soviet Union, like a hawk hovering over its prey, awaits those signs of weakness that may offer opportunity to create disunity and antagonisms among states that have always been strongly anticommunistic.

In all the under-developed areas Communist propaganda and intrigue go on increasingly, working for the day when yet another victim can be added to the list.

For those Members of the Senate who are looking for an opportunity to help

the free world in its struggle with the forces of totalitarianism, for those Members who are asking that the United States assert strong affirmative leadership in making the world a place where people can live and work in peace, I say to them that there is no better way for us to put our shoulders to the wheel than by voting for this bill.

President Monroe, in his annual message to the Congress in 1822, made the following statement:

It has often been charged against free governments that they have neither the foresight nor the virtue to provide at the proper season for great emergencies; that their course is improvident and expensive; that war will always find them unprepared, and whatever may be its calamities, that its terrible warnings will be disregarded and forgotten as soon as peace returns. I have full confidence that this charge so far as relates to the United States will be shown to be utterly destitute of truth.

Mr. President, we are engaged in a great cold war that may bring in its wake cataclysmic changes for us all. If this Nation is to endure as a Nation of free people, blessed as it is with the principles of justice and liberty, then it is imperative for us to win the cold war just as it was to win World War II. We must win it just as convincingly. We must win it just as thoroughly.

We must never let it be said that we in the United States lack either the foresight or the virtue to provide at the proper time for great emergencies.

NONPARTISAN FOREIGN POLICY

The pending bill and the appropriations already made in behalf of the Marshall plan are a fundamental part of the foreign policy of the United States. It is an instrumentality by which we hope to restore the economy of western Europe. It is far more than that. It is a symbol of the desire of the United States to assure people who aspire to democracy and freedom and peace that they may attain these goals by following the teachings of democracy and free government rather than the odious and alien doctrines of totalitarianism and tyranny.

The foreign policy of the United States must be one of firmness. It must convey to the peoples of the world the idea of a united America. Any indication that there is substantial division in the United States with regard to our foreign policy robs us of our influence and weakens and debilitates our efforts in the world.

It is therefore of the highest importance that in our foreign relations we should be united and devoted to the same ideals and objectives. We may not agree upon domestic problems. They can be fought out in legislative forums and in debates among the people. However, in the field of foreign relations our differences and divisions should stop at the water's edge. When the United States speaks in the Council of the Nations it must speak with one voice. That voice must carry the authority of the Government and people of the United States.

There should be no partisan politics involved in our foreign relations. That

field should not be invaded by demagogic appeals to gain personal popularity at home. That field should be a hallowed area in which world peace and the national interests of the United States and all its peoples are paramount and the sole concern of Americans who love their country. If the United States is to be a leader in the affairs of the world, and destiny has already called us to that role, it must rise above petty political issues; it must reflect confidence and unity and strength.

In the Senate and outside the Senate, there has recently been considerable discussion of nonpartisan foreign policy. That kind of foreign policy is a truly American policy. We may appropriately discuss it and consider it among ourselves, but when a decision shall have been made, it ought to be the decision of the people of the United States.

The President of the United States, under the Constitution, is responsible for the conduct of our foreign relations. The President will not nor cannot evade that responsibility. He cannot delegate to any other person or official or agency the high duty involved in the exercise of that power. However, the President is free to consult with and to receive the advice of Senators, Members of Congress, and other citizens of the United States, as to the formulation of a foreign policy and to propose action thereunder. Such a course is in entire harmony with our conception of representative government under the Constitution.

President Truman has made it plain that he is in agreement with that policy. Quite recently, the President appointed a distinguished former Member of the Senate, Hon. John Sherman Cooper, as a consultant to the Secretary of State to advise with him on high policy matters. Senator Cooper is a member of the Republican Party. Still more recently, the President appointed a distinguished private citizen, Hon. John Foster Dulles, as a special assistant to the Secretary. Senator Dulles was formerly a Member of the Senate and is a Republican. These two former Members of the Senate are men of the highest character and integrity. They are able and patriotic Americans and can be relied upon to render a high quality of service in our foreign relations as advisers to the Secretary of State and the President. Their appointments should do much to encourage further teamwork between the two parties and to enable us to present a united front to the world with respect to foreign policy.

The action of the President in making these appointments is in harmony with the history of the nonpartisan foreign policy of the United States, as exemplified by Senate Resolution 192 of the Seventy-eighth Congress—the so-called Connally resolution. The drafting of this resolution and its adoption were the work of both Democrats and Republicans who were Members of the Committee on Foreign Relations.

There was not a single note of partisanship in the deliberations of the committee nor in the voting by which the resolution was adopted. Its action was entirely nonpartisan. Senators will

recall that the resolution urged the establishment of a general international organization for the maintenance of international peace and security, and for the participation of the United States in such an organization. It formed the basis for the development of our post-war foreign policy.

During this period, Secretary of State Cordell Hull inaugurated a series of conferences with distinguished private citizens and Members of Congress with regard to the structure of an international organization for the maintenance of peace, thereafter to be erected. These conferences antedated Dumbarton Oaks.

The Secretary of State suggested to the then chairman of the Committee on Foreign Relations, the Senator from Texas, that representatives of the Committee on Foreign Relations be designated to attend such conferences. The Senator from Texas readily agreed to the suggestion and with the consent of the Committee appointed a subcommittee to take part in the deliberations. Disregarding partisan considerations, and the precedents of majority control of committees, the chairman appointed four Democrats and four Republicans to attend these discussions. The Members appointed were Senators La Follette, Vandenberg, White, and Austin, Republicans, and George, Barkley, Gillette, and later Thomas of Utah and Connally, Democrats. They attended all the meetings with the Secretary of State, and each member of the group had a free voice to express his opinion on a basis of equality with all other representatives. Here was nonpartisanship in foreign relations vividly and eloquently expressed. Never was there any partisan suggestion or any effort to secure an advantage of a partisan political character.

At a later date, when the San Francisco Conference was called to consider the formation of an international organization for peace, the President appointed both Republicans and Democrats as delegates. They were as follows: Senators Connally and Vandenberg; Representatives Sol Bloom and Dr. Eaton; Dean Gildersleeve, of Barnard College; and Commander Harold E. Stassen. Mr. Stettinius, then Secretary of State, was chairman of the United States delegation, and former Secretary of State Cordell Hull was named senior adviser. John Foster Dulles was also an adviser.

This delegation, without any partisan political bias and acting individually as the conscience of each delegate dictated, performed its duties in a most industrious and able fashion. At the end of that Conference, the entire delegation, Republicans and Democrats alike, voted for the adoption of the Charter of the United Nations. That Charter was submitted to the Senate of the United States and it was ratified by the overwhelming vote of 89 to 2. That vote clearly reveals that it was not considered on a partisan political basis.

After the adoption of the Charter and the organization of the United Nations, delegates and representatives to the United Nations were appointed by the

President without partisan political consideration. The first representatives and delegates to the United Nations General Assembly were James F. Byrnes, Secretary of State; Edward R. Stettinius, Jr., United States Representative to the United Nations; Tom Connally and Arthur H. Vandenberg, United States Senators; and Mrs. Eleanor Roosevelt. Alternate representatives were Sol Bloom and Charles A. Eaton, Members of the House of Representatives; Frank Walker; John G. Townsend, Jr.; and John Foster Dulles.

At a later date Senator Warren R. Austin, a distinguished Republican, was appointed by President Truman as our permanent representative on the Security Council, Interim Committee, Atomic Energy Commission, and the Commission for Conventional Armaments. Senator Austin still retains these important posts.

At the Paris Peace Conference, which was convened to negotiate treaties of peace with Italy, Bulgaria, Rumania, Hungary, and Finland, senatorial advisers from both sides of the aisle sat with Secretary Byrnes all through the negotiations. This was also true of the Second Council of Foreign Ministers which met in Paris in the spring of 1946, and the Third Council of Foreign Ministers which convened in New York in November and December of 1946. Among others of those advisers were the Senator from Michigan [Mr. VANDENBERG] and the Senator from Texas who is now speaking.

Mr. President, these are but a few of the many instances of the nonpartisanship that has characterized the conduct of our foreign policy during the past decade. I did not mention numerous international conferences during this period that were attended by Republican as well as Democratic Members of the House and Senate. Let me again remind the Senate, by way of summary, that such basic policies as those involved in the United Nations Charter; the Rio Treaty; the European recovery program; Senate Resolution 239, the so-called Vandenberg resolution; the North Atlantic Treaty; and, to a certain extent, the military assistance program, all emerged as the result of bipartisan cooperation.

This remarkable and harmonious association of representatives of both parties, not as partisans, but as servants of the American people, is a bright chapter in the history of American diplomacy. It was largely responsible for the evolution of a sound and firm policy at a very critical time in world affairs.

There is some complaint in the press that Republican Senators are not consulted as much as they should be with respect to our foreign relations. There are five able, industrious, and patriotic Republican Members of the Committee on Foreign Relations. They are Senators VANDENBERG, WILEY, SMITH, HICKENLOOPER, and LODGE. These Members take part in all of the deliberations of the committee, except when they are unavoidably absent.

They have rendered useful and distinguished service both to the committee and to the Senate. They are experi-

enced and trained in foreign relations, and are amply able to present to the committee questions and points of view with respect to problems in that field. Moreover, discussion and debate in the committee are full and complete. Any question that is raised by a Senator has the careful attention and consideration of all the members.

From time to time the committee requests the Secretary of State to come before it to discuss important matters in which the members may have a particular concern. Frequently the Secretary, on his own initiative, requests permission to appear. I do not recall any time when the Secretary refused to appear or refused to discuss any foreign policy question raised by committee members.

Allow me to suggest that Secretary of State Dean Acheson is a man of great ability who has many qualities and intellectual attainments that are very helpful to the committee and its members. He is always thoroughly cooperative with the committee, and in addition, he is always willing to confer with individual members. I am sure he does not withhold any information which would be helpful to us in our deliberations. Of course, there are occasions when he has had to ask permission to speak off the record, where the disclosure of the information involved would be prejudicial to the interests of the United States. There can be no valid ground for complaint that the Senate cannot obtain information with respect to any question of foreign policy. Other Republican Members of the Senate should consult with the Republican members of the Committee on Foreign Relations, and they will have no difficulty in knowing exactly the situation there obtaining.

As I have already pointed out, President Truman has publicly announced that he will continue to conduct our foreign relations upon a nonpartisan basis. Even in the extremely busy life of a President he freely grants interviews and conferences with Senators of both parties upon any important question relating to the foreign situation. This cooperative attitude deserves the admiration of the Senate and the public. As a former Senator, he has confidence in the integrity of the Senate. He does not desire to suppress any information upon vital questions that affect the interests of the United States.

Today, when we face so many international problems, when we are in need of unity and firmness in meeting the difficulties which confront us, why should we not pursue the same course we have pursued in the past? Why should there be an injection of partisan, political issues; why should ambition or hunger for office move men to intrude such matters into our deliberations in the foreign field? Why should not the principle of nonpartisanship guide us as we move into the uncharted seas that lie ahead? I earnestly appeal to Senators, to Members of Congress, to the executive branch, and to all citizens of the United States to stand together in solid support of the foreign policies of the United States which shall be the symbols of our prog-

ress toward the goals of freedom, of security, and of peace.

On the battleground, United States commanders do not order forward to the attack Republicans as a group or Democrats as a group. All are Americans. All owe to their country the same responsibility and the same allegiance. All are willing to make the supreme sacrifice in behalf of their country, its citizens, and its people.

Similarly, in time of peace, when we are undertaking to solve the grave issues which beset the world, there should be no call upon Republicans alone or Democrats alone, but upon all of the people of the United States. They should all respond. They should all serve. They should all sacrifice in the common cause for which we stand and in the development and advancement of the noble objectives of the people of the United States.

The people of the world, people in distant lands, people in great nations and in small nations look to the United States for leadership. They look to us to champion those causes that may eventually rescue the earth from the miseries and suffering under which it is staggering. How can we impress them with that leadership unless we are united—unless we stand as one man in behalf of the lofty principles which we advocate and which we proclaim to the rest of the world? Let us highly resolve that the welfare, the security, and the interests of the United States and of world peace must rise above the mists and fogs of party politics.

The United States of America has been and can continue to be a symbol to those who love free government and democracy. To be the ideal leader, it must continue to stir the hopes and aspirations of such peoples the world over.

The history of the United States is a stirring one. It enthalls the imagination and admiration of the free nations of the world. Settled as colonies along the bleak and rugged Atlantic coast, pioneers suffered and struggled to establish new homes in a wilderness. For 150 years the colonists, hardy pioneers, endured hardships, fought for their lives against the savage and gradually conquered the wilderness. Finally growing in strength, and the victims of tyrannical abuses by the mother country, they rose in arms in 1775-76 and for 7 years maintained their cause by force of arms. They declared their independence and attained it at the point of the sword.

Finally after years of confusion and difficulty, they wrote the Constitution of the United States and created a new nation—a nation of freedom, a nation of democracy, a nation of the people.

The powerful influence of the United States upon the world and upon the minds of men cannot be overestimated. Reaching across the Atlantic to the shores of Europe, the American example kindled in the hearts of men the spirit of revolution against their sufferings and hardships under tyrannical governments. Assailed by the greatest European power, by force of arms in the War of 1812, the United States vindicated its existence, strengthened its powers and humiliated the mistress of the seas. The spirit of

independence and freedom swept southward in the Western Hemisphere, thus stimulating and strengthening the aspirations of the people of the New World for liberty and independence. Revolutions against the power of Spain brought on a long and bitter contest. It resulted in freedom and independence for most of the nations of South and Central America.

When the Holy Alliance, seeking to extend its power to the Western Hemisphere, undertook to restore South and Central American countries to the rule of Spain, the United States, through that eloquent message of President Monroe, December 2, 1823, arrested the ambitions of the Holy Alliance and struck from its hand the sword of conquest. Through that message was established and preserved the freedom of the Western World.

The United States thus became in the eyes of nations everywhere the symbol of independence and freedom and democracy. We must preserve that symbol. We must carry it to all of the nations of the earth. We can carry it only as the American people in their foreign relations maintain unity, maintain the lofty purposes which have guided and directed it throughout its glorious and heroic history.

Mr. HOLLAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MAGNUSON in the chair). Does the Senator from Texas yield to the Senator from Florida?

Mr. CONNALLY. I yield.

Mr. HOLLAND. I should like to have the Senator from Texas state for the RECORD whether the recommendation contained in the report of his distinguished committee with reference to the pending bill, the extension of ECA, was unanimous.

Mr. CONNALLY. It was a unanimous recommendation, except that one Senator favored reducing the amount.

Mr. HOLLAND. But as to recommending the extension of the program—

Mr. CONNALLY. It was unanimous.

Mr. HOLLAND. And as to the necessity for continued nonpartisan and bipartisan handling of the program, the committee stood together on solid ground. Is that correct?

Mr. CONNALLY. The Senator is correct.

Mr. HOLLAND. Mr. President, I think it appropriate to say I feel that all Members of the Senate, on both sides of the aisle, would want to have expressed to the distinguished chairman of this important committee congratulations and grateful thanks for his leadership, for his report, and particularly for his having accentuated the need for a continuance of the nonpartisan and bipartisan handling of this most vital subject, vital not only to our Nation but to our friendly allies throughout the world and to all freedom-loving peoples. I may say before taking my seat that I am particularly happy to note that, in consonance with that nonpartisan and bipartisan approach, the next speaker who will address himself to this subject comes from

the other side of the aisle. He, too, is entitled to the affection, gratitude, and appreciation of Senators, whether they have their seats upon this side of the aisle or upon the other side. I think there is very strong need of a continuance of this method of handling this vital business of our Nation and of the world.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. WILEY. Mr. President, in view of the fact that many Senators are busy in committees and that many of them wish to attend the hearing at which Mr. Buderz is testifying, I ask unanimous consent that the order for a quorum call be rescinded and that further proceedings under the call be suspended.

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Without objection, it is so ordered.

Mr. WILEY. Mr. President, I desire to address myself to the pending bill. At the outset of the debate, I should like to say a few words regarding a very humble but a very great man, a Member of this body, the distinguished senior Senator from Michigan [Mr. VANDENBERG], the ranking minority member of the Senate Foreign Relations Committee, whose absence we have so deeply missed, not only in the Senate but in the committee. It has been my privilege to serve with him and with the distinguished chairman of that committee [Mr. CONNALLY] in committee work for a number of years. Literally speaking, I have sat at their feet and learned from them in the exchange of ideas in the give-and-take which must occur in every major debate and in committee meetings. On the Senate floor, since the end of the war, the Senator from Michigan has lent his fine mind, his tireless energy, and his devoted services to implement what has been called the bipartisan foreign policy of the United States. While we prayerfully hope today for guidance in determining the problem which is before us, we also utter a silent prayer for his complete recovery.

Mr. President, this is an uneasy world; we are in a period of world readjustment, confusion, and uncertainty, coupled with a partial sense of disappointment and futility because of what have been called our failures fully to remedy the maladjustments of political, economic, and international life.

I have in my hand a magazine, which was handed to me a few moments ago, which contains an article entitled "Leaves from a Diplomat's Notebook." The first heading calls attention to Dr. Klaus Fuchs, a once distinguished British scientist, who has confessed to having passed atomic secrets to Moscow.

The next heading is:

A London paper headlines the story atomic secrets sold for 100 pounds.

Other headings are as follows:

Congress debates the future of the Marshall plan. Suggestions multiply for emergency economic assistance to southeast Asia.

Pandit Nehru says he will not join a Washington bloc or a Moscow bloc.

Tito says, "We will go naked rather than trade in principles."

Another heading:

President Truman directs production to proceed on hydrogen bomb. Chairman of senatorial Atomic Energy Commission proposes new Marshall plan as answer to destructive armament race. Churchill suggests meeting with Stalin.

Mr. President, these are merely headings.

Then I read the statement:

But while the western world seethes with excitement over the prospect of hydrogen bomb warfare a highly revealing leakage shows that Vishinsky said privately to east German Communist leaders in Berlin recently: "We shall conquer the world, not with atomic bombs, but with something which the Americans can't produce—with our brains, our ideas, and our doctrines." Press reports say that hydrogen bomb production may call for expenditure of several billion dollars over 3 years. How much are the democracies spending on ideological development?

Wherever we look we see uncertainty, fear, and threats to the peace. Who would have thought five short years ago that the peace and happiness that came to the free world with the victory of democracy over fascism would have been so short lived? It was perhaps to be expected that the unity which bound wartime allies together would not flower in the postwar years as it flourished in war. It was not to be expected, however, that nations so recently allies would be locked in struggle in a cold war. Instead of a world of peace, security, and opportunity, we face a world where there is much suspicion, distrust, and a cynical lack of morality. Yet in spite of all these things, Mr. President, we have hope and faith, and, contrary to Vishinsky, we have the brains, we have the ideas, and I believe we have the moral stamina. So our hope and faith are strong that we will be adequate to contribute to a rebirth of prosperity, peace, and freedom of the race.

President "Teddy" Roosevelt once said that "the laws of morality which should govern individuals in their dealings one with the other, are just as binding concerning nations in their dealings one with the other." He was right. I know the people of the world—the little people, you and I—want to live and let live; we want states to live by the moral precepts that ought to guide the actions of honorable men. Why is not this so?

For the past several weeks I have heard many representatives of a cross-section of the American people ask that their Government do something constructive to reverse the ominous trend in the relations between the free world and the Soviet Union. Our subcommittee which has been considering resolutions on strengthening the United Nations and on world government has been tremendously impressed by the earnest pleas from the heart for bold action, for a goal toward which men can strive. I am sure every Senator has received letter after letter asking him to do something. There is the rub, Mr. President. What shall we do? We are really looking for the answer. Today I am talking, not about a cure-all, but a palliative. I think it is a necessary palliative. There is a goal toward which men can strive. We were bidden long ago to strive for the

goal of "Peace on earth, good will toward men." Thank God, that goal is still before us. At least it is before us Americans. We are not downhearted. Who wants to live in an age in which there are no problems? However, sometimes we wish some of the problems would let up coming. We have reached toward that goal in the United States. We, and the nations of the earth, must achieve that objective before the millennium arrives. I am not one of those who think the millennium is just around the corner.

While the goal is before us like a glittering star in the heavens, the problem of man is to find a way of getting there. Just as we have inventors who can tell us how to build rockets to reach the moon, who can draw pictures of their space ships, we have people who can tell us how to reach the millennium of peace on earth. The great difficulty in reaching the stars, in reaching the millennium, is in building the machine, and getting humanity to love, not hate; work together, not at sixes and sevens or at odds. The United States must with every force at its command, with every bit of ingenuity it can muster, with every idea its people can offer, strive to build a world of peace and freedom.

We know that in this age of material splendor and achievement, we must not forget the spiritual wisdom which constitutes the real framework of our national life. We must fight decadence at every turn. The world needs spiritual splendor, spiritual ideas of honesty, purity, unselfishness, and love more than it needs our goods. Without these ideas goods will only be a palliative. Material remedies for moral ills are ineffective. Many nations are at the ebb-tide of spiritual vitality. Our age will determine which of the rival revolutionary philosophies shall sweep the generations of men. You and I cannot stand idly by. There must be no feeling of "What's the use," or a resignation to the impact of communism.

We are called to a great purpose to serve God, humanity, and country, by seeing to it that there is a spiritual rebirth, and an appreciation of the American way of life. It is a momentous hour in history, and we ordinary folk can be truly great if we do the job before us.

In endeavoring to do my small part toward building such a world, I try to be practical, recognizing that the problem is primarily one of changing the minds of men. We are concerned with the conquest of the minds of men. That is right, Mr. President. Anyone who heard the testimony this morning by Mr. Buderz in the committee, showing how the Commies work, how they seek by propaganda, education, infiltration, and penetration to affect the minds of men, and how they worked in the past in America, could not fail to understand how necessary it is for us and for our great Nation to modify, perhaps, some of the tactics heretofore employed and to adopt the technique which makes for the conquest of the minds of men.

I try to build my part of the peace machinery so it will work. Since I believe that the Marshall plan is a part

of the machinery that may move us in the direction of our great goal, I have supported it from the beginning.

I never dreamed, nor did I believe, that mere material help could accomplish our objective. But when people are starving, when men's minds are cracking, when the economic structure is going to pieces, when pressures from the outside, which deteriorate the morals, the opportunities, and the spirituality of a nation are at work, coupled with hungry stomachs, then material help is necessary, so that men can be in a condition to reason and to think.

When General Marshall first proposed the Marshall plan 3 years ago, I believe he made a proposal that was not only unique in history, but contained a rare combination of virtues.

First, it was humanitarian in the best sense of that term. It was an offer to the victims of a devastating war who had suffered not only by the sacrifice of their soldiers, but by the sacrifice of their homes, their families, their industry.

Secondly, General Marshall's proposal for aid gave the people of western Europe—the people to whom we owe much of our heritage—a chance to build their countries in the pattern of democracy and free enterprise instead of the pattern of totalitarian communism. They did not have that chance when the program began. So-called "free elections," before the days of the Marshall plan were in fact opportunities for Communist minorities in western Europe to coerce a hungry, depressed, fearful people to vote Communist. Our aid has shown the people of western Europe the way, and the rewards of the free way. On their part, they have not failed us. Every election since the beginning of the Marshall plan has been an opportunity for the people to show freely that they do not want communism. They have done so. In Norway, the Communists last fall lost all 11 seats they had formerly held in the Parliament. Election results in Belgium, Austria, and Great Britain were much the same.

Thirdly, the plan has in it a factor not always recognized. It is this: There are men operating it who are salesmen of the American idea. We know that material aid is needed, but more needed is the distribution of these quickening truths of the spirit where freedom abideth.

Fourthly, the program proposed by General Marshall has been of tremendous value to the United States. It has buttressed our security, contributed to our leadership among the free nations of the world, and promoted the prosperity of the United States.

What is the general consensus as to what has been accomplished up to date?

The Marshall plan has undoubtedly stopped the march of the Russian to the Atlantic coast. It has for the time being saved France and Italy from going communistic. It has given the other nations a breathing spell so that today all our associates in the Atlantic Pact have renewed hope, and have to a large extent reconstructed their economy. It of course has not assured total victory against the onslaught of the communis-

tic philosophy and the communistic political domination. We know there have been mistakes in the administration of the fund, not due to intentional wrongdoing but because of the complexity of the problem and because of the factors inherent in human nature.

We realize also that probably one of our great mistakes has been that we have not appreciated the significance of putting into operation great spiritual and moral forces. But it is not a time for condemnation. It is a time for renewed action. Italy, with her tremendous overpopulation, which is brought out so well in Senator McCARRAN's article in the Saturday Evening Post, presents a continuing challenge. On the economic front, we know that Europe's thousand years of hate and internecine strife and rivalry still persist and create barriers against a real federation. Then there are the old systems of taxation, the outmoded methods of production in agriculture and industry, their bureaucratic, obsolete methods in government, their underprivileged classes, and in many places their inability to produce what they need to eat, the need for redistribution of large estates, vicious tax laws, whereby those who have do not carry their equitable share of the tax burden, the constant impact of communistic propaganda, moral and spiritual deterioration as the result of the Fascist, communistic, and war experiences.

Yet, Mr. President, with all these conditions, the line has been held, due to our efforts together with efforts of millions in Europe who are striving to see the light and get somewhere. And the conclusion seems to be this—that if we fail to carry on, communism will take over.

We all know from past history that where poverty persists, where great dislocations, political, economic and moral, continue, there is fertile ground for the Fascists and Communists.

In the field of the economic, we know that there are some 16 different economies and currencies in the 16 countries. We know that most of the countries are at present importing more than they export, and that they are all reaching for the dollar, because it is still the best money in the world. They need the dollar to further build up their factories and their production plants. Because of the war, the physical needs of these countries are so great that it will be years before they are fully met.

Others have described the problems of Europe far more clearly than I have. Mountains of criticism have been heaped not only upon the job we have been doing, but upon the job that the European nations and peoples also have been doing to rebuild themselves.

But I ask, where do we go from here? How are we to answer that question? I will reach my conclusion, but first I should like to linger a moment on the point of what the value of this program is to the people of the United States.

Too often we measure value in terms of how much a program costs. We have already authorized the expenditure of nearly \$10,000,000,000 for Marshall aid. Now we are asked to authorize an additional \$3,000,000,000 for Europe. This is

a lot of money. What are we getting for it in terms of specific benefits for the United States?

In one sense the money we spend comes back to the United States. American dollars must come back here to be spent. If I trace the path of a single American dollar from the time it leaves the American taxpayer's pocket until it returns to his pay envelope, I believe this will be clear.

When Congress gives an American dollar to the ECA, the ECA in turn gives it to Norway, let us say. The Norwegian government finds that one of its farmers needs a condenser—or a valve of a certain type—to make his tractor run. This condenser is not manufactured in Norway or in any other European country. It can be bought only in the United States. The Norwegian farmer has enough Norwegian kroner—the Norwegian unit of currency—to buy the condenser. He does not want charity. He will gladly pay kroner for the condenser. But the American manufacturer does not want kroner. This manufacturer in, let us say Racine, Wis., wants to get paid with an American dollar.

In effect, this is what happens: The Norwegian pays his kroner to the Norwegian government, which in turn sends the dollar the ECA gave it back to the United States, where our friend in Racine gets his dollar and sends the condenser to the farmer in Norway.

Now, please note this. This transaction would not have been possible without the Marshall plan. If the Norwegian government had not had the dollar the ECA made available to it, the farmer in Norway would have had to get along without his tractor. And, note carefully, that the manufacturer in Racine would not have sold his condenser. When transactions of this kind are multiplied by the hundreds of thousands, it can easily be seen why the prosperity of western Europe depends on our aid, and why the prosperity of the United States is closely related to the ability of the western Europe to buy essential goods in the United States.

Let us see how thousands of such transactions add up. Let us see what the Marshall plan means to industrial and agricultural America. I wish all my associates in the Senate would give a little study to that subject. I have done considerable thinking about it, especially in view of the fact that letters I receive from home are from persons on both sides of the fence. Many say, "Cut out the aid." Others say, "No, we cannot cut out the aid." Still others say, "What will happen in relation to the Communists? Will they be able to extend communism to the Atlantic? Will they take over all of Europe?" But practically none of them follow up the chain of the dollar, what it means for employment in this country, what it means to industrial health in America. That is why I shall carry on.

I repeat: Let us see how thousands of such transactions add up. Let us see what the Marshall plan means to industrial and agricultural America. Since the beginning of the program more than two and one-half billion dollars of the

money we appropriated has been spent by the Marshall-plan countries in the United States for agricultural products. More than \$2,000,000,000 has been spent for industrial products. I am not talking about total western European purchases in the United States. I am only talking about the purchases those countries made in the United States which would not have been possible but for our dollar aid. I am not talking about Marshall-plan money which these countries spent elsewhere—in South America, for example—even though the dollars spent in South America will in turn be spent in the United States for our goods.

Let us break these figures down. Since the program began \$1,153,000,000 has been spent for bread grains; \$308,900,000 for fats and oils; \$254,000,000 for coarse grains; \$120,700,000 for meats; \$111,200,000 for dairy products. I could go on. More than \$850,000,000 has been spent for cotton; nearly the same amount for petroleum; \$900,000,000 for machinery and equipment. Let me stress again that these dollars are spent in the United States. They go into the cash earnings of our farmers and into the salary checks of our working people. These dollars are all spent twice. They buy recovery for western Europe, and they buy the products of our great land.

Mr. President, I want my colleagues to weigh carefully any proposals to cut this program. When this program in the form of authorization was before the Senate last year, in view of the fact that the appropriations would come some 4 or 5 months later on, I made the statement then, and I have no objection to repeating it now, that authorization does not mean appropriation. Many times certain imponderables enter into the equation between the time the authorization is made and the time the appropriation is made. By that I mean certain facts develop which change the need. That may occur again. I know not whether it will. But I say that, in view of the changing situation in Europe, in the Far East, and in the Near East, we want to think the problem through carefully and look at all its facets, so that we may not simply see one angle and disregard all the others. After that we will arrive at our conclusion as to what the amount should be.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. CONNALLY. I wish to congratulate the Senator from Wisconsin for the fine service he has rendered in connection with the pending bill, and with respect to many other measures pending before the Committee on Foreign Relations. I know the Senator from Wisconsin approaches these problems with a particularly patriotic spirit, ability, zeal, and understanding.

I thank the Senator for stressing the difference between authorization and appropriation. Congress cannot appropriate any more than is authorized. If we were to cut down the authorization below the danger point, we would be denying to all who now favor an increased amount any opportunity of securing it, because of the lack of authorization.

With the authorization undiminished, we would still have a chance to get any amount within the authorization which the committee might see fit to recommend. So the system of having a sufficient authorization, with the possibility of reducing it when the appropriation is made, affords an elasticity which will meet the point the Senator was proceeding to develop.

Mr. WILEY. I thank the distinguished chairman of the committee. I believe a sort of cooperative responsibility exists. When we vote an authorization we must have the facts to justify the authorization. I agree fully with what the distinguished Senator from Texas just said, that so far as the appropriation is concerned, the top limit is the authorization. But I am one who feels—and I repeat—that we must have the facts before us to justify voting an authorization. Between the time the authorization is made and the time comes for appropriation to be made, new facts may develop which the appropriate committee dealing with the appropriation has the obligation to consider. If the facts are such as to prove that a smaller sum should be appropriated, it is the obligation of the Appropriations Committee to recommend an appropriation in the smaller sum. That has always been my understanding.

I said when we discussed the bill last year that it is the common-sense approach, because we are living in a fast-changing world. Conditions change overnight. By the time appropriations are to be made in connection with the authorization we are now considering, conditions may have changed so much as to make it necessary to consider and act upon an entirely new bill providing for an additional sum. With respect to the pending bill, the amount that can be appropriated is established and limited by it.

I repeat, Mr. President, I want my colleagues very carefully to weigh any proposals to cut the program. I want to trim away the fat if we can do so without injuring this important enterprise.

If the trade of the free world is not to suffer tremendously after this program ends in 1952, Europe must be able by that time to purchase with its own earned dollars large amounts of goods in the United States. The whole ECA program during the next 2 years is to be geared toward putting western Europe in a position so it can earn enough American dollars to continue purchases here.

If we were to end this program before Europe is ready to buy in the United States with American dollars she has earned herself, we could expect a serious decline in our exports. The manufacturer in Racine could not sell many of his condensers. The farmer could not sell part of his cotton, his grain, his dairy products. If, however, we carry the Marshall plan through to its logical conclusion, if the ECA produces the results we can legitimately expect of it, it should be possible after 1952 to establish a balance of trade with western Europe at a level where the United States and the free countries of Europe can continue to prosper and grow strong.

Mr. President, the Communists will not like this. They do not like to see a strong and independent Europe. They

much prefer a Europe unable to purchase from the United States, unable to solve its economic problems. That is why the Communists have tried from the very beginning to sabotage the Marshall plan. I, for one, Mr. President, do not propose to assist them.

I have tried to show how the dollars we spend for the Marshall plan come back to the United States and contribute to our prosperity. Of course, I do not wish to be understood as believing that the United States can spend its way to prosperity, especially by spending its money to help foreign nations. There is a limit to the amount we can contribute to the foreign-aid program. We have very nearly reached that limit. However, as to the expenditures authorized by this bill, I think we must make them, not only for our own prosperity but for our national security.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. LUCAS. A moment ago the Senator from Wisconsin made a statement which I think should be emphasized over and over again; namely, that the Communists of Moscow in the first instance refused to join or have anything to do with the Marshall plan; and from that time on, up to this very moment, they have done everything within their power to sabotage and destroy the Marshall plan because of its effectiveness in the European countries we now are helping.

The Senator from Wisconsin has said—and rightly so—as I recall, "I do not propose to aid the Communists in any way whatsoever."

I think that statement should be repeated over and over again, so far as the entire United States is concerned, so that all of the people of the country will understand that those who seek to destroy the Marshall plan are the Communists of America and the Communists throughout the world, because they know, that the Marshall plan and kindred programs are helping to destroy their communistic program of advancement and expansion throughout the world.

Mr. WILEY. - Mr. President, I thank the distinguished majority leader. Of course, I have stated that I do not intend to do anything to help Communists.

I think the problem is a difficult one. I have reached my conclusion after a great deal of almost prayerful consideration, in view of what might be called the conflict of authority on the subject. I feel that we have to do what is before us and attend to the job that is before us if we wish to maintain the position of leadership into which we have been precipitated.

The other day I saw a phrase "the chosen people." I remember that as a boy we looked upon that phrase, as it was used in our Sunday schools, as meaning that the Lord reached out and selected the Israelites as the chosen people. The new interpretation is one which I like; namely, that a chosen people are chosen to do a job; and if they are adequate in the performance of that duty, they remain the chosen people.

Mr. President, whether we like it or not, it seems that we have been precipitated to the top among the nations of the world, and we are chosen to lead. In past centuries, other nations have been chosen to lead, and for awhile they led, but then they failed because they forgot some of the primary functions of leadership. They became materially minded, and thought that leadership simply consisted of getting hold of things material, of dominating the minds of men, instead of educating the minds of men. So they lost their leadership.

All of us stem from European countries. We have formed a new nation, a new breed, rather a mixture of all the bloodstreams of Europe. There are 153,000,000 or 154,000,000 of us. We have been called to a higher purpose, that of rejuvenating, so far as humanly possible, the parent roots, so that they will have a rebirth of confidence and hope. We also have been called, as the chosen people, to stem the onslaught of the Marxist-Communist dynamic movement, and it is dynamic, which seems to be sweeping over a large part of the globe. We have been called as a chosen people to keep on our shores a lighthouse whose lamp sends forth rays of liberty, freedom, courage, and hope to the downtrodden people of the earth.

We have been chosen for a wonderful job. I believe we shall be adequate. The little job which we are called upon to do today is merely a symbol of the larger job which is before us.

Mr. President, I have tried to show that the dollars we spend for the Marshall plan will come back to the United States, to contribute to our economic health and prosperity, to help create jobs, and so forth. As I have said before, I do not wish to be understood as being one who believes that the United States can spend its way to prosperity, nor do I think the mere spending of money or giving away of money to foreign nations, of and by itself, is the job we seek to do or the job we should do. I agree that there is a limit to the amount of money the United States can give away. Many a son of a rich parent has been ruined because he thought he could rely on dad. He thought the golden spoon would always feed him, and the lost his initiative.

We have told Europe that this job will be over in 1952. We Americans keep faith. Once we have given our word, we keep it. To us, the giving of our word is something more than a writing on a scrap of paper which can be torn up. The scrap-of-paper doctrine is not the American way, nor does it represent the leadership the world needs so badly, the type of leadership which I have said is a moral responsibility.

Mr. President, we are doing the job of a Good Samaritan. The Samaritan did not set up in business the wounded man he helped. He simply saw to it that his wounds were washed, and that he had enough food to restore his strength, so that when he had recovered he could resume his job. It seems to me that that is what we must do in the world today, namely recreate in men the hope and energy to build for themselves. We hope the countries of Europe will develop, in addition, a sense of unity and

a purpose to collaborate, such as they have never had before—yes, a union of European states into one great group which will collaborate with us. We hope the years of suffering those peoples have undergone will have served to burn out the dross and to bring to the surface the gold, so that they can realize that all of us have the objective of living as free people and joining together to meet the onslaught of the Marxist philosophy.

Mr. President, the money we are spending under the Marshall plan is purchasing for Europe strength which would be used on our side in the event—God forbid that it ever occurs—that the holocaust of war descends upon us again.

I believe the United States is stronger and more secure today than ever before, with strong and true friends in western Europe. Through two terrible wars the countries of western Europe have stood with us, and we have stood with them, shoulder to shoulder. In both wars they bore the first furious onslaught of a strong enemy. The billions of dollars we spend today represent a small amount compared to the cost of a war, yet these billions of dollars spent for the economic recovery of western Europe are enabling the beneficiaries of the program to build up their strength, a strength which will deter suggestion, a strength which, if aggression shall come, will give us strength and will be on our side.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. LUCAS. I wish to commend the Senator in what he said last.

Mr. WILEY. Does the Senator restrict his commendation to what I said last?

Mr. LUCAS. No; I commend the Senator for what he has said from the beginning. He is speaking my language, so to speak, so far as the Marshall plan and kindred programs are concerned. What the Senator said a moment ago with respect to the amount of money we are spending on the Marshall plan is true; it is a large sum of money, though it is but a drop in the bucket to what would have to be spent if we should fail to find peace in some way through what we are spending, and if war should come.

We find people throughout America interested in economy in Government. That is the way it should be and certainly the Senator from Illinois is in favor of economy in Government. But in the event we do not attain peace through the Marshall plan and kindred programs, which we are operating at the present time, and should an atomic war come—and God forbid that such should happen—I remind those who are now in a critical mood about saving money that they will not be worrying about balancing the budget; they will not be worrying about the national debt; they will not be worrying about their hard-earned dollars. If atomic war should come to this country, they will be struggling and fighting for survival.

So far as the Senator from Illinois is concerned, he is willing to take the gamble, the calculated risk of spending a few billion dollars now in connection

with the Marshall plan and related programs, in order to keep war from engulfing our shores. The Marshall plan is the only program which has been developed here in the Congress of the United States which offers the slightest semblance of hope that we may find the road to peace in this world. I shall continue to support it. I commend the Senator from Wisconsin for what he has said, and for the expression of his feelings on this subject. I commend the Committee on Foreign Relations for reporting unanimously an authorization of this kind.

Mr. WILEY. Mr. President, apropos of what the distinguished Senator has said, I should like to remind the Senate that in the 4 years from December 1941 to September 1945, not counting the cost in blood, in misery, and in dislocated lives, we poured into the conflict against fascism more than \$350,000,000,000, an average of \$7,500,000,000 a month for 45 months. The amount we are now being requested to appropriate for a full year of foreign aid was used up every 15 days while the conflict raged. Of course, should we be so unfortunate as to become involved in another conflict, with money depreciated as it is, the \$7,500,000,000 we spent every month would probably be trebled.

So, Mr. President, it will be seen, as suggested by the Senator from Illinois, that what we are trying to do is, so far as the human mind will allow us to conceive, to buy an insurance policy. We are paying for it to the extent of about \$250,000,000 a month, instead of \$7,500,000,000 a month. I think my figures are reliable. During the war years, we devoted almost \$90,000,000,000 a year to war, more than half our national income. The foreign-aid program, as I say, now amounts to but little more than 3 percent of that huge sum.

Mr. LUCAS. Mr. President, will the Senator yield for another observation?

The PRESIDING OFFICER (Mr. SCHOEFFEL in the chair). Does the Senator from Wisconsin yield to the Senator from Illinois?

Mr. WILEY. I yield.

Mr. LUCAS. I think the Senator will agree with me that in the event war should come tomorrow, the Congress of the United States would not hesitate to appropriate whatever might be necessary in order to win the war, as we did during World Wars I and II. My good friend from Tennessee [Mr. McKellar], the distinguished chairman of the Committee on Appropriations, who sits here by my side, came in one afternoon, during the war, as I recall, with an appropriation of \$55,000,000,000 or \$57,000,000,000 for war. The Senate passed the bill within an hour, without a yea-and-nay vote.

While there are those who quibble about appropriating a few billion dollars now in an effort to obtain peace on the earth, yet if war should come tomorrow, and the representatives of the executive department should say to the Senator from Tennessee, the distinguished chairman of the Appropriations Committee, "We need \$50,000,000,000, overnight," the Congress would grant it. If they said they needed \$75,000,000,000

or \$100,000,000,000 for war, the Congress would grant it; and no taxpayer in America would groan one bit about appropriating such an amount of money for war. Our boys would be on the way, and the parents of those boys would want that war to end as soon as possible, in order to have their boys return.

What we are trying to do through the Marshall plan is to keep American boys from going to war in the first instance, to keep them at home. Therefore, so far as I am concerned, I do not propose to cut the Marshall plan one iota by any vote of mine on the floor of the Senate, unless I am told by those in the executive department, who are totally familiar with this program, that it is proper and in the best interests of America to do so. I firmly believe and conscientiously feel that this is the only program in existence in the world which, as I said before, has the semblance of hope of bringing peace to the world.

Mr. WILEY. Mr. President, compared to the cost of war, as indicated by the distinguished Senator from Illinois, the cost of this peace program—and I think we can call it a peace program, because we feel it has in it the elements that make for peace—is comparatively small. On the other hand, I would not accept everything the Senator from Illinois said, if it was said with the idea that the ECA program will guarantee peace.

Mr. LUCAS. No, Mr. President—

Mr. WILEY. I think, as the Senator suggested, if we may compare it to anything, we may say it is in the nature of the best kind of insurance policy we could buy. But I believe it would be a serious mistake to give the impression to the world or to our country that the mere materialistic aid which is also added to our military aid for the Atlantic Pact countries, in and by itself, can guarantee peace. Of course, we know it cannot. We know that the very purpose of it is, so far as possible, to build a barrier against the berserk group who are running to affairs of Russia. The only language they know is the language of force. If we were to show a weakening of our stand, we might not only tear down what we have already constructed in Europe, but we might, as I believe the Senator intended to intimate, be welcoming a move on the part of Joe Stalin and his gang to reach the Atlantic.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. LUCAS. I do not want to be understood in that way, and I do not believe my remarks can be so construed. I have said all along, and I repeat, the Marshall plan, aid to Turkey and Greece, the Atlantic Pact, the implementation thereof, and all other programs devised as a means of carrying forward our foreign policy, represented calculated risks. I do not say these programs guarantee to keep war from our shores. What I am saying is, the over-all European program is the only one so far laid down which I believe will do that very thing. I believe, if anything will do it, that program will. I think the Senator will agree with me as to that.

Mr. WILEY. Yes; I agree it is the program which, if strengthened, as I

believe it will be, by utilizing more of the spiritual and moral forces which are and will become available, is the best program of which we have knowledge today.

That is why I am supporting it, Mr. President. I shall support it, because I believe we are strengthening the free nations of western Europe and we are strengthening ourselves. In strengthening ourselves, we are performing the obligation which we owe to ourselves and, I believe, to the world, because we are still the lighthouse of freedom. Here liberty prevails. If I remember correctly, scripture tells us that where the spirit of the Lord is, there is liberty. So we must have some of the spirit of the Lord, because here liberty prevails. It is that which other peoples of the earth lack. I, for one, feel that that is one real reason we must prove ourselves adequate, by strengthening ourselves as the leaders of the free world.

Yes; we are engaged in a great enterprise, to strengthen others so that they can stand on their own feet. These others are our own flesh and blood because we of this continent have stemmed from them. I realize that what I am talking today is a sort of a mixture of economics and international morality, coupled with the matter of foreign relations and world politics. We cannot take one of these items out without dislocating the others. I am not an economist, but I suppose there are those who would have no trouble in showing that if we fail to continue to strengthen the economic policy and the moral fiber of our European associates with this \$3,000,000,000, it can be demonstrated economically that our national income will be reduced and that the corresponding charge upon our Government to meet unemployment and other contingencies would practically equal the expenditure.

Because of modern invention, we are geographically one world, but because of the conflict of ideas, we are two worlds. Whether we like it or not, we are called to high responsibility, as the leader of one of two worlds, and that responsibility is to protect and preserve all those things which are embodied in what we call the American way. It must be apparent that if the aid that goes to western Germany should cease, the people who have suffered so much would just automatically be thrown into the Russian orbit.

Mr. President, I come from a State in which probably 30 percent of the people are of German extraction. The people of Wisconsin, in two world wars, exhibited a loyalty beyond reproach. They love the old land, but they are America. They own great factories and farms. They have contributed to the economic, moral, and spiritual wealth of the State. There are approximately 50,000,000 such persons in the western zone. Suppose they should become amalgamated with the Russians. The Russians have taken over approximately 6,000,000 of them. But supposing, through the impact of the war of ideas, that great, virile people whose kindred have meant so much to this Nation should become a part of Russia and should accept the ideology of communism. If those two peoples, under the domination of Stalin

and his cohorts, should get together, the German people with their great vitality, with their great ability to do things—and they are working in Germany today—I need say nothing further. It would indeed mean a real clash of two worlds.

In everything I have said, I want it clearly understood that I am not unaware of the challenge that is presented to us Americans with this constantly growing deficit, with the inability of our Government to meet that issue head on, by cutting corners where they should be cut, whether it be in procurement, in overstuffed bureaus, or in appropriations for public works that might be deferred. I am aware of all this. I am hoping that there will be a realization by those in Government who have the responsibility to see to it that something is done about it.

However, that is another problem. What we are talking about today—seeking to maintain a world at peace; seeking to aid those in poverty and in distress, seeking to contain the Russian from overrunning the world—cannot be neglected. I personally feel the two can be worked out together.

The hearts and the minds of the peoples of the earth are ready for peace. The common people behind the iron curtain want peace as much as we do. The people of the borderland countries want peace as we do. The peoples of the backward, undeveloped areas of this world, want peace as we do. And yet peace, if we are to achieve it, must be accompanied by freedom. The United States today stands as a symbol to the peoples of the world who aspire to peace and freedom under God. We must lead the way.

That is why I support the bill.

THE NONPARTISAN LEAGUE OF NORTH DAKOTA

Mr. LANGER. Mr. President, I have before me some dispatches from the news ticker in the Senate lobby. I refer particularly to one item which refers to the fact that at a hearing this morning of the subcommittee of the Committee on Foreign Relations investigating charges made by the Senator from Wisconsin [Mr. McCARTHY] the name of the North Dakota Nonpartisan League was used. Our distinguished colleague the Senator from Wisconsin had said he would prove that Mr. Lattimore was a Communist, and that he had a witness who would swear that Lattimore was a Communist. The witness whom the Senator from Wisconsin produced at today's hearing before the subcommittee was Mr. Budenz. According to the ticker report—

Budenz gave a careful description of the 1937 meeting at which, he said, the party laid down the line that the Chinese Communists were to be pictured as agrarian reformers. He said that Earl Browder opened the session. "It was then when we got the message that the Chinese Communists, whom we had always considered the spearhead of the revolution, were nothing but North Dakota Nonpartisan Leaguers—agrarian reformers, so to speak," he said.

Another press dispatch reads as follows:

At this meeting, Budenz said, it was agreed that Lattimore should be given the assignment of representing Chinese Communists as

I hope that you will be able to fully answer the several questions which are carried in this letter. Unless the questions are answered in clear and understandable fashion there will and must remain a serious doubt concerning what actually happened. If the United States Navy Privateer was actually destroyed by the Russians, the Congress and the Nation will support, in my judgment, any steps which are taken by the State Department and others in authority to secure appropriate indemnity. If, however, there is any possible doubt concerning how our aircraft met its fate many an American, in my judgment, will insist on pursuing an investigation to determine all of the facts before supporting a demand for indemnity from a nation which is said to have committed an unprovoked act of destruction against American lives and property.

1. Can you advise me of the destination of the United States Navy Privateer after it left Wiesbaden at 10:31 a.m. Greenwich time, April 8, 1950? Is a flight plan available to show an estimated mileage and time schedule?

2. Was any of this route over foreign territory and if it was were the necessary clearances secured from the appropriate foreign government?

3. Your protest note states that the United States Navy airplane did not fly over any Soviet or Soviet-occupied territory or territorial waters adjacent thereto. Will you provide your explanation as to how the Russian aircraft, which is presumed to have destroyed our American aircraft, was flying over territory or waters beyond its jurisdiction?

4. Will you state the precise location of where you think our aircraft was shot down?

5. If you think that our aircraft was shot down over friendly territory or waters will you state the nature of our own or friendly air defense measures in the area where the incident is thought to have taken place? If our aircraft was destroyed over territory or waters which are within our jurisdiction the Nation will want to know what steps are being taken to avoid future incidents of the kind in question.

6. Your protest note tells us that the United States Navy Privateer reported by radio as it crossed the coast line of the British zone of Germany two and a half hours after taking off from Wiesbaden. Was this the last radio report which the aircraft made to its headquarters? If there were other radio reports will you state the number and the hour times when the messages were dispatched? Will you state the practice which governs reporting to headquarters by aircraft which fly in the European theater? I am interested in knowing if our aircraft was heard from after its first radio report at 1:01 p. m. This question is of importance, at least to me, because of the comment in your protest note that the Soviet Government acknowledged that one of its fighter aircraft had fired upon an American plane on April 8, 1950, at 5:30 p. m., Moscow time.

7. Can you completely disprove the possibility that our aircraft might have blown up or disintegrated in flight as a result of mechanical failures?

8. Are American aircraft, other than military aircraft, now in service in the Baltic area? Your protest note said that the United States Navy Privateer was the only American military aircraft in the air on April 8, but it likewise states that the Soviet Government acknowledged firing on an American plane.

I think that you will do a fine service for America and for all of the nations in Europe if it is possible for you to concretely answer each of these questions. These answers will clear away the wide range of uncertainty which is included in your protest note and they will provide everybody with a factual analysis of when, where, and how a regret-

table and unfortunate mishap occurred. Until concrete answers are available to everybody the State Department will not benefit from the confidence it ought to receive from the American people.

Anything short of the complete truth about any of our relationships with foreign nations in days like the present constitutes an inadequate understanding of the problems which beset you and your Department. The American people will face up to any responsibility providing they know what it is in every detail.

Most sincerely,

HARRY P. CAIN.

NATURALIZATION OF IMMIGRANTS HAVING LEGAL RIGHT TO PERMANENT RESIDENCE

Mr. THOMAS of Utah. Mr. President, since the majority leader has called up a bill on the calendar, after having made the announcement that no Senators were ready to speak on the unfinished business, I wonder if he would object to the Senate returning to House Joint Resolution 239, Calendar No. 1179, and considering that measure.

Mr. LUCAS. Mr. President, will the Senator advise the Senate of the subject of the measure?

Mr. THOMAS of Utah. Mr. President, it is a joint resolution to provide for the privilege of becoming a naturalized citizen of the United States to all immigrants having a legal right to permanent residence. It is a measure definitely in behalf of the Japanese, who have gained permanent residence, whose sons and daughters served in the armed forces of the United States and who are American citizens.

On the call of the calendar there was objection to the measure. If I remember correctly the junior Senator from Georgia [Mr. RUSSELL] objected to it, but I have been informed that he has withdrawn his objection, and that he would not object to the joint resolution when the calendar is called.

I want to say to the Senate at this time that very few persons will be affected by the measure. Only such persons as have gained permanent residence in the United States will be affected by it. It will not affect in any way or in any sense the laws now in effect with respect to persons becoming citizens of the United States. Probably very few persons would apply for citizenship under terms of the joint resolution. It would merely extend to persons having a legal right to permanent residence, who live with us, who are part of our political life, and whose sons and daughters have defended the United States in war and are citizens of the United States, the privilege of becoming citizens of the United States.

Mr. LUCAS. Mr. President, I am grateful to the Senator from Utah for bringing up the subject at this time before the Senate. I am in total sympathy with the views expressed by him with respect to this particular measure. However, in talking with the junior Senator from Georgia, who objected to consideration of the joint resolution when it was reached on the call of the calendar, he advised me that he has an amendment to offer to it when it comes

up for consideration. Under those circumstances I cannot agree to have it considered at this time. The junior Senator from Georgia is unavoidably absent from the Senate. Therefore, I think it would be unwise to take up the joint resolution in his absence.

Let me say to the Senator from Utah that I am just as much interested in the measure as he is, because a number of persons who live in Illinois are affected by it.

I guarantee to the Senator that before we conclude the session action will be taken on the joint resolution.

Mr. THOMAS of Utah. Mr. President, let me say further that, of course, I would not have made the request if it were not for the fact that the joint resolution has passed the House of Representatives and has been reported unanimously by the Senate Committee on the Judiciary. However, of course, I shall not make the request if the Senator from Georgia wishes to be present during the consideration of the joint resolution.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. LUCAS. Mr. President, before the Senate takes a recess, I wish to make known to the Senate, especially for the RECORD, in the hope that Senators will read it between now and Monday, that it is the hope of the Senator from Illinois and of the majority, those on this side of the aisle, that on Monday next, when the Senate convenes we can arrive at a unanimous-consent agreement whereby we can dispose of the pending bill perhaps sometime next week. We have now spent 2 days on the European Recovery Program, and I doubt whether, if we computed the exact time spent discussing this basic and fundamental and all-important world issue, we would find that more than 2½ hours of actual debate had been addressed to this particular question.

Mr. President, it seems to me that Senators who are concerned with this measure, and who have addresses to make on it, ought to get busy on Monday of next week and be here with the speeches they desire to deliver to the Senate and to the country. Let us get along with the business of ECA. It is important. The Senator from Illinois would like to conclude it not later than the latter part of next week, certainly not later than a week from Monday.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. WHERRY. I concur in the observation made by the majority leader that we should expedite the pending legislation, that we should hurry on with it in order that we may then take up FEPC, as the majority leader has announced, and get it out of the way. There is also plenty of other proposed legislation which should be considered. But I wish to assure the majority leader that we shall do everything in our power to bring

about a unanimous-consent agreement Monday, or at least at the beginning of the week, to vote upon the different amendments and, finally, on the passage of the ECA bill.

Mr. LUCAS. I thank the Senator from Nebraska.

INCREASE IN BORROWING POWER OF COMMODITY CREDIT CORPORATION

Mr. THYE. Mr. President, I should like to ask the distinguished majority leader whether it will be possible on Monday to take up for consideration Calendar 1380, House bill 6567, which proposes to increase the borrowing power of the Commodity Credit Corporation. I believe action should be had on it as early as possible, because the program of the Secretary of Agriculture in relation to the price support of perishable commodities is held up somewhat pending action of the Congress on the Commodity Credit Corporation bill.

Mr. LUCAS. I am entirely familiar with the subject matter mentioned by the Senator from Minnesota. I agree with him that some action should be taken on the bill. We have not been able to consider it yet. I should have liked to take it up this afternoon, but the Senator from Delaware [Mr. WILLIAMS] said he would be absent today, and I did not want to take it up in his absence. Whether the Senate can consider it on Monday I would not want to say at this time, but perhaps after we obtain the unanimous-consent agreement to vote on the ECA measure we may find a lull during which the bill can be acted upon. The Senator is obviously correct in saying to the Senate and to the country that it is a very important piece of legislation.

Mr. THYE. I thank the Senator.

DESIRABILITY OF EXPEDITING THE WORK OF THE SENATE

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from Connecticut.

Mr. McMAHON. Mr. President, I should like to observe that in about 8 weeks there will be in the Senate a great hue and cry about going home. Senators will be coming to the majority leader asking, "When are we going to be able to go home?" The answer to that question is being written now in the Senate. The longer we delay action on important measures as they come up, the longer we shall have to remain here, because, as I understand, the attitude of the majority leader is that we have a program of bills the consideration of which must be finished, no matter how long we may be required to remain here. If that is the case, the sooner we get to work on them in earnest and get through with them, the sooner we shall be going home. Those who want to delay the votes on these measures should take that into consideration, if they do not want to be here long past Labor Day.

Mr. LUCAS. Mr. President, in reply to the Senator from Connecticut, I should like to say that I hope very much we can finish this session by July 31, in keeping with the letter and spirit of the Legislative Reorganization Act of 1946. However, if we cannot do it, we shall have to remain longer. Certainly I do not want to continue in session until the middle of October. I happen to be a candidate for reelection this year, as do other Senators, including my friend from Missouri [Mr. DONNELL], the Senator from Connecticut [Mr. McMAHON], and other Senators. I feel sure that those who are candidates will agree with me that we should like to dispose of all the

business of the Senate as expeditiously as possible, so that we may return to the hustings and at least preach a little Democratic and Republican gospel to the folks back home, who do not see us very often. Does the Senator from Missouri agree with that?

Mr. DONNELL. Will the Senator from Illinois allow me to inquire whether he will preach a little Republican doctrine as he goes along?

Mr. LUCAS. I may say to the Senator it will be Republican doctrine in reverse.

Mr. DONNELL. It will be in muted tones, will it not?

Mr. LUCAS. Very much so.

Mr. DONNELL. I concur with the Senator, however, as to the desirability of expediting the work of the Senate as much as possible, consistent with the proper performance of our duties.

MESSAGE FROM THE HOUSE OF REPRESENTATIVES—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (S. J. Res. 166) to authorize the award posthumously of an appropriate decoration to members of the crew of the United States Navy Privateer who lost their lives in or over the Baltic Sea on April 8, 1950, and it was signed by the Vice President.

RECESS

Mr. LUCAS. I move that the Senate stand in recess until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 2 o'clock and 45 minutes p. m.) the Senate took a recess until Monday, April 24, 1950, at 12 o'clock meridian.

uel Wilder King, Dr. Katsumi Kometani, John K. Lai, Nils P. Larsen, Herbert K. H. Lee, W. Harold Loper, Chuck Mau, Fred Ohrt, Steere G. Noda, Hebdon Porteus, Herbert M. Richards, Harold S. Roberts, Clarence Y. Shimamura, C. Nils Tavares, Arthur K. Trask, James K. Trask, Henry A. White, Benjamin O. Wist.

HAWAII DELEGATES (12)

Nelson K. Doi, Teruo Ihara, Peter Kawahara, Richard Lyman, Jr., Frank C. Luiz, Earl A. Nielsen, Tom T. Okino, Sakuichi Sakai, Thomas T. Sakakihara, Charles A. Silva, James K. Yamamoto, Joe Takao Yamauchi.

MAUI DELEGATES (9)

Marguerite K. Ashford, J. Pia Cockett, Kazuo Kage, Harold T. Kido, Harold W. Rice, Richard St. Sure, W. O. Smith, Cable A. Wirtz, Arthur Woolaway.

KAUAI DELEGATES (6)

Randolph Crossley, H. S. Kawakami, Jack H. Mizuha, Charles A. Rice, Frank Silva, Toshio Serizawa.

Oahu delegates predominate in the convention, 36 to 27, a fact that reflects population statistics.

Delegates ran without party labels, but 29 are Republicans, 21 are Democrats and 13 are nonpartisans.

Racially, the convention reflects the cosmopolitan population of the islands. There are 27 Caucasians, 20 Japanese, 11 Hawaiians and 5 Chinese.

[From the Honolulu Advertiser of April 18, 1950]

PATRIOTISM NEEDS NO LAWYER

Patriotic loyalty to the American Government needs no technical legal defense in this country. It is a principle in which Americans have had high pride ever since they founded their republic of free people. It had been with them always a quality of which to boast, not to hide behind a quibble over a constitutional right stretched into meaning that its existence can be left to the guesswork of their fellow Americans.

So it is with disappointment that Americans recently have seen groups of their fellow citizens appear before congressional committees, elected by the people to represent them in government, and refuse to declare their American loyalty on oath. Even more amazing has been their explanation that they did so because their lawyers advised them that to swear that they are not now Communists and have not been for 5 years might tend to incriminate them.

Since when has loyalty to this country and its form of government been an incriminating factor?

Since when has an American needed a lawyer to tell him whether he is incriminating himself when he says he is not an enemy of his country?

The answer is that it never has been incriminating to be loyal to the United States and its Government. It has never been incriminating to be critical of the manner in which the American Government is conducted by the administration in power. It has never been incriminating to advocate lawful changes in the administration and regulations of the American Government.

It is incriminating to advocate the overthrow of the American Government by force and violence. It is incriminating to conspire to that end. It is incriminating to serve another country in its effort to overthrow the Government of this country.

But it is not incriminating to be patriotic and loyal American. And it is not incriminating to say that you are exactly that. Americans need no lawyer to protect their patriotism.

EXTENSION AND IMPROVEMENT OF SOCIAL INSURANCE SYSTEM—RECOMMENDATIONS BY AMERICAN PUBLIC HEALTH ASSOCIATION

Mr. NEELY. Mr. President, on behalf of the senior Senator from Montana [Mr. MURRAY], who is absent because of his wife's illness, I ask unanimous consent to have printed in the RECORD at this point a brief statement prepared by the Senator from Montana, together with certain accompanying statements of the American Public Health Association, relative to House bill 6000.

There being no objection, the remarks of Senator MURRAY, together with the recommendations of the American Public Health Association, were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MURRAY

THE AMERICAN PUBLIC HEALTH ASSOCIATION ON H. R. 6000

I know that the entire membership of the Senate has a distinct interest in the proposals to extend and improve our social insurance system which are embodied in H. R. 6000. In that connection, I have been greatly impressed by the particularly well-informed and well-considered opinions of the American Public Health Association especially inasmuch as they incorporate recommendations of the American Hospital Association, the American Medical Association, and the American Public Welfare Association.

In the belief that those recommendations will be of interest to the Congress, I set forth in the RECORD at this point the recommendations of the American Public Health Association.

The American Public Health Association, as the professional society of 12,000 public health workers, has a broad interest in this legislation because of the values for health which derive from (a) increased coverage and more adequate benefits to assure maintenance of income when earnings are lost or cut off, and (b) the feeling of security which such changes will bring to people. Furthermore, public-health people have a special interest in income maintenance during periods of disability in (a) improving opportunity for the care of the disabled and chronic sick, and (b) making health services more effective.

The association believes that many features of H. R. 6000 are sound and wishes to go on record as follows:

1. The association supports the provisions in H. R. 6000 allowing the utilization of Federal public-assistance funds in payments to recipients residing in public medical institutions meeting State standards.

2. The association supports the provisions of H. R. 6000 for permanent and total-disability insurance.

This implements the following recommendation in a joint statement "Planning for the chronically ill," made by the American Hospital Association, American Medical Association, American Public Welfare Association, and the American Public Health Association:

"Other measures which enable chronically ill persons to be cared for at home include improved housing, supervised boarding homes, medical social service, recreational and occupational therapy, and vocational rehabilitation. Social-security measures to maintain income such as disability insurance, old-age insurance, and public assistance are likewise of vital importance."

3. The association supports the following provisions of H. R. 6000 relating to extension

of coverage of old-age and survivors insurance:

(a) Inclusion of employees of State and local government by voluntary compact of the State with the Federal Security Agency. If such employees are under an existing retirement system they can be included only if they elect to do so by a two-thirds majority.

(b) Inclusion of employees of nonprofit institutions; if the employer does not elect voluntarily to pay the employer's tax, the employee would receive credit with respect to only one-half his wages for the employee's tax which he must pay.

4. The association supports the provisions in H. R. 6000 permitting the States to utilize Federal public-assistance funds in making direct payments for medical care to practitioners and institutions.

In this connection the association wishes to express its position with respect to medical care of the needy by the following statement:

It is recognized that public-welfare departments are now handicapped in carrying out their existing responsibility to assure medical care, when needed and not otherwise available, to recipients of federally aided public assistance by the inadequate financial provisions of the Social Security Act and its requirement that all aid be extended in the form of cash payments to the recipient. It is therefore recommended that the latter restriction be eliminated and that the agency administering assistance be authorized to finance the purchase of medical care in behalf of assistance recipients. In order to assure the quality of medical care thus purchased for assistance recipients and relate it to their individual needs, it is also recommended that its financing be accomplished through funds earmarked for that purpose rather than charged against the funds available for cash payments to individuals. The further view is expressed that any provision to finance medical care for assistance recipients should permit the administration of the medical aspects of such care by public-health departments.

5. The association recommends as amendments to H. R. 6000 the following provisions which were included in the report of the Advisory Council on Social Security to the Senate Finance Committee (Social Security Bulletin, October 1948, p. 8):

(a) "The Federal Government should pay one-half the medical-care costs incurred by the States above the regular maximums of \$50 a month for a recipient (\$15 for the third and succeeding persons in a family receiving aid to dependent children) but should not participate in the medical costs above the regular maximums which exceed a monthly average of \$6 per person receiving old-age assistance or aid to the blind and a monthly average of \$3 per person receiving aid to dependent children."

(b) "Federal grants-in-aid should be made available to the States for general assistance payments to needy persons not now eligible for assistance under the existing State-Federal public-assistance programs."

In further reference to our statement under (4), above, with respect to medical care of the needy, the association hopes that the committee report will make it clear that the provisions of the Federal bill intend to leave the States latitude for the welfare departments to contract with or otherwise utilize the services of the State or local health departments in providing or in effecting and operating arrangements for medical services

* Wherever the term "medical care" is used in this statement it is understood to include dental, nursing, hospital, and other health care as well as physicians' services.

to needy persons, when this is in the interest of economy, efficiency, and quality of care in this part of the State's program. This is especially important since in Maryland, Richmond, Va., the District of Columbia, and in a number of other localities, health departments are now responsible for providing medical care for public-assistance recipients. There is a growing interest of health departments in this field. We believe that the greatest possible encouragement should be given to this sound development which will help achieve integrity and unified administration of all health and medical-care services. We consider it important that nothing in the bill hinder such developments.

Respectfully yours,

HUGH R. LEAVELL, M. D., Dr. P. H.,

Chairman, Executive Board

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. FERGUSON. Mr. President, at this time I ask unanimous consent to have printed in the body of the RECORD an article by the distinguished Senator from Nevada [Mr. McCARRAN] on the Marshall plan, appearing in the April 8, 1950, issue of the Saturday Evening Post. I think it is very appropriate to have the article printed in the body of the RECORD, inasmuch as we are now debating Senate bill 3304. In submitting it for the RECORD, I do not necessarily submit it as my argument in favor of or against the Marshall plan, but I believe the article should be read by all Senators.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DON'T JUNK THE MARSHALL PLAN YET

(By PAT McCARRAN, United States Senator from Nevada)

Late in the afternoon of April 2, 1948, the Senate walked out of a session that had lasted 5 hours and a debate that had lasted 5 weeks. My colleague, Senator ARTHUR VANDENBERG, who had led the fight for the "ayes," fell in step as we left the Chamber and didn't speak until we reached his door. When he did, it was the single remark, "Well, it's cheaper than war." The Senate had just finished the vote that gave Europe \$5,000,000,000 and created the Marshall plan.

A majority of both Houses voted "yes" because they had become convinced that Russia, which had already overrun 10 nations—the tenth, Czechoslovakia, fell 5 weeks before the vote—would sweep all of Europe if something wasn't done to save it. That was 2 years ago. Since then we have invaded Europe with a small army of Americans spread over 16 countries, directing the battle for the survival of the countries outside of the iron curtain.

Last autumn 164 Members of Congress journeyed to Europe to watch the battle lines of the cold war, and this congressional force added one more puzzle to the many that surround the Marshall plan. For the startling result is that there is little agreement on what is going on in Europe. In London I heard a Senator label it the "greatest boondoggle in the history of time." In Rome a Member of Congress said it was such a magnificent success that it could be ended now without spending another dollar. Congress is split into violent differences as to what goes on in Europe, and this means that the battle over the appropriation for the Marshall plan's third year will produce some strange disclosures. The fight will be rough because it involves some \$3,000,000,000 at a

time when we are facing an enormous home deficit. The public is going to be awfully confused when it hears one bloc of Congressmen claim that the Marshall plan has already won world war III, and another reply that it is the monster that set Europe back 2 years.

For 3 months last fall I toured the front, and my own discoveries may sound as startling. I have a privileged position, as chairman of the "watchdog committee," to get the reports of investigators who have been circulating in Europe from the day Congress set up the ECA—Economic Cooperation Administration—to run the Marshall plan. Thus, I am afraid that Italy may go Communist in 5 years despite anything ECA has done or can do. I see no solution to that permanent crisis in England which threatens to reduce that nation to permanent second-class status, helpless as an ally against the Communist sweep in the Orient, helpless to head up the battle for Europe. I can see no leadership in France, the country that could set the pace for European recovery, and better than a 50-50 chance that the discouragement of Frenchmen will give us bigger Communist scares than any we've seen there yet.

But when the current debate is over and we are asked to vote more money for Europe, my own vote—tendered with hope and many reservations—will be "Yes."

I believe that the Marshall plan was oversold, that it promised more than it can deliver. But what it has delivered has been worth the price. It tilted the scales and stopped two nations, France and Italy, from going Communist, and that performance is indelibly on the record of Mr. Paul Hoffman, the embattled Administrator of ECA. It delivered more solid benefits to Europe than can be cataloged. Much of the attack which Mr. Hoffman will receive in Congress stems from the fact that in deepest sincerity he held out hope that this would be a once-and-for-all solution, instead of a partial solution. Holding the line was a great achievement and there should be no recrimination. In the remaining 2 years the ECA will be up against vicious forces which will be too powerful to allow the victory we hoped for. Nevertheless, we should play it out, on a reduced scale, because without ECA we shall simply hasten the European explosion which may come anyway.

This vote to carry on, coming from one who believes that America is spending itself into trouble, is simple recognition that the continental fires are not out, that they have only been reduced to a smolder. Despite the odds, I concede that it makes sense to give Fire Chief Hoffman's firemen hell, and a little more time.

The "watchdog committee" has come up with an incredible list of things wrong with the Marshall plan. American salvage teams are spread from Norway to Italy and from Portugal to Turkey, in 16 countries, and in this operation you can tabulate thousands of cases of wasted money, insane delays, European sabotage and mismanagement, and perhaps 10,000 honest mistakes. It would be strange if this were not so, because in size and objective the Marshall plan can be surpassed only by wartime movements. It is possibly as big, in terms of planning and headaches, as the Allied Normandy landing.

If we grasp this vastness we must adopt the military thinking that goes with it. Fifty wasted tanks, occasional shelling of our own troops, supply trains lost by stupidity or bad luck—these are grimly noted, if not condoned, in the hope that the generals can report eventual victory. If there be losses, conflicts, and failures in an organization just 2 years old, we might recall that Eisenhower had a few when he set up the Normandy landing.

My own job is dual, to spot the loss of a supply dump or a black market in K rations,

but more important, to pick out a hill from which the whole front can be seen.

There are a number of crises ripening in Marshall plan Europe that should interest the American taxpayer, who has paid the bill for 2 years and who is now asked to pay a smaller one for 2 years more. They are disclosed here in admiration of everything that Fire Chief Hoffman's fire fighters have tried to do, and with grave doubts that they can do much more in the incredible mess of Europe.

The best examples of Europe's crises occur in Italy, the land that has made the fastest recovery since the death of Hitler—and which has the farthest to go to avoid Stalin. Italy is a baffler, and that trinity of Americans, Dave Zellerbach, Lee Dayton, and Andy Berding, who head up our 70-man team there, is performing miracles. But miracles aren't enough.

Their combined talents are directed at a strange country, a land where per capita income hasn't increased much since the Renaissance, a nation trying to be an industrial power with virtually no raw materials, where business credit carries 10 to 40 percent interest, where industries use workshop techniques of 1910 to produce jet turbines, and where office procedures, government bureaucracy, banking, and workroom methods read like a page out of Dickens.

The American outfit took over buildings, drafted a crew, found apartments, set up liaison with the cabinet, parliament, and factories, a PX for American coffee, and addressed the chaos of postwar Italy.

The shopping list of Italian needs in the race with bankruptcy runs to many thousand pages and weighs a quarter of a ton. The lists call for rails, engines, and bridges; for farms, fertilizer, tractors, and hybrid corn; for factories, several hundred cargoes of machinery that read, in their variety, like yellow pages of the phone books of Pittsburgh and Bridgeport. But the blueprint is not limited to physical things—it calls for heroic financial and industrial reforms on the part of the chaotic government of Premier de Gasperi, the first democracy in the history of the peninsula. The mission and government have put tractors on land-reclamation projects, used 200 boatloads of wheat, 700 boatloads of coal, 300 of petroleum, made hundreds of loans to business, but the master blueprint calls for continuation by the Italian Government after ECA goes home. All these monster projects, costing billions, are only pump-primers, and pump-priming presupposes there is water in the well. In Italy, there isn't any.

Italy is as big as New Mexico, jammed with a population a third that of the United States, growing by half a million every year. As the Allied soldiers discovered, it is mountainous. Subtract the Alps and Apennines and you have the area of Kansas. Its abysmal poverty-population problem, called the evil twins, has floored, in its time, a dozen premiers, Mussolini, Hitler's generals and, we fear, will floor ECA's Zellerbach.

We can start the poverty index with the 60,000 people in Lucania who live in caves, Southern Italy's one house in twenty with running water, the 4,000,000 who taste meat twice a year, the 6,000,000—the figure is always millions—who live in rags of the movie set variety. The short cut to getting the medieval picture is the average income of each human being—\$230 a year. Since living costs are just a little cheaper than American prices, \$230 a year buys just about what it would in the States.

But this is only a side view. ECA got a worse slant when it took a look at factories, farms, and business. It is hard to catch the meaning of the desperation of management, the dearth of trucks, telephones, lathes, the lack of graders, tractors, typewriters, furnaces, cranes—the preliminary things you need to get something else started. The

industrial world was as poor as the individual. And the government world—those Federal bureaus handling public utilities, agriculture and the hundreds of mortgaged corporations—has the tawdriest physical equipment.

This pageant of poverty is explainable in one massive fact. This Kansas with 46,000,000 dwellers has very few raw materials. The few exceptions are so pathetic as to clinch the point that the only important metals ever found beneath the surface were Roman coins. Practically every rail, girder, and bolt has to be bought as imported ore or steel. Nearly every lump of coal that goes into a power station is bought outside of Italy. ECA has brought in 700 shiploads free, but after ECA the coal problem will be where it was at the time of the Cro-Magnon man. The figure "zero" also describes the peninsula's oil, gold, silver, copper, magnesium—the list of what textbooks call raw materials.

The land has three principal sources of income—tourist spending, things that grow from the soil, and conversion. This last names Italy's valiant try at being an industrial nation. It buys all raw materials, adds the work of its factories, makes finished articles, and tries to sell abroad. But this cycle is ridden with so many paralyses as to make an American wonder if he is reading a report about another planet. The following are some of the bizarre byproducts of poverty which many believe will bring revolution unless ECA pulls a miracle.

The great Italian hope is, briefly, to make things cheaply, export in volume, and bring in money to pay for things they haven't got. This calls for close figuring to match foreign competitive prices. Now watch the population problem wreck the figuring.

Virtually every big industry is carrying a 5- to 30-percent surplus of employees who can't be discharged. In the wake of the German retreat starvation prompted a government decree forcing most employers to take on fixed quotas of labor. The law is gone. But so menacing is the poverty and so powerful the Red unions that no employer dares face the sabotage that would result from firing. In Italy's mighty Fiat structure excess hands cost 5 percent of the production bill. In the huge Ansaldo Steelworks 2,000 out of 10,000 are deadwood. In all the maritime trades political employees are 25 percent of the total. The pattern holds for all Italy. This excess labor, coupled with the tax travesty which we will discuss later, has lifted costs to a point where manufacturers cannot compete with foreign products—the export hope is out of sight. If 15,000,000 people could be moved out of Italy many problems would be solved. But since emigration is a closed book, our mission must see what can be done with 46,000,000 people churning up a land that might support 30,000,000.

The official figure of 2,500,000 jobless doesn't mean much. It covers those registered as having no job of any sort at any time. But there are millions featherbedded in agriculture, possibly a half million in industry, and an unknown number of drones on the government pay roll. The entire structure of industry, agriculture, and government is a dole to surplus people—an assessment against exports that mean survival.

Can ECA do anything about it? It cannot give the nation raw materials indefinitely. It cannot reduce the population. To cut the parasitic weight on the industrial and farming pay rolls, it must create new jobs in industries that can't expand. This goes for the riders in government bureaus who eat up as a dole the money that should go into investment. The solution might call for billions and more time, but no nation can provide aid in such magnitude. Falling to break the vicious circle, Italy is slated to wallow in its poverty.

What happens when Americans step into Europe's morass can be shown by Italy's tax mess, a story so embarrassing that ECA has worried for months that some red-hot reporter might tell it in the wrong light. Italy must deliver on a score of projects aimed at higher production—agricultural reforms, the cleaning up of bureaucracy, the replacing of old machinery with new, and so on—or go Communist. To deliver, the government needs big money, which means big tax income.

But virtually every Italian defrauds the government with its helpless concurrence—from the Milanese cartel to the Sicilian share cropper whose assessment may be the price of 20 cabbages. Business keeps two sets of books; one for the tax office.

The earlier description of poverty fits perhaps 85 percent of the people. But there are thousands of old-line fortunes based on inheritance, thousands who salted away black-market fortunes in the chaos of fascism and war. Half of the land is held by 4 percent of the population. The great textile, steel, and chemical cartels of Lombardy and Piedmont are held by a few shareholders. All are careful to betray few signs of wealth, to avoid rousing the Communists, and to dodge taxes. The total of hidden earnings defies investigation.

Before this the government stands helpless, victim of an insane system that has more tax laws on the books than any other nation on earth. There is a stamp tax on every bill, receipt, invoice—every commercial document—a tax of several hundred percent on tobacco and salt, a tax on summer vacations, household pets, and windows facing the main street. A commission discovered that if all tax laws were enforced, the assessment would be 165 percent of the national income.

Marshall planners raged on discovery of the evasion, but calmed down after a look at the causes. From the days of the Borgias, the sovereigns have explored hundreds of devices for extracting money from the land. Governments passed tax laws, but generations of collectors collided with the iron fact that the majority could not pay. Sovereigns necessarily took a tolerant attitude. But forgiveness did not net money, so new systems were adopted, covering still more fields of human action. No law was shelved that was even 10 percent effective, so all laws remained formally in effect and are in force today.

The result is a mountain of tax law so monstrous that enforcement would mean confiscation of earnings, past, present, and future. Since the tax machinery can't work, it absolves, with beautiful impartiality, the peasant who can't pay and the corporation director who won't. ECA knows that enormous revenues are lost to the lifesaving projects on the blueprint, but can't scold the government because a reform would take 10 years and millions of dollars.

Nevertheless, the government does collect taxes—a wonderful irony because most of them are wrecking the economy and chances of survival. They are the so-called "cannibal" taxes. The worst but not the only culprit is the transactions tax. Tracing a bale of cotton from the dock to its sale as sweaters, there are nine manufacturing phases, each of which sets a new price on the merchandise. Each transaction is taxed 3 to 6 percent, leading to a total government tax take of 20 to 40 percent. The result: manufacturers are taxed into high cost and out of the export market, which is Italy's big card against bankruptcy and communism. And ECA cannot be helpful because it can't produce a substitute source of income.

On April 19, 1948, an election installed the infant democracy that took over after 53 years of monarchy, 23 years of fascism, 10 years of war, 3 years of occupation by assorted

foreign armies, and 5 years of wild political skirmishing among the parties wanting to run Italy. The close vote was split among Communists, Monarchists, Right Socialists, Left Socialists, Republicans, and Christian Democrats.

From this caldron the present government pulled out a slim majority. That harried tight-rope walker, Dr. Gasperi, was able to get a coalition. But he has nothing that looks like agreement on the big issues. The tax situation is only one. Something has been done, and a tax bill is now before parliament which attacks the problem, but no one law can swing the revolution required. Our ECA veterans in Italy are harried men because there are things that an eventual billion dollars and 4 years' time can't solve. Italy's tax tragedies are evasion, which might be cured, given a decade of reform, and cannibalism, which can't be cured until prosperity arrives.

In that long list of projects aimed at making Italy walk by itself, tax overhaul is just one. The job is too big for a government faced with 20 others as urgent. Desperate for money, the government must tax production and Italy's exports out of the market.

ECA is in Italy because of communism—get that one straight, so as to know where to hold the tape to measure progress. Our task forces have been there 24 months. Why are so many sure that when ECA goes home communism will take over?

We begin with the finding that Italy has more card-carrying Communists than any other nation outside of Russia. In the 1948 elections the Reds polled 8,000,000 votes out of 26,000,000. Premier de Gasperi's party got only 48.7 percent of the vote.

Our relief over the democratic victory clouded the fact that the same election put 183 Red deputies in the parliament, and Communist mayors in almost half of the big cities and 35 percent of the middle cities. Red administrations now run the two industrial centers of Turin and Genoa, plus Venice, Bologna, Ferrara, Leghorn, Alessandria, Parma, Modena, Reggio Emilia, and Lucca. We could yawn at these facts if it were true that Italian communism is on the wane. But there is little to back that claim.

Fascism, communism, nazism—any movements which sway great numbers of people—always exploit gripes that are bona fide. The fact that the cure is worse than the illness is beside the point. These tides become popular because they attack conditions that are deplorable. This holds for the current strategy by the Italian Communists. There are horrible dislocations in Italy, and the Communists are not necessarily stupid when they shout about them. They don't have to prove that millions have been jobless 15 years out of 30 years of adult life; that pain is endured until it goes away or the patient dies because medical care costs too much; that a child born in a family of illiterates has slight statistical chance of learning to read.

Apart from Red strength as revealed by ballot, ECA discovered that 95 percent of all organized labor was in Communist unions. One group, CGIL—controlling the maritime workers of Genoa, Leghorn, and Naples, government clerks, school teachers, police, office workers, even members of the armed services—spoke for 6,000,000 out of 23,000,000 workers. During the chaotic years between the Anzio and the ECA landings, Communists corralled every union into this one central organization. A very few were headed by men who didn't believe the Communist stuff, but they were kept mute and powerless.

The week after ECA arrived, an Italian youth on non-Communist persuasion shot and wounded Palmiro Togliatti, leader of Italian communism and generally rated the most brilliant Communist in western Europe. CGIL's reply was a Nation-wide strike,

possibly the most airtight shut-down of national activity in history. At the height of the shut-down CGIL's ultimatum demanded the premier's resignation and a new cabinet to include Communist ministers.

Togliatti's plan to use labor as a personal army to reverse the election was obvious. The moment called for a rebellion of labor if the elected democracy was to survive. The revolt occurred, led by a lone non-Communist with a following of nearly 1,000,000 men. It set up LCGIL, Italy's first non-Communist labor organization, with the blessing of our anxious ECA. With the break-away began the fight to woo Italy's workers away from the Communist spellbinders with an offer of something else.

The job of reaching laborers is expensive. The anti-Communists needed offices, bulletins, and secretaries. Most of all they needed instruction on what unions can be, what legitimate aspirations are, how you negotiate wages without trying to socialize the factory.

To carry the story to the villages, farms, and factories, LCGIL set up thousands of regional committees. ECA provided guidance and a great deal of literature on the American system. Let no one infer that Zellerbach is doing a John L. Lewis. The extent of his unioneering shouldn't bother the most unreconstructed Tory in America. Each regional committee became a seminar; workers met after hours to hear how wage, hour, safety, and pension problems are handled in non-Communist unions. Incessantly, the committees explain that the American worker has achieved the world's highest standard of living while repudiating everything connected with the Kremlin.

It has cost money, but ECA necessarily has limited its help to small figures. The \$300,000 tab for expenses was picked up by American unions. This is about 5 percent of what Communists spend yearly to finance their side of the battle.

The answer on how it is working is "fair," in terms of the present climate. It will be hopeless after ECA. The teachers of the western way are up against a tougher job than the Communists, for they must stick to the truth. They can promise only slow change. They can't promise factory ownership to machinists or land to the farm workers. They can't promise home ownership or higher wages.

All they can do is point to the American laborer, his home, his radio, modern kitchen and car, earned in a capitalistic country.

The story carries some conviction for the laborer, who admires all things American, but when the lecture is over he looks around, views the squalor of centuries, his wretched pay and low estate, and sees no hope of a change in his lifetime. Explaining American unionism is a little like teaching him how to operate a high-priced automobile when he can't afford a bicycle.

The question, as we approach 1952 and the end of ECA, concerns the next recession in Italy. That is the pay-off hour. When factories start heavy lay-offs, when the jobless mass swells still more, when production shrinks and inflation sets in, the protest from labor is going to be a terrible force. No one knows what will happen. But there are a lot of people poised to clear out when it does.

Conclusions on Italy are simple and grim. The crisis is permanent, the danger of a Communist coup remains. This is not to say that 26,000,000 voters are possible converts. But with any worsening of poverty, they could reach 40 percent, or 10,400,000 voters. Such a Communist vote in Italy could prod the Atlantic Pact into action, and to me that sounds too much like the drone of bombers.

I do not believe ECA's remaining years will swing a miracle, but they will bring a little improvement, they will prevent any backslide, and will buy more time at a moment

when Russian advances in China and in ten certain countries do not look like a retreat.

Italy has no more claim to our help than any other country within or outside the Marshall plan. It is simply the spot where the embers smolder the deepest. There is a case for carrying on the Marshall plan there, and this from one who is terrified by our national deficit.

There are those who say that the only solution for Italy lies in a vast plan called the federalization of Europe. We will get to that in a moment.

We know the Marshall plan is vast—how vast was discovered by a Paris reporter. His editor kept reading about million-dollar projects, slum clearance in Italy, steel plants in France, port installations in Holland—dispatches that looked like the rebuilding of a continent. He got the chilling thought that everything might be multiplied by 16, the number of Marshall plan nations. He ordered the reporter to type up a list of every project started by ECA, to list them by countries, and to paste them up as a wall chart. Within a few weeks he was really into it, and one day called his boss' attention to the fact that, using typewriter lettering, the lists would run five to eight feet up and down and would take 20 linear feet of wall space. Did the boss really want a chart? Project Panorama was dropped.

Before we attack Mr. Hoffman or hint ECA is a bust, let's see how we spread the blame, beginning with the fact that Congress has blown hot and cold on the Marshall plan. We asked Mr. Hoffman to stabilize currencies, to wade through financial mysteries of 16 dissimilar economies, and to come back with answers when we ourselves are not agreed on how to lick inflation at home. This wasn't enough. We asked him to make each currency interchangeable with all the others—to see that hard-money countries honor the weak, a system that ended before World War I.

We asked ECA to rebuild several hundred factories, and, to make it harder, to see that their products had a guaranteed market. We asked that Europe's wasteful factories learn the secrets of mass output despite the fact that Europe's physical plant is 50 years behind ours. We wanted lower factory costs, innocently forgetting that the continental businessman thinks only in terms of monopolies and doesn't know what we mean by price competition.

We asked Hoffman to set up branches in 16 capitals and to see that each proud, touchy parliament adopt our blueprints, but to see also that the pride, independence, and sovereignty of each government be kept in a glass case. And we asked this for countries such as France, Italy, and others, where governments fall if the price index fluctuates 10 percent.

We are bound to record one more item complicating Mr. Hoffman's day—the congressional third degree. Congress has offered more advice and criticism to him than to any other field general within memory. This for a variety of reasons. For one, the amount of money is staggering, and this bell keeps tolling in every office on Capitol Hill, on days when ECA looks good and on blue days when it looks depressing. There is the further reason that this is America's first try at kibitzing the management of foreign nations, and Congress is restive under the role.

Paul Hoffman personally and many of his general staff have spent almost as much time explaining to Congress as directing the job. This is regrettable, but perhaps unavoidable. The doctor's bill is tremendous and the Congress wants the patient's pulse every hour.

With this bow in the direction of the embattled Mr. Hoffman, we can try for a few answers.

The total of targets is overwhelming, and each Member of Congress must be his own

Solomon in judging the results. Hoffman's orders were to achieve European recovery, and the phrase hides orders to change human habits, to prod a glacier. Because of its vastness, Hoffman faces the danger that his campaign may be judged by single incidents, a lost platoon, bad liaison, any of the inevitable wastes in large operations.

It is going to be hard to boil down the Marshall-plan offensive to simple propositions, yet each Congressman must do it by the time he gives his own "yes" or "no." The Marshall plan is not 1 but 16 volumes on how it goes in western Germany, Italy, Portugal—in the total Marshall-plan membership—and any attempt to form conclusions on so vast a show may be arrant presumption. If we spread out each volume's concluding page, there are certain facts that look like a summary.

Certain countries of Europe, thanks to the Marshall plan, will be in pretty fair shape by 1952, if Europe is in fair shape by 1952. Belgium shows marks on the measuring tape which, in a sound Europe, read suspiciously like prosperity. Sweden's 1952 outlook is one of the cheering things. Holland has reached a production level which, in a neighborhood of sound countries, should hold up. Denmark, in a basket of sound apples, would retain its health.

But that is Europe—an essay on the sound and the unsound and chances of infection. Italy is in desperate condition and a load on whoever wants it this side of the curtain. Greece, left to itself, will not survive. Austria's economy would die without help.

If we dare summarize with big brush strokes, we can visualize Europe of 1952 as a map in three gradations, where some nations, colored black, will not make it; others colored gray, not immediately in Communist throes, which may survive with rigid austerity; a third group in passable economic health. As of today not a single one could avoid a crisis if Marshall-plan help were ended. None of the stronger nations dares help weaker ones, for fear of its own collapse, even when threatened by the collapse of all Europe.

Most American surveys of hopeless Europe contain one strident verdict—that all its countries must unite or sink. This announces a plan which will be explosive in this year's congressional debate because it is proposed as ECA's marching order from now on in. It is the proposal that ECA bring about Europe's economic unification. Its short title is "integration," and the argument runs about like this:

Europe's physical needs are so great that satisfying them could occupy every European factory and farm for 20 years. No nation is buying enough from the others because each is an economic citadel protecting its own subsidized, artificial industries. A comparison would have Alabama trying to make automobiles, Michigan trying to raise its own cotton, and every State trying to run a self-sufficient island. Every nation has dug in behind tariff walls and import-export and currency restrictions. The tariff walls fatten the home monopolies, which set high prices, stop the little man from getting into business, perpetuate inefficient production, and stifle needed foreign sales. There are countless results—fewer jobs, low wages, labor revolt, high taxes, and low living standards. Each nation suffers individually. Europe suffers as a unit.

So, with "integration," we pile another job on the ECA list. This one so enormous that all others are dwarfed. Integration is the old dream of Aristide Briand and of a thousand economists who have been raging for half a century at the absurdity of an area a little larger than the United States being divided into twenty-odd warring economies. But asking Europe to integrate is asking for things so jolting to its structure as to make its older statesmen smile at America's brash hope.

Complete integration would mean that each nation repeal every law that gives its producers a break over foreign competitors; that every factory in western Europe compete with every other factory in the same line without protection, the efficient to outsell the inefficient in the latter's home market and kill them off; that each factory and farm find its own level—prosper or go out of business. If Italian woollens and German steel outmaneuvered corresponding products of England and France, the losers would fold up and take their licking for the sake of the greater benefit to all Europe. In big strokes the theory is that real competition will end cartels and the tax costs that hold them up, giving Europe more goods at better prices.

It is a grand design, if utopian, and to speak of complete integration is to burlesque a great concept. No one is advocating complete integration, for the obvious reason that it might take 50 years. ECA's objective for the next 2 years is to get the ball rolling on limited objectives, not to abolish, but to lower tariff barriers, not abolish quotas, but liberalize them, not a common currency, but more interchangeable moneys. But even that is a massive job, and we've got to balance it against another massive fact. Standing before Europe's permanent crises, some degree of unification is the only answer. We therefore face a time in history when the only remedy on the horizon looks gargantuan.

Mr. Hoffman has not produced much integration in the first 2 years, and will have some uncomfortable sessions before Congress as a result. However, it verges on the comic to snipe at him for not having gone far on that one. The first 2 years were the emergency run, and I don't believe that it should have been complicated even more with integration's land mines.

Each step in integration will be a political Everest best described with home parallels, like asking our lumbermen to accept unrestricted lumber imports, our wool people to take unlimited wool, our farmers to smile off any amount of tariff-free farm imports, our miners to compete with any foreign mineral, whatever its price. Need anything more be said to describe Europe's machine guns aimed at Hoffman? You can argue that Europe is not the same, that it is dying and in the doctor's office getting the word that life hangs on an operation. True, integration has a different urgency. But the industries, owners, cartels and even small-business men will fight it as savagely as American manufacturers would in the same circumstances.

I, myself, do not believe ECA can swing integration by 1952 or 1962. But there is a beginning of a feeling among many of Europe's statesmen that they must start the long climb or prepare for the end. And that is why, facing the long road that is Europe's only road, we may as well try to get started.

We have just been through an episode that killed 22,000,000 of the world's people, 325,464 of them Americans, a war that cost something described as a trillion dollars, of which \$330,000,000,000 were American. The caskets for the war dead were still coming back when we faced the possibility of still another war.

I have colleagues on Capitol Hill whose memory goes back to 1933 with guilt because they believe the catastrophe of World War II might have been averted if an obscure meeting, the London Economic Conference of 1933, had been a success. You find older men in many countries who pin-point that conference as the one where the tone of peace could have been set—where, had it been set, the insanity of Hitler would have been impossible.

In the same way, 2 years ago, when Russian advances looked ominous, a number of men stared into the future, trying to identify the forces which were edging us into another

war. The diagnosis, 2 years ago this April, was that something had to stop the crawl of communism over Europe or we would be guilty, as in the years before Hitler, of sitting on our hands. Some 2,000 men, organized into 15 committees in the United States and in Europe, came up with the Marshall plan as the first preventive step against world war III. Today we are taking stock, trying to see whether this plan was well thought out, whether it is succeeding or whether we are still up against the same dreads which prompted us to start it 2 years ago.

This report has tried to list just a few of the incredible number of European internal problems you face when you start something conceived like the Marshall plan. A hostile advocate could slash it to pieces, could draw up an indictment on a thousand counts of delay, friction, error, and waste. The results might tally only 55 percent against an objective of 100. But that 55 percent—since 1948—gave us years without war and gave Europe some time in which to try licking communism by peacetime methods.

I will vote for the Marshall plan for one overriding reason—as a notification to Europe that we are still there, we are still back of them—but as a notification, by cutting the amount, that Europe must produce leaders, must produce some statesmanship in the next 2 years, must deliver by 1952 something that looks like hope for the Continent. In the meantime we shall see a little more about Russia's intentions. We shall have held the line and perhaps pushed it back a little by 1952. After that, if Russia means to make it a contest as to who has the best atomic bomb, we enter a phase in human history which I don't care to write about even if I could.

Mr. McFARLAND. Mr. President, before the quorum call, I suggested the advisability of endeavoring to obtain a unanimous-consent agreement as to fixing a time at which to vote on the pending measure. I should like to state now that unless we can enter into some kind of unanimous-consent agreement today, we are going to have to insist on proceeding to a vote. The Senate began consideration of the pending bill last week. The bill was made the unfinished business last Monday evening. It is true we did not work on it either Tuesday or Wednesday, but we did on Thursday and Friday. There is no reason why we should not start voting tomorrow. There is no reason why we should not vote on some of the amendments today, and, unless there are speakers who are ready to proceed with the debate, we shall have to insist that voting be proceeded with.

The VICE PRESIDENT. The bill H. R. 3304 is before the Senate, and it is open to amendment. No amendment is pending. The question is on the passage of the bill.

Mr. SALTONSTALL. I suggest the absence of a quorum.

Mr. McFARLAND. Mr. President, very little business has been transacted since the last quorum call. I hope we may proceed with the consideration of the pending bill.

The VICE PRESIDENT. The Chair disagrees with the statement of the Senator from Arizona. A good deal of business has been transacted since the last quorum call.

Mr. McFARLAND. Very well.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded, and that further proceedings under the call be suspended.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

PRESS RELATIONS OF STATE DEPARTMENT—INVESTIGATION OF SUBVERSIVE ACTIVITIES

Mr. BREWSTER. Mr. President, since there seems to be no other pressing matter, I believe there is an aspect of the current discussion regarding our foreign relations that may be appropriately brought to the attention of the Senate, and this concerns particularly the question of the reports which have appeared in the press, on the radio, and in the weekly news magazines. As I think it has a very important bearing on the appeal of the President for full and factual reports regarding the proceedings before the Senate and before Senate committees, I should like to read from the Washington Star of April 20, 1950, a statement regarding the State Department's attitude. The headline reads, "The State Department Has Improved Press Relations." The letters ASNE, I think, refer to the American Society of Newspaper Editors. The sub-head reads, "McCarthy attack has helped tighten link, committee reports as convention opens." The story reads:

The State Department's attitude toward the press has improved greatly in recent months, especially since the controversy aroused by Senator McCarthy, Republican, of Wisconsin in the American Society of Newspaper Editors was told here today.

A special committee created last year to study the Department's method of furnishing information to the press reported at the opening of the ASNE annual convention that "at one time the Department thought it was getting a better break from the press than from some administration people in Congress."

I do not know to whom the reference is in that comment.

The committee was referring to the reaction it obtained after talking with Washington reporters and State Department officials particularly concerning press coverage of charges by Senator McCarthy that the Department harbors Communists and fellow travelers. * * *

"The McCarthy incident," said George Cornish, of the New York Herald Tribune, chairman of the special committee on State Department information methods, "has given top State Department officials a greater respect for the objectivity of the press. They were impressed by the fact that the State Department's side of the controversy got fair play in newspapers."

In another column on the front page of the Washington Star there is an account of President Truman's speech to the editors, which is headlined "Truman asks truth campaign by editors to stop Red advance; criticizes Russians' method." The story, in part, says:

President Truman today told the American Society of Newspaper Editors that "we must make ourselves heard 'round the world in a great campaign of truth' to halt the advance of communism. He said:

"In a democracy foreign policy is based on the decisions of the people.

"One vital function of a free press is to present the facts on which the citizens of a democracy can base their decisions. You are a link between the American people and world affairs. If you inform the people well and completely their decisions will be good. If you misinform them their decisions will be bad; our country will suffer and the world will suffer.

"You cannot make up people's minds for them. What you can do is to give them the facts they need to make up their own minds. That is a tremendous responsibility.

"Most of you are meeting that responsibility well—but I am sorry to say a few are meeting it badly. Foreign policy is not a matter for partisan presentation. The facts about Europe or Asia should not be twisted to conform to one side or the other of a political dispute. Twisting the facts might change the course of an election at home, but it would certainly damage our country's program abroad.

"In many other countries today, the papers print about foreign affairs only what their governments tell them to print. They can't add anything, or cut anything. In the democracies, the papers have a free hand. Only in a democracy is there such mutual trust and confidence among citizens that a private group is given such an all-important role in determining what the Nation as a whole shall do. There is too much nonsense about striped trousers in foreign affairs. Far more influence is exerted by the baggy pants of the managing editor.

"There has never been a time in our history when there was so great a need for our citizens to be informed and to understand what is happening in the world."

I am sure we all agree with the wisdom and the force of what the President stated. Those statements—and I invite attention to the initial sentence with reference to the State Department's attitude in recent months, and the President's statement that newspapers in foreign countries print only what their governments tell them to print and that they cannot add anything or cut anything, but that in democracies newspapers have a free hand—lead me to invite attention to the following facts which seemingly relate very directly to the situation now current in the popular mind dealing with the investigation which is under way.

In the March 20, 1950, issue of Newsweek magazine which appeared on the newsstands on Thursday, March 16, there appeared the following item in a section of the magazine known as The Periscope:

STATE DEPARTMENT "LEAKS"

Although they probably won't get into the investigating committee's record, some strange stories of State Department leaks are being turned up by Senator JOSEPH McCARTHY's inquiries. On one occasion a supposedly secret document was left on the desk of a high official and copied by an inside Washington columnist's leg man while the official loitered in the men's room. It turned up later in a syndicated column quoted word-for-word. Investigation later disclosed that the leak had been contrived to serve the publicity purposes of one side in a bitter department feud over policy toward Russia.

This item becomes of major significance in the events that follow. It happens that of the major publications in the country Newsweek was strenuously attempting to give the same treatment to the charges of the Senator from Wis-

consin [Mr. McCARTHY] that was being given to the State Department's replies and campaign of vilification. Thus, Newsweek at the moment was not particularly popular among the State Department sycophants.

In the State Department is a man named Edward Barrett, who is Assistant Secretary of State for Public Affairs. Mr. Barrett is an Alabama New Dealer whose previous connections consist of two periods of employment on Newsweek magazine. For approximately 8 years before the war he was a minor editor, and like many young men in the newspaper profession, joined OWI when the war broke out. In OWI, Mr. Barrett rose rapidly to become head of its overseas division.

During the crucial China years toward the end of the war, Mr. Barrett was Owen Lattimore's boss.

At the end of the war, Mr. Barrett returned to Newsweek as one of its top editors, a job of importance and responsibility.

In December of last year Mr. Barrett was named Assistant Secretary of State for Public Affairs. He was confirmed by the Senate in January and took office in February 1950.

When the charges of the Senator from Wisconsin [Mr. McCARTHY] against Owen Lattimore were made public, Mr. Barrett was particularly active in organizing the State Department's counterattack.

Using his former relations with Newsweek as a fulcrum he began sending memoranda to Kenneth G. Crawford, Newsweek's national affairs editor, accusing Newsweek of not giving the State Department a fair break.

On the morning of Thursday, March 16, when the issue of Newsweek to which I referred earlier appeared on the newsstands, Mr. Crawford had already been the recipient of these memoranda from Mr. Barrett and therefore was in no wise surprised when Lincoln White, executive assistant to the special assistant to the secretary for press relations, held a press conference in which he denounced Newsweek and castigated the Periscope item concerning State Department leaks as untrue.

Mr. Crawford, informed of Mr. White's unusual press conference, picked up the telephone in New York and called Mr. White in Washington. He offered to supply names and affidavits to confirm the veracity of the item.

Later in the same day Mr. Barrett telephoned Mr. Crawford from Washington. He said he was making the call "as a friend and former associate." He told Mr. Crawford that he did not believe Mr. Crawford wanted to proceed in such fashion. His approximate words were, "You don't want to do that." Mr. Barrett also at one point in the conversation introduced a note that obviously was intended as a warning, asking, "What if X gave us an affidavit?"

On Thursday night Mr. White called Mr. Crawford on the telephone and told Mr. Crawford that the State Department wanted the names the next day.

On the next day, Friday, Mr. Barrett made a trip to New York and told Mr.

Crawford that the whole thing had been a mistake and that the State Department wished to let the matter drop.

We now come down to the rather curious procedure which followed, with all the foregoing as a preface.

On the following Tuesday, March 12, there was a knock on the door of Mr. Crawford's apartment. Mrs. Crawford answered the door. There stood a man who handed her his card and said that he was a representative of the State Department's Intelligence Division.

I hold in my hand a photograph of that card which was left with Mrs. Crawford. It identified the caller as Edwin D. Lennerts, Division of Security, United States Department of State, and the location of his office as room 5012, General Post Office, Thirty-third Street and Eighth Avenue, New York, N. Y. Telephone Pennsylvania 6-7700, extension 747.

What follows is either the most stupid act in history or one of the boldest attempts to intimidate one of the editors of this country that I have ever known.

Mr. Lennerts said that the State Department understood that early in 1942 Mr. Crawford, then a correspondent for the New York leftish tabloid PM, had written a series of articles that were unfriendly to Senator TYDINGS. Mr. Lennerts told Mrs. Crawford that he had been unable to find back volumes of PM and he wondered if the Crawfords had files which might contain the articles.

Now note this: Back files of PM exist in numerous places in this country. They are certainly in the Library of Congress, and I assume they are in the New York Public Library. Mrs. Crawford, assuming the same thing, asked Mr. Lennerts why he did not go to the library and get them. He said he had done so but had been unable to find them.

At this point Mrs. Crawford said, "Why don't you talk to Mr. Crawford? He is here."

Mr. Crawford talked to Mr. Lennerts briefly, told him he had no files, and suggested that any real investigator would know enough to visit the libraries or the newspaper files in New York. Mr. Lennerts left.

I can reach only one conclusion from this incident.

Either Mr. Lennerts is one of the stupidest investigators who ever worked for the Government and is totally unqualified for his job, or this call was made for the deliberate purpose of intimidating an editor of our free press.

Mr. Crawford was outraged. He picked up the telephone and called Mr. Barrett in Washington, protesting vigorously. Mr. Barrett feigned disbelief, saying that some terrible mistake must have been made. Mr. Barrett attempted to assure Mr. Crawford that the whole matter had been a mistake. Mr. Crawford, still unbelieving, but not inclined to have open warfare with the State Department, decided to let the matter rest until he could personally make a trip to Washington. One week later, on Tuesday, March 28, Mr. Crawford went to Washington and called on John E. Peurifoy, Deputy Under Secretary of State for Administration.

able information along the line of disloyalty on the part of certain persons who have been employed by the State Department.

I should like to make one other observation, which will take me only a few minutes, and then I shall be through.

So far as the production of the records is concerned, let me say that it is peculiar that the moment the Senate seeks to inquire into the loyalty of certain persons, all sorts of barriers are interposed and all sorts of precedents are cited, in some cases precedents which are alleged to have applied for more than 100 years. Precedents are all very well, Mr. President; but an emergency of this sort involves most important considerations. So far as the junior Senator from Nebraska is concerned, it is my absolute judgment and honest opinion that until the subcommittee has exhausted every remedy available to it, it should attempt to get the files in the case of persons who are charged with disloyalty to the United States Government.

A study of most of the precedents which have been cited reveals that they had to do with correspondence of a private nature between the President of the United States and a Cabinet member, or similar matters. However, this investigation involves the very security and national defense of the United States of America. Certainly we should go the extra mile; we should do everything we possibly can do in connection with such an important matter. We should be resourceful enough to take every step necessary to enable our committee to get the files, so as to be able to prove or disprove disloyalty, if allegations are made, which satisfy the committee, regarding whether there is in a high position in the Government service a person who is a menace to our national defense.

I should like to see such a determination made, because I think there is no precedent upon which the withholding of these files or immunity from furnishing them can be based, that is applicable to the present situation. In the interest of the public good, in the interest of the security and defense of the United States of America, I should like to see the President turn the files over for examination.

I thank the Senator from Oklahoma for yielding. I appreciate the observations of the Senator from Maryland and his assurance that the cases of the 91 persons referred to will be considered seriously by the committee. In this instance, in the absence of the files, there may be 91 persons whom the State Department either required to resign, or permitted to resign voluntarily, because they were subversive risks to the United States Government.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 3482) granting the consent of the Congress to the negotiation of a compact relating to the waters of the Canadian River by the States of Oklahoma, Texas, and New Mexico.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

The PRESIDING OFFICER. The Senator from Oklahoma has the floor.

Mr. WILEY. Mr. President, will the Senator from Oklahoma yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WILEY. Mr. President, I received a long-distance telephone call this morning from the senior Senator from New Jersey [Mr. SMITH]. I was very glad to hear his voice on the telephone. As Senators know, he has been ill. He informed me he was feeling fine and hoped to return to the Senate within a few days. He requested me to place in the RECORD a speech which he had expected to deliver on the pending bill. I desire to read merely the concluding paragraph, which, I think, in a way pours oil on the troubled waters. He says:

The United States has always been able to achieve unity in times of danger, and we can achieve it now. Let us not deceive ourselves. The Communist successes in China, on the other side of the globe, have put us all in danger, Republicans and Democrats alike. It must be the solemn duty of statesmen of both parties to exchange and debate their ideas in an atmosphere of mutual confidence—and then, having reached a conclusion, to take positive, united action in the name of the whole American people.

I think the sentiments expressed in that one paragraph express the real heart and soul of the issue that is involved at this time before the American people. ALEXANDER SMITH, a grand man, a fine Senator, a gentleman, through me, requests that his speech be incorporated in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the speech prepared by Mr. SMITH of New Jersey was ordered to be printed in the RECORD, as follows:

Mr. President, the statements of the distinguished chairman of the Foreign Relations Committee and the distinguished senior Senator from Wisconsin [Mr. WILEY] have touched upon all parts of the important bill we have before us. I endorse fully what they have said. I do not intend to present such a comprehensive statement myself, but there are several points I should like to develop with respect both to the European recovery program and to those parts dealing with the Far East, in which I have taken a particular interest.

THE EUROPEAN RECOVERY PROGRAM

First, let me comment briefly on the program for Europe. I should like to remind the Senate of the words of our honored colleague, the senior Senator from Michigan [Mr. VANDENBERG], in his recent letter to ECA Administrator Hoffman. In that eloquent letter, the Senator from Michigan asked:

"In all candor can it be successfully denied that the ECA has been substantially responsible for reversing the corroding gloom which threatened western civilization 2 years ago and which might have brought the iron curtain to the very rims of the Atlantic but for this brave adventure? How much is that worth in liberties, in lives, and in dollars to our own United States? How much?"

Mr. President, every one of us should ask himself that searching question: "How much?"

I am fully aware that the financing of the Marshall plan has called for extraordinary sums of money. We have already appropriated some \$10,000,000,000 for its operation, and now we are considering a third appropriation. Each annual request has been smaller than its predecessor, and yet the present request is still for a very large sum—nearly three billions. These billions come out of the pockets of American taxpayers. They constitute a heavy burden which all of us would like to see reduced.

Yet, Mr. President, can any of us honestly ignore the vast importance to every American of this continuing program? At the very outset it was clearly understood that the Marshall plan was designed to last 4 years. The dramatic successes of the first 2 years in restoring confidence and reviving production in western Europe are well known. Now, in this third year which lies before us, we seek to build on that sound foundation an edifice of free and vigorous trade in Europe—an edifice in which that Continent of free peoples can find enduring prosperity and self-support.

This great cooperative venture stands today at the half-way mark. If we in the Senate should refuse to do our part in bringing it to a successful end, in my judgment we would be faced with one of two tragic results. Either we would have to maintain western Europe indefinitely on a kind of charity-relief basis, or we would see the whole of that free Continent fall under Communist rule.

Mr. President, I am sure that both of these results would be repugnant to the American people, as they would be to me. As to the first, let me remind the Senate of the note on which Mr. Paul Hoffman concluded a letter of his to me dated March 21, in which he said:

"Europe wants to pay her own way and we should help her to do so. We in ECA administering this program have constantly kept in mind that the only charity of enduring value is that charity which lifts people above the need of charity."

I cannot too strongly emphasize my agreement with that statement. If we should allow our dynamic ECA program to give way to a long and sterile period of charity hand-outs to Europe, the whole purpose of the Marshall plan would be destroyed. It would be grossly unfair both to the peoples of Europe and to the people of the United States. Ultimately I feel certain it would bring disaster.

But let me ask Senators to consider the second alternative—that of abandoning Europe completely to the onslaught of communism. I need not elaborate on this thought, because it is unthinkable to us all. It would mean the immediate extinction of the free way of life among over 200,000,000 people who share our common western heritage. And soon after it would mean that we ourselves would face a threat to our security so terrible that even our great Nation might not be able to withstand it.

Mr. President, these are the dire alternatives which the last 2 years of the Marshall plan are designed to prevent. The price we Americans are asked to pay this year is not quite \$3,000,000. The objective is peace and freedom for the world we Americans live in. Let me again ask in the words of Senator VANDENBERG:

"How much is that worth in liberties, in lives, and in dollars to our own United States?"

UNPARTISAN FOREIGN POLICY

I should like to digress for a moment, Mr. President, to comment briefly on the principle of unpartisanship in our foreign policy. I think that is appropriate here, because, as

Senator VANDENBERG has pointed out, the European recovery program which we are considering now "was launched as an unpartisan enterprise, * * * established by a Republican Congress in full cooperation with a Democratic Executive." Senator VANDENBERG went on to say: "This working unity typifies the finest American tradition and is our greatest safety in the presence of external hazards to all Americans."

With this sentiment I emphatically agree. The European recovery program, along with the United Nations Charter and the North Atlantic Pact, stands as a splendid monument to the unpartisan spirit. I have been happy to give my considered support to all of those bold measures. In so doing I felt I was acting both as a Republican and, above all, as an American.

We all know that unfortunately during the recent tragic years there was never any such unpartisan foreign policy with respect to the Far East. Indeed, until very recently it appeared to me that there was no United States policy at all for that critical area, unless a hands-off attitude at a time of tragic upheaval can be called a policy.

But now I am happy to note that we seem at long last to be moving into a period of constructive action in the Far East. I have strong hopes that, as our policies in that area are further developed, they will be the product of genuine unpartisan cooperation. I firmly believe that only in this way can our policies reflect the best-informed views available, and that only in this way can they gain the indispensable support of a united American people. It may therefore be appropriate to consider briefly just what an unpartisan foreign policy is.

An unpartisan foreign policy does not mean an executive policy rubber-stamped by the opposition party before it is put into effect. It does mean a foreign policy arrived at after serious and thorough consultation with the opposition. It means that there should be no partisan attacks on such a policy arrived at after proper consultation. And it means that unpartisan consultation must be continued while the policy is being given effect. Policy formation is a continuous process, and unpartisan consultation must therefore also be continuous.

Let me add my firm belief that worthwhile unpartisan consultation cannot be carried out simply within the executive branch. As I have stated publicly, I welcomed with enthusiasm the recent appointments of two eminent Republicans, former Senators John Sherman Cooper and John Foster Dulles, as consultants to the Secretary of State. Their advice and counsel will unquestionably be of great service in the development of our American policies. But I do not suppose for a minute that their presence in the State Department is intended as a substitute for continuing consultation with Republican leaders in Congress. On the contrary, I look to the appointment of Messrs. Cooper and Dulles as an augury for an increasingly useful relationship of mutual confidence between the State Department and congressional leaders of both parties.

Mr. President, my confidence in the merits of the legislation we are now considering stems in large measure from the fact that it is the product of the very sort of continuing unpartisan consultation of which I have been speaking. My Republican colleagues and I on the Foreign Relations Committee have shared on a basis of genuine equality in the discussion of these foreign-assistance programs with the ECA and the Department of State. We have taken an important part in the actual drafting of this legislation.

I make that observation not only as an additional mark in favor of the pending measure, but also because in my judgment this method of cooperation in policy making should be a model for all our future approaches to foreign policy problems. It is

a method which assures for our policies that firmness and that united public support without which the United States cannot maintain its position of leadership among the free nations of the world.

General Marshall said a few days ago, in referring to the cold war: "Make no mistake about it, the chips are down. Winning this struggle is as vital to the peace and prosperity of the world as any military campaign in history." In such a situation, any quest for partisan advantage from any source whatever can benefit no party except the Communist Party. To every Senator I make this plea, whether he be a Republican or Democrat: Let us close our ranks as we did at Pearl Harbor, and work together as free Americans in the cold struggle that lies before us.

ERP REVEALED SOVIET DESIGNS

Just where do we stand today in this cold struggle? Before discussing further the parts of this legislation dealing with the Far East, let me review briefly some of the history of the Marshall plan in Europe. I think it gives us a valuable perspective on our present situation, and on the role which this brave adventure has played in the cold war.

In the years just after World War II the world strategy of the Soviets was not yet entirely clear to us. We still entertained hopes of genuine cooperation with the Russians in the building of peace.

Ironically, Mr. President, it was the announcement of the Marshall plan which "smoked out" the sinister truth about Russian intentions. I say "ironically" because General Marshall's famous proposal in his Harvard speech in June 1947 was not conceived with any such intent. As he said at the time:

"Our policy is not directed against any country or doctrine but against hunger, poverty, desperation and chaos."

General Marshall left the door open to any nation—Russia included—to participate in the program he was proposing. He said: "Any government that is willing to assist in the task of recovery will find full cooperation on the part of the United States."

This proposal came as a shock to the Soviets. Just how great a shock was revealed in their furious refusal to participate in the new program, or to permit any of their satellites to participate.

In the light of what has since developed, it is not hard to fathom the reason for this refusal. The situation in Europe was shaping up exactly to Russia's taste. The "hunger, poverty, desperation and chaos" of which General Marshall had spoken were doing the work of a hundred Russian military divisions. Up to the moment of the Marshall speech it must have seemed certain to the Politburo that all of Europe would soon fall into their hands without the firing of a single shot.

That was the background of Molotov's famous "walk-out" from the Paris meeting in 1947—one of the most self-incriminating acts in history. After that there were few of us indeed who remained blind to the true purpose of the Communists. Whatever doubts remained were quickly dispelled by the establishment of the "Cominform" and the all-out campaign which Moscow immediately launched against European recovery. By the time the Foreign Assistance Act of 1948 was passed—some 11 months after the Marshall proposal was offered to the world—the Congress could say with deep conviction, in the language of that Act itself—"the existing situation in Europe endangers the establishment of a lasting peace."

The fog had been dispelled, not only in the United States but also in Western Europe. The true purpose of the Soviets had been revealed in all its terrible reality.

Mr. President, the cold war in which we are engaged is in truth a hot struggle for

men's minds and loyalties. The minds and loyalties of the people of Western Europe are with us in that struggle today. In the first 2 years of the Marshall Plan they have regained their will to work and, if need be, to fight for their liberties. In election after election they have talked back to Moscow and answered the threats and blandishments of their own Communist parties with a resounding "No!"

Yet it is no secret that the Russians still regard Western Europe as a vital battleground between the free world and the totalitarian world. As General Bradley said recently, "In the studied opinion of any aggressor, the industrial, commercial, and cultural prize of the world is Western Europe."

Mr. President, in my considered judgment the greatest barrier that stands today between Russia and that prize is the continued success of the Marshall plan as a cooperative venture of free nations. It is unthinkable that we should not continue to support this notable advance with positive vigor.

IMPORTANCE OF FAR EAST IN THE COLD WAR

Now I should like to turn to a consideration of American action in the Far East. I sincerely hope that nothing I have said about our European program will diminish in the slightest degree the emphasis which I have long felt we must place on Far Eastern affairs. In my view the fall of the entire Far East to communism would be no less disastrous to the United States than the fall of Western Europe. In the struggle with communism our problem is world-wide and our thinking must be world-wide.

I therefore propose to devote the remaining portion of this statement to those parts of the pending bill that relate to the Far East.

In many respects our struggle for the minds and loyalties of men is much more difficult in the Far East than it has been in Europe, and thus far it has been waged with little success. The reasons for this greater difficulty are not hard to grasp. Our common ancestry with the peoples of western Europe makes it easier to establish mutual understanding with them. We in the United States have never developed what I have called Far East-mindedness. This we must do without delay. If we are to help the peoples of that vast area to understand such western concepts as democracy, personal freedom, and national self-determination, then we in turn must learn to understand the minds and aspirations of these peoples whose civilization is older than our own and whose recent history is one of poverty and subjugation.

Our shortcomings in this respect are tragically illustrated in the collapse of Nationalist China. I am convinced that one of the central reasons for that collapse was that the leadership in China did not really understand western democracy. But this, Mr. President, is as much a reflection on us as it is on them. In my judgment our representatives in China never effectively tried to promote the understanding and practice of democratic principles, which might well have turned the tide in that great ideological struggle. Instead, our officials seem to have made the disastrous error of concluding that the only alternative to further military aid was complete or temporary abandonment of the Nationalist Government. It was not a matter of dollars—we had the God-given opportunity to help the Chinese leaders and their people to understand what democracy could give in the way of a full life, in contrast to the fulsome and cynical promises of the Communists. And in this crisis we, their friends and advisers for over half a century, failed them utterly.

It is not too late for us to remedy these shortcomings. The pending measure provides for economic and technical assistance

which can serve, as it has in Europe, as a powerful weapon in the ideological struggle. The areas for which this assistance is destined are all areas where our ideals of national independence, personal freedom, and democratic self-government have a magnificent fighting chance to survive and prosper. But those ideals cannot long survive without the material and moral backing of the United States.

KOREAN AID

Title II of the pending bill authorizes the appropriation of \$100,000,000 for aid to the new Republic of Korea. Last year we authorized \$150,000,000 for aid to that Republic, a nation torn asunder by the creation of the puppet Communist regime in the north.

Let me say frankly to the Senate that during my voyage from the west coast to Japan last summer I heard comments from some individuals familiar with the situation in Korea to the effect that that country could not be expected to hold out long against the Communist tide, and that further American aid would therefore not be justified. But in my conversations with General MacArthur and others and during my personal visit to Korea I definitely received the opposite impression. I was able to see how the funds we had appropriated last year were being put to work. I was favorably impressed by the ability of our own personnel there—and at this point let me pay a special tribute to Ambassador John J. Muccio and to Dr. A. C. Bunce, head of our ECA mission in Korea. The devotion, vision, and energy of these two men and their organizations have had much to do with the splendid progress made.

I was also favorably impressed by the essential promise of the new Korean Government. On the basis of this experience I came to the conclusion that further ECA aid to Korea was not only a justifiable calculated risk but an absolute necessity if that country was to remain free and increase its strength.

The problems of the Korean Republic are tremendous. During the 40 years of Japanese control, it is true, many important industries were started which gave promise of making Korea an important industrial area. But unfortunately while the Japanese were in control all the higher positions went to Japanese industrial experts. It is therefore necessary for Koreans who are now taking over to have special training to qualify them for executive leadership. This means that the United States has had to furnish technical experts to train Korean managers for these plants.

A year or so ago this situation looked difficult. In addition, there was the threat that northern Korea, dominated by Russia, might take over the entire peninsula. In the face of these problems there is no doubt that we took a real risk in giving Korea our initial ECA aid.

However, developments during this past year have justified our confidence. As is well known the new Korean Republic has been recognized by the United Nations and is therefore in a sense under United Nations care as well as that of the United States. Since the withdrawal of United States troops the Koreans have developed a well-trained army of their own, numbering some 100,000, which is considered thoroughly capable of taking care of Southern Korea in any possible conflict with the North, unless of course the Chinese Communists or Russia inject themselves into the situation. On the best advice that I could obtain there appears to be no immediate danger on this score so long as Korea continues to have our moral support. Economic problems still admittedly present great difficulties, but there is good reason to believe that these problems will be effectively dealt with.

Mr. President, I believe that the Republic of Korea can, like the Philippine Republic,

become a living symbol throughout the Far East of the freedom and increasing prosperity that go hand in hand with the choice of a republican form of government. The will to success is there. In our own national interest we must not fail the people of Korea.

CHINA AID

Title III of this bill is the China Aid Act of 1950.

This title does not require any new appropriations. It merely continues until June 30, 1951, the availability of funds already appropriated for China aid, which under present law cannot be spent after June 30 of this year. By the end of this fiscal year these remaining funds are expected to amount to about \$94,000,000. These funds can be used in what remains of non-Communist China and in the general area of China.

Let me remind the Senate that, in addition to this \$94,000,000 which the Executive will have available for economic assistance under this bill, we appropriated last year, pursuant to the Mutual Defense Assistance Act, the sum of \$75,000,000 to provide an emergency fund for the President to use in non-Communist China, and in the general area of China, primarily for military purposes.

The availability of these funds may well be the means of redirecting the whole present trend in the Far East. We have purposely earmarked not less than \$50,000,000 of the available ECA funds for non-Communist China, including Hainan and Formosa. I am hopefully confident that we are turning away from the negative and mistaken policy of the past, and that we are moving toward a positive, all-American, unpartisan approach to the acute Far Eastern problems of today. In my judgment, as in that of the committee, it is vitally important that we make available the funds to carry that positive policy through.

On my return from the Far East last fall I stated the view that "our attitude must remain flexible because of the constant day-to-day changes in the picture." That is essentially the position which the committee took in reporting this title. The conditions in China and the Far East are so fluid that it might well be disastrous not to continue the availability of these funds for another year. The very fact that the situation is fluid gives us the greater opportunity. We now have an opportunity in non-Communist China and in the perimeter around China to halt the advancing fires of communism by building some democratic backfires of our own.

It is vitally necessary that we seize that opportunity by offering a positive program in the Far East in terms which the peoples of that area can clearly understand. I have often remarked on the great urge in that part of the world for national independence, personal freedom, and economic development. It is a painful fact that the Chinese Communists sensed this urge and by their promises have for the time being captured the imagination and support of large elements of the Chinese population. If this advancing tide of communism is ever to be reversed, it must be our policy not only to expose Communist falsehoods but also to show the peoples of the Far East that their aspirations can be realized only in a free society. But to do this we must live with them and learn what they are thinking.

This is the purpose of our ECA program and part V of the bill, the technical-assistance program. It is a small beginning, Mr. President, but it is a beginning. When Ambassador Jessup recently reported to the committee on his trip to the Far East, he stressed the fact that the peoples of southeast Asia understand what technical assist-

ance from the United States can mean to them. They have seen the activities of the Rockefeller Foundation and other American institutions, and they know from this experience what the West has to offer them in the way of increased agricultural production, prevention of disease, and industrial techniques. These peoples, who have lived amid hunger and disease for generations, are eager for this kind of help. After centuries of colonial subjection, they are demanding these things which they consider their birthright as human beings. If they cannot get help from the West, the danger is that they will seek help from the Communists, whose promises they hear every day.

Much as I believe in the spreading of the story of our great western political tradition, I feel certain that we will never capture the imaginations of the peoples of Asia simply by expounding the philosophy of democracy. We can win the friendship and loyalty of these people only if we also provide positive, productive assistance to meet the harsh problems of life in that area of the world—the problems of low living standards, hunger, malnutrition, and disease. These are technical matters in which the United States far surpasses Russia. This advantage of ours gives us an unparalleled opportunity which we cannot afford to miss.

Mr. President, as I said a moment ago, I have the feeling that our far eastern policy is definitely making progress. I am happy to note that Secretary Acheson has drawn the line in the Far East. At San Francisco he warned that if the people of China "are led by their rulers into aggressive or subversive adventures beyond their borders," these adventures "would violate * * * the traditions and interests of their Asian neighbors, of the American people, and—indeed—of all free peoples."

I feel that this attitude, combined with a continued refusal to recognize the Chinese Communist government and with the positive programs of economic and military aid and technical assistance which I have been discussing, can definitely turn the tide in those areas. I hope that Mr. Acheson, during the forthcoming meetings in London, will be able to reinforce these American policies by welding the interests of our friends, including the free countries of the Pacific, into a unified policy for southeast Asia in which all free nations can cooperate.

I also hope that the Department of State in handling these Far Eastern matters from now on will show the imagination and aggressiveness we need to meet the tremendous challenge that confronts us there. It is especially important in my judgment that we give full consideration to the points of view of so many of our representatives who are living or have lived in the Far East. I have reference especially to our military and naval experts such as General MacArthur, General Wedemeyer, and Admiral Badger.

CONCLUSION

In conclusion, let me high light the main issues presented to us by the proposed extension of our ECA legislation this year.

As the program in Europe has developed in the first 2 years of its operation we can see that its objectives and purposes as originally outlined by Secretary Marshall are being amazingly accomplished from the standpoint of the stepping up of production throughout the cooperating countries. One could almost say that a miracle has happened. A study of the tables in the committee report shows the advances made in each of the participating countries and in the production of essential commodities looking toward the restoration of economic stability.

It is true that we are all disappointed with the lack of progress in the direction of the economic and political integration of the

countries concerned, and it will be necessary for much more progress to be made in these directions if Europe is to be substantially on its own feet and freed from the dollar-shortage embarrassments by the end of the program in 1952.

Except for this vitally important integration problem, however, the progress has been as originally contemplated, and has been indicated by the progressively smaller annual appropriations. In fiscal 1948-49 the over-all ECA appropriation was something over \$5,000,000,000. In fiscal 1949-50 the over-all ECA appropriation was slightly under \$4,000,000,000. The authorization that Mr. Hoffman and his organization are asking for fiscal 1950-51 is something under \$3,000,000,000. It is clear from these over-all figures that the appropriations made each year have been reduced annually by about \$1,000,000,000, and the anticipated request for 1951-52 looks forward to another reduction of \$1,000,000,000 or more. This is expected to leave the so-called dollar gap within manageable proportions so that the Marshall plan as such can be definitely terminated at the end of 1952 as originally contemplated.

This does not mean that in 1952 all the problems of Europe will be solved, nor does it mean that there will be no further need for considering the over-all situation at that time. It does mean, however, that the Marshall plan as such will be definitely terminated and that any new program will then be considered on its own merits and with such modifications as may be necessary in light of conditions as they then exist.

A vote for the pending measure with the amendments as added by the committee and with the full authorization requested by Mr. Hoffman and his wonderfully effective organization will be a vote of confidence and approval by the Congress for what has been so splendidly accomplished. Furthermore it will be an expression of our determination to put a stop to the creeping paralysis of communism throughout the world by effective economic and psychological aid to the non-Communist areas to help themselves in their yearnings for independence and freedom.

Mr. President, as I close, I want to stress again the urgent need for an unpartisan approach to these foreign policy problems. As I stated in my report of December 1, 1949:

"America united on a far eastern policy can and must definitely halt this creeping paralysis of communism which today threatens every freedom that our forefathers fought, bled and died for on this continent."

The United States has always been able to achieve unity in times of danger, and we can achieve it now. Let us not deceive ourselves. The Communist successes in China, on the other side of the globe, have put us all in danger, Republicans and Democrats alike. It must be the solemn duty of statesmen of both parties to exchange and debate their ideas in an atmosphere of mutual confidence—and then, having reached a conclusion, to take positive, united action in the name of the whole American people.

REPORT OF SENATOR THOMAS OF OKLAHOMA ON A MISSION TO EUROPE

Mr. THOMAS of Oklahoma. Mr. President, what I shall have to say at this time will be in the nature of a report for the RECORD. The report is being submitted by myself, as chairman of the Senate subcommittee which has charge of the recommendations for appropriations for the Military Establishment. This committee has the largest single bill before the Senate. Last year,

the bill carried approximately \$15,000,000,000 for the support of our Military Establishment. This year it remains to be seen just how much the bill will carry, because to date neither the House nor the Senate has acted upon the requests of the military authorities.

Mr. President, what I shall have to say will be my own report. It will not be a report for the full committee, for the obvious reason that the committee of seven Senators appointed to make a trip to western Europe made the trip and came back early in December. All the members were anxious to get back to their homes, so we had no opportunity at that time to confer on the nature of a report. My report, as chairman, was prepared on the ship returning from Europe, and that is the report I desire to make at this time.

The first session of the Eighty-first Congress made appropriations for aid and assistance to foreign nations and peoples, under laws authorizing such appropriations.

The authorizing legislation and the appropriations made thereunder were passed by the Congress upon representations and recommendations submitted by agents of our Government.

For the want of time the Senate Committee on Appropriations was forced to act upon such data and statements as were presented to the committee.

In connection with the hearings and consideration of the foreign aid assistance items, it was decided by the Senate Appropriations Committee to send subcommittees to the various areas receiving such aid and assistance—first, for the expressed purpose of ascertaining the need for such aid and assistance and, second, to secure and report upon the manner of the expenditure of such aid and assistance appropriations.

As chairman of the Subcommittee on Armed Services Appropriations, I was selected to organize and make the trip of investigation into the so-called Marshall-aid countries, located in western Europe.

The several members of the committee assembled at Paris and started on their mission on October 22 1949.

The map which is displayed in the rear of the Senate Chamber was not placed there by myself, but at this time, in order that the Senate may know where the committee went, I shall use the map to illustrate. The committee assembled at Paris on October 22. A plane was assigned to us by the Air Force. From Paris we flew to Brussels, Belgium. From there we flew to The Hague, in the Netherlands; from The Hague, we flew to Oslo, Norway; from Norway we flew to Stockholm, Sweden. When we reach Sweden I shall have some comments to make about how the committee was treated when we reached the capital of the Swedish nation. From Stockholm we flew back south to Copenhagen, Denmark; from Copenhagen, we flew to Frankfurt, Germany; from Frankfurt we went to Heidelberg and other cities in the western zone of Germany. We also went to Berlin. From Berlin we flew of Luxemburg; from Lux-

emburg we flew to Geneva, Switzerland, and from Geneva we flew to Vienna, Austria; from Vienna we flew to Athens, Greece; from Athens we flew to Rome; from Rome we flew across to Madrid, Spain; from Madrid we flew to Paris. From Paris we flew to London, and from London we embarked upon our various means of transportation back to the United States.

The work of the committee was completed by December 2, when the members of the committee left London for their homes in the States.

Because of the approaching holiday season the subcommittee was not able to prepare and submit a joint report but, as chairman of the committee, I have prepared a report giving my individual reaction to what I saw in the countries visited.

I have furnished a copy of my report to the Senator from Tennessee [Mr. McKellar], chairman of the Senate Committee on Appropriations.

Also, I have furnished a copy to the President, to the Secretary of Defense, and to the Secretaries of Army, Navy, and Air Force.

Today the interests of the United States cover the entire world, and we are making appropriations for expenditure in many parts of the world.

Further, inasmuch as the trips of investigation are being designated by some editors, columnists, and cartoonists as congressional junkets, I deem it proper that a copy of my report be carried at this point in the RECORD. I therefore ask permission to have printed in connection with this report, a copy of the formal report made to the chairman of the Senate Committee on Appropriations and to the other officials of the Government.

I shall not take the time of the Senate to read the report in detail. It will appear, of course, in the RECORD tomorrow.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

Report to: KENNETH MCKELLAR, chairman of the Senate Committee on Appropriations.
By: ELMER THOMAS, chairman of the Subcommittee on Appropriations for the Armed Services, appointed to visit the Marshall aid and United States occupied areas in Europe.

MR. CHAIRMAN MCKELLAR: We have just returned from an official visit to the Marshall aid and United States occupied areas in Europe.

The following Senators accompanied me on this trip: Senators CHAVEZ, of New Mexico, MAYBANK, of South Carolina, MCCLELLAN, of Arkansas, ROBERTSON, of Virginia, STENNIS, of Mississippi, and THYE, of Minnesota.

For the record, let me say that the Committee on Appropriations is the committee which receives requests for money, investigates the needs, holds hearings on such requests and then recommends to the Senate the amount of money, if any, which shall be appropriated for any stated purpose.

The Congress, which adjourned in October, appropriated a total sum of about forty-six and one-half billion dollars.

That sum, or any other comparable sum, is entirely too much money to be appropriated in any one year during times of peace.

However, theoretically we are still at war with both Germany and Japan as no treaties

of peace have been made with either of such countries.

The reason—no stable government exists in either country with which we might confer with respect to a treaty of peace.

Hence, this report is in the nature of an explanation.

Of the total appropriations made, some seven billion dollars were for aid and assistance to countries and peoples located and residing in the Eastern Hemisphere.

It was because of the vast appropriations made and the additional requests for money to be expended outside the United States that my committee made the trip to Europe.

A break-down of the foreign-aid funds is as follows:

The sum of over \$4,700,000,000 was appropriated to aid and assist the Marshall plan countries.

The sum of over \$900,000,000 was appropriated for civil government and rehabilitation of peoples in the occupied areas of Europe.

The sum of over \$1,300,000,000 was appropriated to organize, equip, and arm troops in the countries which are members of the Atlantic Pact.

The sum of \$45,000,000 was appropriated for aid and assistance to Greece and Turkey.

And the sum of \$76,000,000 was appropriated for aid and assistance to Palestine refugees and to Korea.

These vast appropriations were recommended by the administration and, without respect to political parties, were voted by the Congress.

Why were such appropriations made?

The reason and basis for such vast expenditures is fear of war with Russia.

At this time the peoples of the world are dividing into two groups:

One group known as Communists are being organized by Russia, and the other group composed of free peoples who want to be and remain free, are being organized and assisted by our own United States.

World War No. 1 placed our country among the few great nations of the earth, and World War No. 2 forced upon us the leadership of the free peoples of the world.

Without either planning or striving, destiny has placed world leadership in our hands.

No nation, other than our own, is able either economically or financially, to organize, equip, and lead the peoples who want to be and remain free in this titanic struggle to check the spread of communism throughout the world.

In this dark hour of the world's history, our own country—the richest, the strongest, and the most influential of all—cannot escape its responsibilities.

Should we fail, or even hesitate, Russia stands ready to take over.

The fall of free governments and free peoples into the communistic state is too horrible to contemplate.

Communists are atheists—they do not believe in God.

Communist leaders, disregarding the existence of a divine power, disregarding truth, disregarding treaties, and even disregarding their own laws, follow the principle that the end justifies the means.

Communists, in dealing with other nations, do not hesitate to commit perjury.

In taking over a country and its peoples, Communists confiscate the property they want and then burn and destroy the things they cannot use.

Their universal policy is to reduce the citizen to abject poverty so that he will have to take orders and obey.

In Russia, as well as in those countries conquered, those who fail or even hesitate to obey orders are either exiled or liquidated.

Our people cannot begin to realize what would happen to us if we should fall in the communistic system.

It was because of this ever-present communistic threat and fear that the recent Congress appropriated such vast sums to try to check and stop the spread of this ungodly economic and political way of life.

The Congress believes that it is better to try to prevent another world-wide war than to await the development of hostilities and then be forced to prepare for and wage another terrible contest.

Many believe that we cannot endure another world-wide conflict, for if war does come again it will be fought to the end and either our country or Russia will be destroyed and annihilated.

In such event the victor would dominate and rule the world.

We do not want war and one outstanding reason is that we do not want the responsibility of having to rehabilitate and rule the peoples of the earth.

It was to prevent such a possible calamity that the Congress made such lavish appropriations.

Prior to voting the foreign aid and relief money, our Appropriations Committees had neither the time nor the facilities for securing the full and true facts respecting the need for money and the manner of its expenditure.

As the basis for our acts the Congress had to rely upon the statements and recommendations of our foreign representatives.

This meant that we did not have first hand and completely satisfying information with respect to either the need for money or the manner of its expenditure.

At this point I digress to say that we have a high type of American representatives at the courts and capitals of Europe.

Our Ambassadors and Ministers and their staffs are looking after our foreign interests everywhere.

American products and manufactured goods cover the world.

American merchandise is on every shelf, and American cotton clothes and American wheat feeds the people of the earth.

To reach Europe, Senator THYE and I flew the Atlantic.

The other Senators went across on an Army transport.

After reaching Europe our Military Establishment furnished us a plane equipped with regular military personnel.

The Air Force pilots and crew members are required to spend a certain amount of time in the air as a part of their regular training program; hence, we secured our transportation at no additional cost to the Government.

Our committee visited countries receiving Marshall plan aid.

Also, we visited Berlin and western Germany, now under military occupation, and some of the countries which are members of the Atlantic Pact.

In all, we visited 14 capitals and countries, as follows: Brussels, in Belgium; The Hague, in Holland; Oslo, in Norway; Stockholm, in Sweden; Copenhagen, in Denmark; Frankfurt, Heidelberg, and Berlin, in Germany; Luxembourg, in Luxembourg; Geneva, in Switzerland; Vienna, in Austria; Athens, in Greece; Rome, in Italy; Madrid and Toledo, in Spain; Paris, in France; and London and the countryside in England.

Our trip was thoroughly organized in advance.

The State Department had charge of all diplomatic arrangements.

The Military Department had charge of our transportation.

Upon reaching a capital we conferred first with our Ambassadors or Ministers and their staffs.

Second, we had conferences with the heads of the nation's government.

Then we met and conferred with citizens and groups of citizens interested in the welfare of their respective countries.

We made it plain to the heads of the several governments that we were not there to meddle in their local affairs.

Our instructions from the Senate committee were to secure first-hand information in each country with respect to the need for aid and assistance, and then to ascertain just how the money already appropriated is being expended.

We found conditions in Europe much different from what we expected.

Some countries did not suffer materially in the recent wars and I refer to Sweden and Switzerland.

Instead of suffering, those two countries profited from the misfortune and destruction of their neighbors.

Some of the countries and areas visited are still suffering beyond description.

I refer to the city of Berlin, and the countries of Austria and Greece.

Berlin, once a proud city of 4,000,000 people, is now a desert waste of broken brick, stone, and rubble.

Austria, in eastern Europe, and immediately adjacent to Russia, is under joint military occupation by Russia, England, France, and the United States.

Vienna, the capital, once famed for its culture, music, and art, now has the appearance of rapidly approaching a ghost city.

Greece, torn by civil war, is in a bad condition; however, the Communist invaders from the east have been defeated and Greece is now again free.

Through the aid, assistance and leadership of the United States, a corridor has been built through central Europe, extending from Norway on the north through Denmark, western Germany, Austria, Italy, and Greece and Turkey on the south.

If Russia tries to extend her present possessions either west or south, the countries forming the corridor or wall must be pierced, and any attempt at aggression by Russia will, in my opinion, mean certain war.

To protect and defend this corridor wall the nations adjacent to Russia must have help, and such help is being furnished by the Marshall plan and Atlantic Pact appropriations.

This Russian threat and menace now confronts the Allied Powers, the Congress and the people of America.

The world leadership now in our hands is devoted to the task of organizing the countries of western Europe for their own self-defense and for mutual cooperation and helpfulness.

Not one of such countries, acting alone, is able to offer any substantial resistance to an attack by Russia.

They realize that unless they pool their forces they may be taken over one by one.

It was our country that suggested the Marshall plan.

It was our country that suggested the Atlantic Pact.

The Marshall plan calls for the unification and consolidation of the manpower, the economy and the military to the end that an attack upon any one of the countries will be considered an attack upon all such countries, including the United States.

The Atlantic pact calls for the arming of the youth of western Europe so that if war comes they can fight on their own soil, rather than to have to train our own boys, arm and equip them, and then send them to Europe again to fight a foreign war.

If Russia can be made to understand that any further aggression on her part against any of the countries of Europe will be considered as an act of aggression against all such countries, then we hope and believe that the Russian leaders will stop, look, and listen.

The Russian leaders know what happened to the German and Japanese war lords who planned World War II.

They know, or should know, that if they provoke war with the free people of the world and lose, as they surely will, that the same punishment awaits them that they helped prescribe and administer against the followers of Hitler at Nuremberg.

If such a war should come and if we should lose, we know what punishment awaits the leaders here in the United States.

It is this certain punishment of our leaders, as well as the slavery of our people, that we are trying to avert.

To prevent war with Russia is the supreme task in which we are now engaged.

Personally, I can see no alternative to the program that has been developed and agreed upon, and if such program fails, then war to the end is inevitable.

During the last session of the Congress I voted to reduce the Marshall-plan aid by some half billion dollars and such estimates were reduced accordingly.

In the coming session I shall point out where American money is being expended in Europe unnecessarily and I shall recommend and vote to eliminate some countries entirely from the program and, also, I shall recommend and vote to cut appropriations to other countries.

Some of these European countries have nationalized many of their major industries.

For example, England has nationalized her coal, railway, electric, cement, and insurance industries and now is trying to force the House of Lords to join the House of Commons in nationalizing the steel industry.

When an industry is nationalized as a rule it ceases to pay taxes but this is not the worst or the whole story.

The English nationalized industries are all being operated at a loss—so that the English treasury is not only losing the taxes, formerly collected, but in addition is being compelled to meet the deficits and losses incurred by the inefficient operation and management of such nationalized industries.

Today our American taxpayers are being called upon, first, to rehabilitate the war-devastated areas of Europe; second, to assist in developing and equipping a military establishment in western Europe as a protection against Russian aggression, and, third, to pay deficits caused by the loss of taxes from nationalized industries.

Speaking as a United States Senator in the 14 capitals of Europe, I made it plain that the American people are tired of having to finance and fight foreign wars and then after such wars are over of having to rebuild their cities, their industries, and to assist in the rehabilitation of their peoples.

There must be a possible plan for the prevention of war.

Our own country has tried to develop such a plan.

After World War No. 1, our own President Woodrow Wilson suggested the League of Nations as a plan for the settlement of international problems and disputes without resort to war.

Unfortunately the plan became a political issue and was defeated in the 1920 general election.

Later, President Harding assembled the nations in a war disarmament conference where an agreement was reached to stop developing armies and to stop building navies, but such agreement did not last for long.

Still later, President Coolidge, acting through his Secretary of State, developed the Briand-Kellogg Peace Pact wherein more than 40 nations solemnly resolved that war shall be and was renounced as an element of national policy.

World War No. 2 proved that such pacts were only scraps of paper.

Now, again, our own country has suggested and is trying to develop the United Nations into a world tribunal of such influence and

power that it may be able to hear, consider, and adjust international issues and problems without either the excuse or the necessity for war.

Civilization, as we know it today, hangs in the balance.

If communism engulfs the world, then a repetition of the Dark Ages confronts our people.

If we can check the spread of communism and confine this obnoxious economic and political system to Russia, then our American free-enterprise system will continue to operate as an example and model for other liberty-loving peoples everywhere.

We tried to make our mission clear that we were not in Europe to meddle in the local affairs of any nation.

In every country visited, I stated positively that we did not covet an acre of their land, and that we were not there to suggest any changes in their form of government or any changes in their way of life.

Our delegation was received by the prime ministers and heads of the various governments, and where their parliaments were in session we were accorded special honors.

The Parliaments of Belgium, Italy, and England admitted our delegation to their chambers.

We were received and entertained by the Kings of Norway and Greece.

In Norway, King Haakon gave us a luncheon in the palace.

The King speaks English fluently and asked about America and was interested in Oklahoma.

As I was taking my leave I said:

"Your Majesty, I extend to you an invitation to visit me in Oklahoma."

"Oh," said the King, "I am too old to take such a trip."

I happened to know that he was just under 80, so I replied:

"Your Majesty, in Oklahoma life begins at 80."

To which the King replied:

"In that event, I shall think it over."

In Italy we were given a special audience by Pope Pius the Twelfth at his summer residence near Rome.

For the Pope, let me say that he has the dignity of a king of kings—yet, at the same time, he is as democratic as the humblest citizen of our country.

He had prepared a special address for our delegation.

He spoke in English and approved of our mission to Europe.

In his address he paid his respects to Russia in the following language:

"A sage old Roman philosopher has said, not altogether without reason, the very fear of war is worse than war itself. Yet that fear will never be absent so long as within the great family of nations there is even one member which, rejecting the moral sense of inalienable human rights, uses sheer force to reduce its citizens to a condition of chattels dependent on a state that recognizes no power above or beyond itself."

The Pope knows of the aid and assistance we are providing western Europe and he recognized the benefits thus obtained in the following words:

"In your travels through Europe you have no doubt been pleased and proud to witness the strides made toward the restoration of normal life in countries devastated by a long and pitiless war."

The Pope has thrown his vast influence and power on the side of the peoples who want to be free.

He is our most valuable and powerful ally in this contest with godless Russia.

If war should come he and his hundreds of millions of followers throughout the world will be on our side.

The administration, the Congress, all religions, all groups and our people universally are against war.

However, at the same time they are as strongly against the communistic economic and political systems.

To keep communism away from our country we are willing to appropriate such sums as our people will sanction and approve.

After the hearings on the various items of appropriations involving assistance and aid to foreign peoples, and after personal visits to the 14 Marshall aid and Atlantic Pact countries, I have come to the following conclusions:

First, in the American and Allied program for checking the spread of communism, the most important point to receive consideration is the city of Berlin.

Berlin, from my viewpoint, is the keystone of the arch of the program for stopping the spread of communism in Europe.

If we should, for any reason, move out of the picture in Berlin, then both England and France would have to follow because they are without power to remain in Berlin if we should decide to evacuate that city.

If we should move out of Berlin, Russia would move in on the same day that we move out, and the same is true of western Germany.

If we should decide to withdraw our military and civilian personnel from western Germany, then England and France would have to withdraw their forces.

Such an event would give Russia complete possession and control of all of Germany. If we should show such weakness and start to withdraw our forces from Berlin and Germany, we had just as well decide to withdraw our forces entirely from Europe.

In my opinion a voluntary withdrawal from Berlin and Germany would mean a forced withdrawal from all of Europe, because Russia has designs on taking over the entire continent of Europe.

If this should happen, then Russia would dominate both Asia and Europe.

The next area to have consideration by Russia would be Africa and there is no nation in Africa able to withstand the aggression and advances of communistic Russia.

With the Eastern Hemisphere under the domination and control of Russia, that country would not be satisfied and would immediately move across the Atlantic to certain countries in South America.

The countries in South America with the greatest number of communistic sympathizers would be the first ones to be invaded by the Russians.

There is no country in South America able to withstand an attack by Russia; hence, in time, and it would not be long, all of South America would likewise be dominated and controlled by Russia.

With all these countries under the control of Russia, we should naturally see Central America attacked next and there is no country there, save Mexico, which has any military force to speak of.

Mexico could not successfully defend against an attack by Russia.

If all this should happen, then we in the United States would find our country surrounded by a communistic world.

There can exist no doubt but that our country, of all countries in the entire world, is the prize of prizes; hence, with the balance of the world under control, Russia would not hesitate to make demands upon us which would lead to either a surrender or a fight and then I am afraid it would be too late to fight.

To date we have not lost this contest.

On this issue our people are unified and not divided.

The free peoples of the world are following our leadership.

The American leadership belongs to no one political party.

America and peoples who want to be free, when unified and working in a common cause

and to a common end, cannot lose and suffer defeat.

Our trip, from the beginning to the end, was most successful.

We were received by most of the nations visited with almost pathetic gratitude.

In Athens, Greece, the streets from the airport to the hotel were lined with thankful and appreciative people.

In that country the United States is universally conceded to be their savior.

Other European countries gave unmistakable evidence of their friendship for America.

Some editors, columnists, and cartoonists have referred to our trip of investigation into the need for aid and relief in western Europe as a congressional junket.

A congressional junket is defined as "an outing at public expense."

The rigid schedule prescribed and adhered to made our trip anything but an outing.

There were no special assistants employed and the Senators and the staff were regular employees of the Government.

Those who criticize the committee for seeking information about the need for aid and assistance abroad and the manner in which funds already appropriated are being expended, obviously would have the Congress do one of two things:

First, not even consider requests for funds to be spent abroad; or,

Second, make the appropriations totaling multiplied billions upon the testimony and recommendations of those of our agents who are to spend the money.

The total expense of the trip to the Government, aside from the cost of the gas and oil for the plane, was an amount equal to about 1 year's salary for a Congressman.

The information received by the committee may result in reduced appropriations running into hundreds of millions of dollars.

I make no apology for, and instead I commend, the action of the Senate committee in demanding first-hand information with respect to requests for appropriations of the taxpayers' money.

In conclusion:

Our policy of waging war against Communists and communism is based upon precedents which convince us that if we lose this contest with Russia we will see our larger cities destroyed;

We will lose hundreds of thousands, if not millions, of our people;

We will lose our Governments—Federal, State, and city;

We will lose all our property and see it taken over by the communistic state;

We will see our churches, lodges, and civic organizations destroyed;

We will see our responsible political and civil leaders exiled or liquidated, and we will see what is left of our 150,000,000 people reduced to chattel slavery.

Such is not a pleasant picture to contemplate, but such a situation confronts us today.

This cold war with Russia has been, and will continue to be, expensive, but when we win—and with God's help we will win—whatever we have left after the victory will be just that much saved.

Mr. THOMAS of Oklahoma. Mr. President, in connection with this report I desire to refer to two additional incidents.

In Rome our committee and our entire staff were permitted to have an audience with Pope Pius XII. The audience was arranged by the Honorable Franklin C. Gowen, special assistant to our Ambassador to the Vatican City.

An account of our conference was printed in the publication giving a record of the daily activities of the Holy Father.

For the record I ask permission to have printed at this point a copy of the news

account of our conference as same appeared in the Vatican publication.

There being no objection, the news account was ordered to be printed in the RECORD, as follows:

[From L'Osservatore Romano of November 18, 1949]

[A translation]

This morning, Thursday, the Holy Father received in private audience a group of United States Senators, members of a Senate Armed Forces Committee who are finishing a trip in Europe made for the purpose of examining the activities of the American armed forces and the execution of certain programs of their Government regarding some activities of the State Department and the Marshall plan.

Those present were the Honorable Senators Elmer Thomas, chairman; Dennis Chavez, Burnet R. Maybank, A. Willis Robertson, John C. Stennis, Edward J. Thye, John L. McClellan; Messrs. Harold E. Merrick and Francis Hewitt, Miss Beth Gage, Miss Mary Yanick and Dr. Wm. R. Lovelace, also with the committee; Mr. John Holcombe, representative from the Ministry of Defense; Col. Robert Moore and Maj. A. A. Stiefel, representatives of the Army; Lt. Col. Albert Cox and Maj. Mary E. Elrod, representatives of aviation; Mr. Victor Purse, representative from the State Department, and the officers and crew of the airplane in which the committee was traveling.

His Holiness, after having accepted the devout homage of the illustrious parliamentarians, some of whom were accompanied by members of their families, and who were presented by Mr. Franklin C. Gowen, special assistant to Ambassador Myron C. Taylor, made the following speech to them:

[Speech was delivered in English]

"We are pleased to note that lawgiver and soldier move in friendly companionship. That is as it should be. Law, however wise, can hardly hope to prevail—so weak or perverse is human nature—unless it has the backing of a reasonable force. But the true function of that force will be to protect and defend the rights given to man by God and just law, not to whittle them down and crush them.

"A sage, old Roman philosopher has said, not altogether without reason, the very fear of war is worse than war itself. Yet that fear will never be absent so long as within the great family of nations there is even one member, which rejecting the moral sense of inalienable human rights, uses sheer force to reduce its citizens to a condition of chattels dependent on a state that recognizes no power above or beyond itself.

"Even within a nation, as you honorable Members of the Senate need not be told, the only genuine guarantee of peace is to be sought not in force, but in the soul of a nation; that is to say, in the inner life of its people, which will be exerted perseveringly in the defense of the family, of the children, of the worker, and his employer; so that all, guided by the Christian principles of justice and charity, may enjoy the blessed fruits of brotherly love and make, each, his due contribution to the common good.

"The Christian principles of justice and charity—how indispensable they are to a world seeking peace. Founded as they are and must be on religion, they are two strong pillars upholding civil society. Let it be wrenched from them, and what a sorry mess a State makes of its noble function. Who then is not alert to the paramount importance of providing that these principles be instilled into the minds of the little ones at home, and be developed in them through their school years?

"In your travels through Europe you have no doubt been pleased and proud to witness the strides made toward the restoration of

normal life in countries devastated by a long and pitiless war. God grant that this rehabilitation may reach down to the soul of these and all peoples, yes of those too who in their tragic blindness are persecuting the Church of God, and bring them all under the benign headship of Christ, where alone they will find peace and security.

"While we hope your brief stay in the eternal city will be very enjoyable, we pray that in all places and at all times the blessing of God may descend on you and your dear ones."

After the speech, the august Pope mingled with the distinguished group and asked about the activities of each and all their families.

Mr. THOMAS of Oklahoma. The second incident I desire to call to the attention of the Senate was in connection with our visit to Stockholm, Sweden.

Before starting on our mission the entire trip was outlined and the agenda for each country and capital was made by our Ambassador, Minister or agent-in-charge of our interests in such country.

In each of the 14 countries visited we were welcomed and received by our United States representatives and in all countries save one—Sweden—we were welcomed and received by the representatives of the national governments.

The agenda or schedule of engagements arranged by our United States representatives, in cooperation with the representatives of the local national governments, show the degree of cooperation of such local officials with the representatives of our Government.

At this point I ask permission to have printed as a part of my remarks the agenda prepared by our American representatives in Oslo, Norway, in conjunction with the national officials of such country. The Norway agenda is a fair sample of the programs arranged in the other countries except Sweden. The Swedish agenda will be printed also as a part of my remarks.

There being no objection, the agenda was ordered to be printed in the RECORD, as follows:

AGENDA—MEMBERS OF ARMED SERVICES SUBCOMMITTEE, SENATE APPROPRIATIONS COMMITTEE, OSLO, OCTOBER 26–28

WEDNESDAY, OCTOBER 26

12:50 p. m.: Arrival at Gardermoen Airport.

1:15 p. m.: Lunch at Officers' Club as guests of Royal Norwegian Air Force.

2:30 p. m.: Air show by Royal Norwegian Air Force.

4 p. m.: Departure for Oslo.

5:15 p. m.: Arrival at Grand Hotel.

6 p. m.: Press conference, Roccooco Salon, Grand Hotel.

7:45 p. m.: Departure by auto for Embassy residence.

8 p. m.: Ambassador's dinner.

THURSDAY, OCTOBER 27

9 a. m.: Discussion with ECA officials in office of chief of ECA mission, Mr. John Gross. An opportunity to confer with Embassy section chiefs will be accorded if desired.

9:45 a. m.: The gentlemen of the group will be guided from the Embassy chancery to a round table conference arranged by the Norwegian Foreign Office at the Eidsvold Gallery of the Storting (Parliament).

10 a. m.: Round table conference. Present will be the following Norwegian officials:

Ministry of Foreign Affairs (Mr. Skylstad, Mr. Hans Olav).

Ministry of Defense (probably Defense Minister Hague).

Ministry of Commerce (Mr. Getz Wold).

Ministry of Industry (Mr. Drogseth, two directors of division, and two specialists).
Ministry of Finance (Director Nissen and one assistant).

Ministry of Communications (probably Mr. Langhelle).

Norwegian Federation of Labor (Mr. Konrad Nordahl, chairman).

Norwegian Labor Party, Mr. Haakon Lie, political secretary, if available).

Employers' association (Mr. Erlandsen or alternate).

Immediately following the conference, members of the group will be received briefly by the President of the Storting or his representative.

12:30 p. m.: Assemble in lounge of Grand Hotel.

12:40 p. m.: Departure for Palace (promptness essential).

1 p. m.: Invitation luncheon given by His Majesty King Haakon VII.

Special luncheon for Mr. Merrick, Mr. Hewitt, Dr. Lovelace, and Major Stiefel, Grand Hotel.

2:15 p. m.: Departure from Palace.

2:30 p. m.: Opportunity for sightseeing and shopping or such other individual activities as may be desired. Members of Embassy staff will be available in the special lounge to render assistance.

3:45 p. m.: Cars will leave hotel for theater.

4 p. m.: Showing of film *Heavy Water* in nearby special theater.

5:30 p. m.: Return to Grand Hotel.

7:40 p. m.: Departure for Akershus.

8 p. m.: Norwegian state dinner at Akershus.

FRIDAY, OCTOBER 28

8:30 a. m.: Departure from Grand Hotel if plane is to take off from Gardermoen Airport.

9:30 a. m.: Departure from hotel if plane is to take off from Fornebu Airport.

10 a. m.: Take off for Stockholm.

Mr. THOMAS of Oklahoma. In Oslo at the round-table conference in the Parliament Building the Prime Minister delivered a speech to the members of our committee.

Mr. President, I ask permission at this point to insert a copy of the address delivered to our committee in the Storting on October 27, 1949.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE PRIME MINISTER'S SPEECH TO THE AMERICAN SENATORS IN THE STORTING, OCTOBER 27, 1949

Dear Senators and friends, I should like to wish you heartily welcome to Norway, and I do so not only in the name of the Norwegian Government but also in the name of the Norwegian people. I am glad that representatives of the Norwegian authorities and of Norway's industrial and working life have received this opportunity to meet you and talk with you. I think the place where this conference is taking place is also particularly suitable. We are here in Norway's Storting where the chosen representatives of the people meet.

(It is especially pleasant for us to know that one of you Senators comes from Fretheim in Sogn, and that his parents were born and grew up there.)

Norway is a small country. Our total population is only three million. The United States is a large country. There is a great difference between the resources of the two countries and it may be that on some matters our points of view differ, but there is one thing we have in common—we believe in and pay homage to free democracy. We want the people to govern itself. We both mean that freedom, rule of law, and respect for the

dignity and integrity of the human being is more than just a political system. Both of us hate war and we are both peace-loving people in the true sense of the word.

Norway and America have always been friends. During the last war we were allies. Today we stand together in the labor for peace, freedom, and democracy in the world. No one can be in doubt—at least there is no doubt in our minds—that it was of the utmost importance for the peace of the world and for free democracy that the American people with its great and clear-sighted leaders has taken upon itself heavy tasks outside the borders of its own country, and not the least in Europe.

The war caused dire destruction in many countries. The Old World was badly devastated. Norway lost almost one-fifth of her real capital and the national income was terribly reduced. We have never been rich, and we became much poorer than we were. There was only one way we could go: we had to work ourselves up again. I believe I can say that we have done that. We are proud of the Norwegian work of reconstruction and of what the Norwegian people have achieved. On the whole we have all joined forces in the solution of our problems, with the exception of the Communists. We have all worked, and, practically speaking, we have lost almost nothing through strikes or cessation of labor. We have tried to carry out a program of austerity in order to be able to build as much as possible. We have had, and still have a very strict national household.

We are deeply grateful for the helping hand America has offered us. The whole Norwegian people feel this gratitude. Thanks to your help we have been able to build quicker and we have been able to keep our standard of living from sinking too far during the building period. We have always considered and continue to consider the Marshall program as help to self-help. Our aim is to lay a solid economic foundation for a satisfactory and specious standard of living for the whole Norwegian people. Furthermore our aim is to achieve economic independency. No country either can or will continue to support other countries indefinitely. No country with respect for herself either can or will in the long run continue to be dependent on the gifts of other countries. We in Norway long for the day when the reconstruction period is over and we can take up normal and regular economic contacts with you with rich trade both ways.

The reconstruction of Europe has advanced with leaps and bounds. But we know that all European countries are faced by enormous problems. We must achieve higher productivity and greater competing capacity. Let me quote what the Administrator of the Marshall program, Paul Hoffman, said so justly not long ago. I think what he said was so correct: "Higher productivity demands better machines, better methods, and a better bearing both of laborers and employers. What is needed first of all is more horsepower. It is not the fault of European laborers that productivity is so low. You must remember that every single American laborer is backed by seven units of horsepower, whereas a European laborer is only back by two and one-half." Hoffman added: "The ECA helps us to obtain more horsepower and better machines, it places better methods at our disposal and it tries to create a better spirit."

I hope, and I know that the whole of Europe hopes, that the ECA will have the opportunity to bring its work of aid to a satisfactory conclusion. I am aware of the fact that that will place great burdens on the shoulders of the American people, but I am convinced that it is for our common good and in both our interests. We are also aware of what claims that will make on the European peoples.

I should like to add that we in Norway are also deeply grateful for the program of aid newly adopted by the Congress in the military field. We are convinced that also that aid is in our common interest and that it will help to strengthen the work for peace and security which has found its ultimate expression in the Atlantic Pact and the solidarity between the democracies of the world.

You have perhaps heard that there is a small group of people in Europe which calls you dollar imperialists. I should like to conclude by saying that you must not take that too seriously. These people have called us dollar imperialists too. The vast majority in our country and in other European countries know that you are not imperialists. You have never been imperialists and you will never be imperialists. You have always maintained that the European countries must work together and try and conquer their traditional individualism. You point proudly to the example of your own country where 48 States have succeeded in joining together in one great state. The British Labour Party expressed it very nicely in its pamphlet *Keep Your Feet On the Ground*: "If this is imperialism, then it is the first time in the history of the world that an imperialistic power does its best to make its victims join together." Perhaps I may add: That kind of imperialism the United States of America must continue to practice. America's continual call to all the other peoples to work together for unity and solidarity has a historic mission in the world.

Let me once more wish you heartily welcome to Norway, and let me express the hope that your stay here, though short, will be both pleasant and fruitful.

Mr. THOMAS of Oklahoma. Mr. President, from Oslo, Norway, our committee proceeded to Stockholm, Sweden, and arrived at the airport at about 11:30 a. m. on October 28.

For the record I ask permission to have printed at this point and as a part of my remarks a copy of the program arranged for our committee in Stockholm, for October 28 to 30, 1949.

There being no objection, the program was ordered to be printed in the RECORD, as follows:

PROGRAM OF THE APPROPRIATIONS COMMITTEE OF THE UNITED STATES SENATE STOCKHOLM, SWEDEN, OCTOBER 28-30, 1949

OCTOBER 28

11:30 a. m.: Arrive Stockholm via MATS plane.

1 p. m.: Lunch for Senators and male members of the group given by Mr. Hugh S. Cumming, Jr., counselor of the American Embassy at the Grand Hotel.

Lunch for the ladies accompanying the group given by Mrs. Hugh S. Cumming, Jr., at home, Strandvägen 63.

3 p. m.: Meeting with Ambassador H. Freeman Matthews at the American Embassy, Strandvägen 63.

5 p. m.: Press conference, Grand Hotel.

8 p. m.: Buffet supper at the Ambassador's residence, Nobelgatan 2. (Black tie.)

OCTOBER 29 (ALL SUGGESTED TOURS ARE OPTIONAL)

Suggestion No. 1: To Uppsala (approximately 48 miles) foremost Swedish university town, castle from the fifteenth century and cathedral from the thirteenth century. Lunch at will in Uppsala. On return trip short stop in Sigtuna, religious center in the twelfth century and early capital of Sweden—in quaint surroundings. Departure from the Grand Hotel, 9:30 a. m.; return about 4:30 p. m.

Suggestion No. 2: To Gripsholm Castle, Mariefred (approximately 45 miles). This castle is located on the southern shore of

Lake Mäler and dates from the fourteenth century. Departure from the Grand Hotel, 9:30 a. m.; return about 4 p. m.

Suggestion No. 3: Sightseeing in Stockholm and environs and/or shopping to be arranged as desired. (It is suggested that those having similar interests get together in order to ease the making of the necessary arrangements.)

5 p. m.: Reception given by the Royal Swedish Ministry of Foreign Affairs at the Grand Hotel.

OCTOBER 30

10 a. m.: Departure via MATS plane for Copenhagen.

Mr. THOMAS of Oklahoma. It will be noted that the program arranged for October 28 was for luncheon for the members of the committee and staff by Mr. Hugh S. Cumming, Jr., Counselor of the American Embassy, and luncheon for the ladies accompanying the group by Mrs. Hugh S. Cumming, Jr., at her home.

No conference of any kind was arranged between the officials of the Swedish Government and the committee of Senators.

The program shows that instead of having conferences with Swedish officials on the 29th, some optional trips were arranged to take our group into the country. Such trips were suggested by our American representatives in Stockholm and were not sponsored by the officials of the Swedish Government.

However, the program shows that at 5 p. m. on Saturday, October 29, a reception was given by the Royal Swedish Ministry of Foreign Affairs at the Grand Hotel.

This reception, in the nature of a cocktail party, was the only meeting arranged by the Swedish Government for the committee representing the Appropriations Committee of the United States.

Before commenting further upon the so-called Swedish incident, and to the end that the record may be more complete with respect to how other countries received and treated the American Committee of Senators, I ask permission at this point to have printed a copy of the tentative agenda for a visit of the Armed Forces Subcommittee of the Senate Appropriations Committee to Copenhagen, October 20–November 1, 1949.

There being no objection, the tentative agenda was ordered to be printed in the RECORD, as follows:

TENTATIVE AGENDA FOR VISIT TO COPENHAGEN
OCTOBER 30–NOVEMBER 1, 1949, OF THE ARMED
FORCES SUBCOMMITTEE OF THE SENATE AP-
PROPRIATIONS COMMITTEE

OCTOBER 30

Met on arrival and taken to Palace Hotel. Informal luncheon.

Briefing session.

Downtown sightseeing.

7:30 p. m.—Dinner at Mr. Sparks. (Black tie.)

OCTOBER 31

Morning: Choice of visits to ammunition arsenal, Navy Yard, Royal Copenhagen Porcelain Factory, Burmeister & Wain Shipyard, or Danish Experimental Farm.

1 p. m.: Luncheon at Christiansborg Palace.

NOTE.—Shopping tours will be arranged for the ladies in the morning, with luncheon in town followed by motor trip to Frederiksborg Castle in the afternoon.

5 to 7 p. m.: Reception at home of Captain and Mrs. Groff.

Dinner with various Embassy officers.

NOVEMBER 1

Morning free until departure.

Mr. THOMAS of Oklahoma. Mr. President, as stated, the only opportunity we had to confer with the Swedish officials was at a cocktail party; and, of course, everyone who has attended cocktail parties knows that they are not held for the purpose of transacting serious business.

From the tentative agenda it will be noted that the Danish Government gave our group, together with the staff members, a luncheon at Christiansborg Palace—the capital or parliament building.

In each capital visited and at some of the conferences provided the various members of our group were permitted to make statements, at such length as they desired, with respect to the nature and reasons for our visit to western Europe.

At the luncheon in Copenhagen I responded to the address of welcome and at this point, in connection with my remarks, I ask permission to have the complete text of such remarks printed.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

Mr. Minister and distinguished guests, on behalf of our delegation from America, I thank you for this expression of your friendship for our country and our people.

I assure you that this long and most satisfactory status of friendship and cooperation is mutual.

Today we are here on a mission of good will and mutual helpfulness.

Ours is a subcommittee of the United States Senate Committee on Appropriations, and I shall introduce the members to you at this time.

(Each Senator was introduced.)

Everywhere we go, we are asked by the press the question: "Why are you here?"

As chairman of the delegation, I shall give you my answer as to why we are here.

Our Government, representing the taxpayers of America, is spending vast sums of money in a cooperative effort to reestablish world peace and to assist in rehabilitating the peoples of the war-injured and devastated nations of the world.

We are now engaged in that effort.

The administration at Washington recommends policies, but it is the Congress that not only makes the policies but levies the taxes and appropriates the money to carry such policies into effect.

Today we are assisting with our treasure the peoples who have been injured by wars but who have not been responsible for such wars.

The American Congress, now in temporary adjournment, has authorized its committee to consider the effects of the policy of assistance now being carried out in many of the countries of the world.

This is the mission of our committee here today.

As chairman of our committee, and after having witnessed the results of war in Europe, I have chosen this occasion to submit some observations as the result of wars not started by ourselves.

Our people now stagger under a national debt of over \$256,000,000,000.

In the money of Denmark this would be almost two trillion kroner.

Mainly because of wars the annual budget of our country is now well over forty billion dollars annually, and such a budget in your country would be some 280,000,000,000 kroner.

As the chairman of the Senate committee which considers and recommends funds for the preparation and conduct of wars, I have recommended and piloted through the United States Senate appropriations totaling almost \$500,000,000,000.

This sum in your money would amount to almost 3,500,000,000,000 kroner.

This tremendous financial burden is entirely too heavy for any single nation to endure.

Our American people make up a peace-loving nation.

We loathe war and the results of war.

We do not covet a single acre of any nation's land and we renounce the policy of seeking to rule any people without their approval and consent.

On this policy we have a record.

As a result of the Spanish-American War we had to protect both Cuba and the Philippines.

After the end of that war and as soon as agreeable we were glad to give both countries their full and complete freedom and independence.

As a further evidence of our efforts to promote peace, William Jennings Bryan, as our Secretary of State, negotiated more than 40 treaties with the major nations of the earth proposing to establish and maintain an abiding peace.

When World War No. 1 broke upon the world we were attacked and we entered that war in the hope of ending wars.

After that war was over we suggested another plan for the prevention of future wars.

Such plan was the late League of Nations.

Then, as our great President, Woodrow Wilson, stated, "a small group of willful men" prevented our adherence to and participation in that noble venture.

Not only do we advocate peace, but we have tried to do something to establish and maintain peace.

Briefly, let me observe that immediately after the end of World War No. 1 we called the Harding-Hughes Disarmament Conference, wherein we agreed to stop all preparation for war, and conforming to such agreement we sank the most of our Navy, and almost completely disbanded our Army.

Thereafter for 20 years we did not build a battleship, we did not make a cannon and did not produce a single rifle for war purposes.

Our program of disarmament was carried out to such an extent that shortly before World War No. 2 broke upon the world we had less than 120,000 men in our Regular Military Establishment.

Continuing our program for peace we initiated the Kellogg-Briand Peace Pact, wherein most of the nations of the earth solemnly renounced war as an element of national policy.

We have been consistent in our policy to try to adhere to a program of promoting world-wide peace.

When we were attacked at Pearl Harbor we were wholly unprepared for our own defense, much less were we prepared to enter a second world-wide war.

Had we been an aggressor nation certainly such would not have been our status of unpreparedness at that time.

We are now engaged in an all-out effort to recover from the effects of that most recent world-wide conflict.

In order to accomplish this greatly desired and absolutely necessary end we have adopted and are carrying out the policy now in force in the nations which are willing to cooperate in an effort to prevent a third world-wide conflict.

In concluding let me state that the American people are tired of having to finance and fight foreign wars, and then after such wars are over of having to rebuild their cities, their industries, and to assist in the rehabilitation of their peoples.

There must be a possible plan for the prevention of wars.

History records that wars are planned by ambitious dictators rather than by the masses of the common people.

In the past, wars have been declared against peoples when they should, in fact, have been declared against the individuals responsible for planning and initiating such wars.

Already a precedent has been set for dealing with the planners of wars.

After the recent conflict the leaders responsible for planning and initiating such war were apprehended, tried, convicted, and punished.

In my considered opinion civilization cannot endure another world-wide war, and as an alternative to the annihilation of mankind, let me observe that it would have been much cheaper had such planners of war been apprehended before the contest, rather than after the damage had been done.

Such a suggested policy would have saved countless lives, the destruction of cities and industries, along with the countless billions which were expended in the prosecution and waging of such contest.

This plan for the prevention of future wars is herein suggested for the consideration of the United Nations and the peace-loving peoples of the earth.

Mr. THOMAS of Oklahoma. Mr. President, I also ask permission to have printed at this point in connection with my remarks a list of the Danish guests invited to the luncheon, as mentioned herein.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

DANISH GUESTS INVITED TO LUNCHEON AT THE MINISTRY FOR FOREIGN AFFAIRS ON MONDAY, OCTOBER 31, 1949

H. C. Hansen, Minister of Finance (host).
J. O. Krag, Minister of Commerce.
Hartvig Frisch, Minister of Education.

The Ministry for Foreign Affairs: J. R. Dahl, secretary general; C. A. C. Brun, head of the political-juridical department; E. Bartels, head of section, economic department; Hans Bertelsen, head of section; A. Königsfeldt, secretary to Foreign Minister; G. Bech, consul general; R. Baumann, consul general; E. Schram-Nielsen, assistant head of section.

Ministries of Finance and Commerce: E. Dige, head of department, Ministry of Finance; V. Kampmann, head of secretariat, Economic Secretariat; J. V. Thygesen, head of division, Ministry of Commerce; V. Brorson, adviser, Ministry of Agriculture.

Ministries of War and Marine: Col. T. K. Thygesen, director, Ministry of War; Maj. Gen. E. C. V. Møller, chief of General Staff; Capt. P. M. V. B. Digmann, general staff; Capt. S. B. R. Helsø, Ministry of War; Maj. Gen. A. Falking, director general of ordnance; Col. E. C. V. Tiemroth, director of ordnance, construction department; Col. R. Nielsen, director of ordnance, ammunition arsenal; Lt. Col. N. K. Kristiansen, arms arsenal; Capt. H. J. Rasmussen, Royal Danish Navy, naval gunnery department; Capt. S. W. Frandsen, Royal Danish Navy, department of mines; N. K. Nielsen, director, naval yard; Capt. P. C. Weilbach, Royal Danish Navy, Ministry of Marine; Capt. S. Pontoppidan, Royal Danish Navy, coast defense; Capt. O. Petersen, naval staff.

Parliament: Chairman of the finance committee of the Folketing; chairman of the foreign affairs board of the Danish Rigsdag; Ole Bjørn Kraft, member of the Folketing; Thorkil Kristensen, member of the Folketing; Bertel Dahlgard, member of the Folketing; Viggo Starcke, member of the Folketing; K. K. Steinicke, chairman of the Landsting; Ernst Christiansen, member of

the Folketing; Poul Hansen (Kalundborg), member of the Folketing; Frode Jakobsen, member of the Folketing; Harald Petersen, member of the Folketing; Viggo Hauch, member of the Folketing; O. Himmelstrup, member of the Folketing; Johannes Christiansen, member of the Folketing; Einar Foss, member of the Landsting.

Mr. THOMAS of Oklahoma. Mr. President, the programs arranged by the other capitals visited compare favorably with the programs arranged by Norway and Denmark.

The program at Stockholm, Sweden, and as shown above, is significant not for what it contained, but for what it failed to contain.

The Swedish Government limited its notice of the presence of our committee to a reception given by the Royal Swedish Ministry of Foreign Affairs at the Grand Hotel.

As stated, such reception took the form of a cocktail party at which no serious business of any kind was or could be transacted.

In order that the record of our visit to Stockholm, Sweden, may be more complete, I desire to make the following statement:

Sweden is the largest of the Scandinavian states. It is about twice as large as Minnesota and contains about 7,000,000 people.

In a recent publication entitled "Facts About Sweden," sponsored by the Swedish Institute, we find the following statement on page 10:

Traditional neutrality has kept Sweden aloof from two world wars. And since war's end, a unanimous Parliament has made possible a continued policy of nonassociation with any great-power bloc.

On page 18 of the same publication we find the following statement:

SWEDEN IN ERP

Participation in the European recovery program has made Sweden a borrower for the first time since the First World War. Compared to other countries ECA aid to Sweden is, however, small though important and is in the form of loans, not grants. Most other "Marshall" countries combine both.

Asking OEEC for dollars to cover a deficit of \$108,800,000 Sweden was allotted \$46,600,000 ECA gross aid for fiscal 1948-49.

Mr. President, from Swedish publications, as well as from our own reports giving details of Foreign Transactions of the United States Government, it is admitted that Sweden has participated in the ERP to the extent at least of securing sizeable loans from the United States loaning agencies.

It was because of Swedish participation in this foreign-aid program that the Senate subcommittee included Sweden among the countries to be visited in our recent mission to western Europe.

In Stockholm, notwithstanding the fact that our committee was scheduled to be there during the entire day of Saturday, October 29, as stated, the only meeting scheduled was a cocktail party at 5 p. m. at the Grand Hotel.

To date no reason has been given for the failure to schedule conferences between the representatives of the Swedish Government and our committee.

Speaking for one member of the subcommittee which visited Sweden, I am free to say that I have no criticism of the Swedish people.

Every person whom I met in Stockholm was most friendly, hospitable, and cooperative; hence, the trouble was that I met only private Swedish citizens and, save for one official, my contacts were limited entirely to private citizens.

We depended upon our Ambassador and the members of his staff to arrange conferences with the responsible officials of the Swedish Government to the end, first, that we might secure at first hand, information with respect to the need for aid and assistance, and second, with respect to how the aid and assistance made available was being expended and used.

Sweden was the only country visited where such conferences were not arranged, and the failure to meet with the Swedish officials was neither the oversight nor the fault of our representatives at Stockholm.

The Swedish officials, for reasons known to themselves, obviously were not interested in conferring with our Senatorial committee.

However, editorials in some of the local newspapers published in Stockholm may throw some light upon the matter.

Our committee left Oslo, Norway, and arrived at the Stockholm airport at about 11:30 a. m. on Friday, October 28, 1949.

Upon our arrival the members of our committee were provided with a translation of a front-page news item printed in one of the morning papers—Ny Dag.

In addition to the article being printed on the front page of the paper, the street posters advertising the publication contained the headlines of the news item in prominent type.

Mr. President, we arrived at the airport at 11:30 a. m. The paper was published some time during the night or early morning. The paper, therefore, was on the streets prior to our arrival in Stockholm. In addition to the paper being on the streets, publishers in Sweden have a system of taking extracts of important parts of a paper and publishing those bulletins in glaring letters throughout the city. Therefore, when we arrived in Stockholm the paper had been printed, the translation was placed in our hands, and we saw on the billboards the flaming notices quoting the head lines in the publication.

At this point I ask permission to have the entire item printed in the RECORD as a part of my remarks.

The PRESIDING OFFICER (Mr. EASTLAND in the chair). Is there objection?

There being no objection, the newspaper article was ordered to be printed in the RECORD, as follows:

OCTOBER 28, 1949.

The Communist Ny Dag this morning spreads over its street posters and front page the following headlines: "What business has U. S. A.'s Armed Services Committee in Sweden? Already regards our country as a pact state."

The story in the Communist paper reads: "Seven American Senators will land at Bromma 11:30 o'clock Friday. They have visited Norway to discuss the American arms aid under the military assistance program

for the Atlantic Pact countries. Four of the seven Senators openly support Spanish fascism. They declare that they place Sweden in the same position as the Nordic Atlantic Pact countries.

"These seven American Senators are now coming to Sweden equipped with power to control and direct our country's policy, powers due them under the Marshall agreement. For they do not only pose as an Armed Services Committee but also as an Appropriations Committee, with the Marshall plan as their specialty. That their mission in Sweden is of a military nature is clearly seen from their statements at the press conference in Oslo on Wednesday.

"They come to Sweden in order to speed up Sweden's continuous glide into the Atlantic bloc, in conformity with their view that Sweden must be rated as equal to the Atlantic Pact countries.

"They have reason to believe that, in reality, the Government will raise no objections. The Government permits the Supreme Commander to declare publicly that Sweden's military policy adheres to that of the Atlantic bloc. The seven Senators naturally draw the conclusion that the Government's talk about 'freedom from alliances' is merely designed to deceive Sweden's peace-loving people. They can refer to the fact that through her adherence to the Marshall plan Sweden has undertaken to 'promote the strength and security of the United States.'

"The arrival of the Franco-loving military Senators in Sweden is a very serious thing. All those Swedes who do not wish to see their country drawn into the American war bloc, openly or by a back door, must keep their eyes open and watch carefully the activities of these foreign control officers. It is equally necessary carefully to watch the Government and judge its reaction to the Senators' visit, not by its words but by its actions."

Mr. THOMAS of Oklahoma. Mr. President, the Stockholm publication is self-explanatory, yet it will be noted that the headlines of the article contain the following:

What business has U. S. A.'s Armed Services Committee in Sweden? Already regards our country as a pact state.

In the last paragraph of the item it is stated that—

The arrival of the Franco-loving military Senators in Sweden is a very serious thing. All those Swedes who do not wish to see their country drawn into the American war bloc, openly or by a back-door, must keep their eyes open and watch carefully the activities of these foreign control officers. It is equally necessary carefully to watch the Government and judge its reaction to the Senators' visit, not by its words but by its actions.

In the news article published before we even arrived in Sweden our committee learned that we were described as "foreign-control officers."

In addition to condemning the Senate subcommittee the publication served public notice that the Swedish officials would be carefully watched and that they would be judged not by their words but by their actions.

With such a warning and threat it is not too strange that the Swedish national officials followed the path of least resistance and said nothing and did nothing about taking notice of our visit to their country and capital.

The agenda prepared by our representatives in Stockholm called for a press conference to be held at the Grand Hotel at 5 p. m. on the date of our arrival.

The press conference was held after the flaming editorial from the Ny Dag had been printed and circulated throughout Stockholm and Sweden. At the press conference, as reported by the Dagens Nyheter, a liberal newspaper, I was quoted as follows:

We have not come to Europe to make proposals of any sort, nor have we come to exercise any kind of control. We have come simply on behalf of American taxpayers to investigate how the billions of dollars which the United States year after year has been placing at the disposal of the western European governments are being used.

At this point, Mr. President, I wish to state that last year the Congress appropriated upward of \$7,000,000,000 to be used for aid and assistance in western European countries, including Germany, Austria, and Greece, in Japan, Korea and other countries of the world.

In order that the record may be more complete I ask permission to have printed at this point in connection with my remarks a copy of an editorial printed in the Ny Dag on October 29, 1949.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

The temporary American Control Commission arrived in Stockholm yesterday. A permanent American Control Commission is, of course, already established at Strandvägen 7A, in the offices of the American Embassy. The six gentlemen who have now arrived on a short visit are members of the United States Senate Appropriations Committee. They constitute a special subcommittee handling the equipment of certain European countries with arms from the arsenals of the dollar imperialists.

The six control officers claim officially that their errand in Sweden is to study how so-called Marshall funds are being used. They are to investigate whether the devaluation has been carried out in conformity with American instructions and whether the Government is resolutely pursuing its policy to press down the living standard for the working people.

The mission of the American Senators is also another one, however. They are here to investigate how tightly the imperialists may turn the thumbscrews in the next round and whether they should demand direct adherence to the Atlantic Pact or continue along the course of Scandinavian cooperation.

The American Control Commission is here to drag Sweden still further into the imperialist war bloc. Their visit signals disaster for the Swedish people.

During their visit here the six Senators will meet a number of direct agents of dollar capitalism and a still greater number of cowardly collaborationists, who bend to might. They will meet people who are pro-Franco, like they are themselves, and people who claim that they are opposed to Franco but who are nevertheless willing to succumb to the orders of dollar imperialism.

The American control officers should be told, however, that these traitors who sell Sweden's independence do not represent the Swedish people and public opinion. It is true that the majority of Sweden's people do not yet grasp the full implication of the policy pursued by the Marshall agents in this country. They still think well of the leaders of the Social Democratic and bourgeois parties and cannot believe them guilty of high treason.

This is of a passing nature, however, and temporary. More and more people are gradually beginning to realize the whole dis-

graceful implication of the policy of the Marshall parties. The Swedish people will come to realize that Erlander, Ohlin, and Domo have traded away large portions of Swedish independence. When this becomes clear there will be a storm among the Swedish people which will sweep away the American traitors and quislings.

The American control officers should not feel any too certain of the influence of their agents in Sweden. The Swedish people love peace and freedom. They will fight for their cause.

Mr. THOMAS of Oklahoma. Mr. President, from the editorials it will be noted that the following charges were made:

(a) That our subcommittee representing the Senate Committee on Appropriations was "a special subcommittee handling the equipment of certain European countries with arms from the arsenals of the imperialists";

(b) That our subcommittee was designated as "the American Control Commission," and that our mission to Sweden was "to drag Sweden still further into the imperialist war bloc";

(c) That our subcommittee represented "dollar capitalism" and "dollar imperialism"; and

(d) That the Marshall-aid program was "disgraceful."

While our subcommittee was in Europe performing the services assigned to us by the Senate Committee on Appropriations, a number of American newspapers, magazines, columnists, and cartoonists, in our absence, accepted at face value the statements and criticisms of a portion of the Swedish press, and on such ex parte statements commented accordingly.

It is my personal policy to ignore completely and to pay no attention whatever to criticisms of my statements, acts, and votes made by persons residing outside the United States.

However, in the case of the so-called Swedish incident, the criticisms were not in the first instance directed toward me personally, but instead they were leveled, first, at the entire subcommittee, which was on its way to Stockholm; second, at the Senate Committee on Appropriations for having sent the subcommittee to Europe; third, at the United States policy as outlined in the Marshall aid program; and, fourth, at the United States policy as set forth in the Atlantic Pact program.

Personally, I construed the criticisms to be leveled against the United States, and as one member of the committee I took exception to such criticism. Had the Swedish national officials not acted in accord with the demands of the Communist newspaper Ny Dag, I would have paid no attention to the charges made against us.

The record shows that from the beginning of the so-called Marshall plan aid to the countries of western Europe, to and through December 31, 1949, Sweden received amounts which total almost \$100,000,000 in grants, loans, credits, surplus property, Red Cross allotments, UNRRA assistance, and European recovery aid.

As one member of the Senate subcommittee which visited Sweden, I was not convinced that Sweden was or is in need

of either loans or other financial assistance from the United States.

Mr. President, the record relating to the so-called Swedish incident is outlined herein to the end that editors, columnists, cartoonists, and others interested may have some of the facts with respect to the visit of the Senate subcommittee to Stockholm, Sweden.

Mr. President, I desire at this point, in addition to what I have just said, to refer to one or two other instances which I think should be made a part of the CONGRESSIONAL RECORD.

In connection with the criticism leveled at me I read one extract from a Swedish newspaper to the effect that the chairman of the subcommittee hailed from Oklahoma, "a State that must be somewhat dark." Even if Oklahoma were "somewhat dark," I would much rather hail from a State that is somewhat dark than from a nation that is somewhat red.

Mr. President, I next wish to call attention to a news story which appeared in the New York Times of February 7. It is under the authority of Mr. William S. White. It refers to a statement made by the distinguished junior Senator from Nevada [Mr. MALONE]. I shall read that part of the New York Times' statement which I have underscored:

Senator GEORGE W. MALONE, Republican, of Nevada, issued a statement asserting that secret information and secret inventions absolutely vital to our existence have been turned over to other powers over whose security measures we have no control.

"During the war," he added, "we invented the proximity fuse, an instrument so delicate that it explodes a projectile as if by magic when an airplane comes within range.

"We sold it to Sweden. Sweden sold it to Russia. Today, if war comes, American pilots will be required to fly bombers into bursting shells set off by our own lethal weapon."

Mr. President, in addition to the statement made by the distinguished Senator from Nevada, I have a quotation from a Nation-wide broadcast which came over Station WRC, here in Washington, at 6:45 p. m. on February 6, 1950. It is noted as "Three Star Extra, National Broadcasting Co." I read the statement as it came over the radio:

STOCKHOLM.—Soviet Russia military planes, according to information received from behind the iron curtain, now are equipped with precious American inventions used with great effect by the United States in the last war.

The invention is known as the radar airplane contact projectile.

It is fired from combat planes at another plane and automatically goes for the target at certain ranges.

Here is why Russian planes are equipped with this mechanism to shoot down our bombers.

We gave Britain the invention in the last war. After the war Britain sold it to the Swedes and the Swedes sold it to the Russians.

Mr. President, I desire at this point to read into the RECORD a news item coming from Stockholm, Sweden, itself. The item is dated February 10, and was printed in the New York Times. It accuses a Swedish citizen of having done the thing which I have just read as re-

ported by the Senator from Nevada, in the broadcast just referred to. The Swedish item refers to a trial wherein one Goesta Mottag Leffler was indicted, and the article states, "He is charged with having offered to a foreign country bomb-chart data on Swedish power plants for the equivalent of \$800."

In order that there may appear in the RECORD a statement of the nature of the newspapers from which I have been quoting, I call attention to the newspaper Dagens Nyheter, a publication issued in Stockholm, Sweden. In yesterday's Washington Post I find an article which quotes this publication, so it must be a paper of sufficiently high standing to be quoted not only in other parts of the world, but quoted by our own Washington newspaper, the Washington Post. I ask that it be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BULLET-RIDDLED RAFT REPORTED FOUND IN BALTIC

STOCKHOLM, April 23.—The newspaper Dagens Nyheter today quoted a Swedish police officer at Visby, on Gotland Island, as having said a second rubber life raft picked up in the Baltic last Thursday appeared to have been hit by bullets.

American naval officials are examining it and another found in the Baltic last Sunday to see if they belonged to a United States Navy patrol bomber plane missing since April 8.

The United States has accused Russian fighter planes of shooting down the unarmed Privateer, with a crew of 10, and has demanded damages.

In addition to a large hole in the middle of the raft, apparently caused by fire, the policeman said he noted several other holes of a type that caused him to remark the raft "appeared to have been hit by bullets."

Earlier the official Swedish News Agency quoted Fred Nordgren, captain of a Swedish fishing vessel which picked up the second raft, also as having said the center hole appeared to have been caused by fire.

Mr. THOMAS of Oklahoma. Mr. President, I desire to place just one or two other statements in the RECORD. When we arrived in Sweden we were given material in the form of what might be termed a brief. Every place we went our Government officials—Ambassadors, Ministers, or Chargé d'Affaires, as the case might be—had compiled data with respect to the local country, and gave us copies of their agenda and the information they thought might be helpful in our trip around the country.

The PRESIDING OFFICER. The Chair desires to ask the Senator from Oklahoma a question. How much in grants have the Swedes received?

Mr. THOMAS of Oklahoma. I shall put that information in the RECORD in a moment. If the Chair will bear with me he will get the information in the last paragraph of my statement.

I quote from the data prepared and furnished us by our representative in Sweden:

Sweden remained neutral throughout the war and presently has one of the highest standards of living in Europe. The fact that she requested and is now receiving aid is inevitably, therefore, a cause for surprise.

It certainly was a surprise to me, Mr. President, that the leading country, from the standpoint of domestic economy, would accept grants or even loans from the United States, but the fact is that she did, as the next paragraph will show:

In 1948-49, the first year of ERP, Sweden was allotted \$45,400,000 by ECA, of which \$22,000,000 were loan and the remainder, so-called, conditional aid—i. e., dollars paid to Sweden in the form of procurement authorizations in return for aid of an equivalent amount granted by her to other participating countries. For 1949-50 Sweden requested \$58,000,000, all to be in the form of conditional aid, but under the division of aid agreed to by the OEEC was allocated only \$45,000,000.

Those two items, together with loans made by the Export-Import Bank, make a total amount of American dollars, taxpayers' money, made available to Sweden, in a sum of practically \$100,000,000.

PROPOSED PRESIDENTIAL COMMISSION OF INQUIRY INTO AMERICAN POLICY IN GERMANY

Mr. HENDRICKSON. Mr. President, I wish to invite the attention of the Senate to a dispatch to the New York Herald Tribune by its correspondent in Frankfurt, Germany, Don Cook, printed in the April 20 edition of that newspaper, concerning the resolution submitted by the junior Senator from Iowa [Mr. GILLETTE], six other Senators and myself, on Monday of this week. The resolution calls for a Presidential Commission of Inquiry Into American Policy in Germany, and Don Cook says it has "received a warm welcome * * * from high Commission officials and the German press."

This news is most encouraging to me, Mr. President, as it must be to the other Senators who are sponsoring Senate Resolution 260 with me. It is especially encouraging to find that the resolution has been received in Germany by both the American officials and German editors in the same spirit in which it was submitted to the Senate here this week.

Mr. Cook's article goes on to say:

There was real enthusiasm among a number of senior high Commission officials for the idea of a Commission of high caliber who would look beyond the mere facts of how American money is spent and prepare an authoritative public report on the political and psychological state of western Germany.

I call the attention of members of the Senate Foreign Relations Committee to this news report. I feel they will be extremely interested in learning of the favorable reaction which our proposal has received in that part of the world which will be most affected by the appointment of a Presidential Commission such as we are urging.

If the reaction as described by this news story reflects the attitude that we may expect from the Department of State, I am confident that the Senate can expect favorable action on Senate Resolution 260 in the near future. The sponsors of this resolution believe action of this sort must be taken before the present session ends, so that the next Congress will have before it the full report of the findings and recommendations of

the Presidential Commission which we are requesting be established.

I ask unanimous consent that the article from the Herald Tribune to which I have referred be placed in the body of the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

UNITED STATES ZONE AIDES GREET PROPOSAL FOR AN INQUIRY—WEST GERMAN PRESS ALSO WELCOMES IDEA FOR SENATE INVESTIGATION

(By Don Cook)

FRANKFURT, April 19.—The proposal of eight United States Senators for a bipartisan investigation of democratic developments and occupation policies in western Germany received a warm welcome today from high commission officials and the German press.

Western Germany, like every other country in Europe, has been subject to its full share of congressional quick looks. But perhaps despite this, there was real enthusiasm among a number of senior high commission officials for the idea of a commission of men of high caliber who would look beyond the mere facts of how American money is spent and prepare an authoritative public report on the political and psychological state of western Germany.

GLAD TO HAVE A STUDY

"We are always glad to have Members of Congress come to Germany and observe and study conditions," Robert M. Hanes, high commission economic chief, said. "We have nothing to hide and are always delighted to receive the assistance of Congress in solving the many complex problems facing us here."

High Commissioner John J. McCloy was away from Frankfurt and not available for comment, but other officials echoed Mr. Hanes's reaction. The positive reaction was without much doubt due in large part to the standing of the eight Senators who are sponsoring the Senate resolution for such a commission.

Today's Frankfurter Allgemeine Zeitung remarked editorially that it would welcome such a commission because it is about time the United States obtained a true picture of German conditions.

CLAIMS EXAGGERATIONS

The paper continued: No doubt there are many unpleasant symptoms and tendencies in Germany, but reports have been exaggerated to a point where it is justified to talk of falsification. If we knew that honest and experienced men would come to Germany to find out nothing but the truth, we would greatly welcome this. We still have got nationalism and there is a lack of foreign political instinct. But this is just a very small part of the total thinking of Germans.

The greatest fear for Senator GILLETTE (GUY M. GILLETTE, Democrat, of Iowa), appears to be the possibility of a German alliance with Soviet Russia. Knowing the troubles and concerns with which Germany is faced, one is tempted to feel somewhat amused, though this would certainly be unjust. But for an American it should be possible to understand what a people thinks about the idea of joining with another power which has taken away from it valuable territory and ousted 12,000,000 people. No, Rappallo is dead.

CALL OF THE ROLL

Mr. McFARLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken.	Gurney	Martin
Anderson	Hayden	Maybank
Benton	Hendrickson	Millikin
Brewster	Hoey	Morse
Bricker	Holland	Mundt
Bridges	Hunt	Neely
Butler	Ives	O'Connor
Byrd	Jenner	Russell
Capehart	Johnson, Colo.	Saltonstall
Chapman	Johnston, S. C.	Schoeppel
Chavez	Kefauver	Smith, Maine
Connally	Kem	Stennis
Cordon	Kerr	Taft
Darby	Kilgore	Taylor
Douglas	Langer	Thomas, Okla.
Dworschak	Leahy	Thomas, Utah
Eastland	Lehman	Tobey
Eaton	Lodge	Tydings
Ellender	McCarran	Watkins
Ferguson	McCarthy	Wherry
Flanders	McClellan	Wiley
Frear	McFarland	Williams
Fulbright	McKellar	Withers
George	McMahon	Young
Gillette	Magnuson	
Green	Malone	

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). A quorum is present.

Mr. MORSE obtained the floor.

AMERICAN SOCIETY OF NEWSPAPER EDITORS—EXTEMPORANEOUS REMARKS BY THE SECRETARY OF STATE

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from New York, provided I do not lose the floor.

Mr. LEHMAN. Mr. President, on Saturday, April 22, Secretary of State Dean Acheson spoke before the American Society of Newspaper Editors in Washington. In addition to some prepared remarks, Secretary Acheson made some extemporaneous statements addressed to the current attacks against the State Department, attacks which, as many informed persons believe, are seriously hamstringing our conduct of foreign relations in many major respects.

Yesterday the text of Secretary Acheson's extemporaneous remarks were made public by the State Department at the request of the newspaper editors. These remarks merit, I believe, being read by every Senator and every citizen as they constitute the best comment I have yet seen on the hysteria which is today occupying the attention of the country. I ask the unanimous consent of the Senate to insert these statements into the body of the RECORD at this point in my remarks.

The PRESIDING OFFICER. The Chair will state for the information of the Senator from New York that the extemporaneous remarks by the Secretary of State to which he refers were placed in the RECORD by the Senator from Texas [Mr. CONNALLY] earlier today.

The Senator from Oregon has the floor.

Mr. KEFAUVER. Mr. President, will the Senator from Oregon yield for the purpose of presenting a conference report on the military justice bill?

Mr. MORSE. Mr. President, I cannot yield for that purpose. It may arouse some discussion, and I want to complete my remarks, which will not take very long.

The PRESIDING OFFICER. The Senator from Oregon declines to yield.

CONSTITUTIONAL PRINCIPLES SHOULD BE SAFEGUARDED IN SENATE INVESTIGATIONS

Mr. MORSE. Mr. President, earlier this afternoon in a colloquy with the Senator from Maryland [Mr. TYDINGS], I raised the question of whether he could hold out to the Senate any hope that there might be a reversal of policy on the part of the administration, whereby the members of the subcommittee of the Foreign Relations Committee, acting under a resolution to investigate charges in respect to security risks in the State Department are denied the opportunity to check Senator McCARTHY's charges against the FBI files. There is much which can be said in support of a procedure whereby the members of that subcommittee, in executive session, would consult with Mr. John Edgar Hoover of the Federal Bureau of Investigation about the information contained in those files. The American people are entitled to know whether there is contained therein any evidence which would cause reasonable men to believe that the charges brought by one of our distinguished colleagues in the Senate, the Senator from Wisconsin [Mr. McCARTHY], are substantiated by those files. The record will speak for itself as to that colloquy, but it has been a matter of interest to the junior Senator from Oregon that in the past hour and a half he has received a series of interesting telephone calls and several questions from newspaper correspondents as to the import and implications of the question which the junior Senator from Oregon asked the Senator from Maryland [Mr. TYDINGS].

Mr. President, the questions which have been asked me in the past hour and a half are about all the proof I need that there is prevalent in America today a form of hysteria, fear, doubt, and perplexity among our people which, from the standpoint of the health of American public opinion, ought to be eliminated at the earliest possible hour for the good of our Nation.

I think the controversy which has been raging and which has been waged in America in recent weeks over the whole question of security from the standpoint of Government personnel is a controversy which ought to be ended at the earliest possible date, on the basis of the facts, whatever those facts may be. My experience in the past hour and a half with those who appear to be very excited about this whole matter satisfies me, Mr. President, that calm, reasoned judgment apparently does not characterize the thinking of many Americans today. Therefore, I want to repeat and enlarge upon the question I asked the Senator from Maryland a couple of hours ago, because I am satisfied that that question is one of the vital questions which go to the crux of the whole problem of this investigation.

I repeat the question in this form: Is there any hope that the elected representatives of the American people, in a subcommittee of the Senate of the United States, charged by the Senate, through a resolution, to make inquiry

and investigation into charges as to security risks on the pay roll of the Government of the United States, are going to be able to look into the facts and information in the FBI files? If I understand the Senator from Wisconsin correctly, he has placed great emphasis by way of his allegation of proof on his claim that those files will prove his charges.

Mr. President, I call myself a constitutional liberal in American politics. By that I simply mean that one of the fundamental and basic principles of the Republican Party should always be practiced, namely, that we live up to the check-and-balance system of the Constitution whereby our founding fathers made clear that at all times, under our form of self-government, under our written Constitution, the executive should be checked by the legislative, the legislative by the executive, the judiciary by both the executive and the legislative, within the powers vested in them in the Constitution, with, likewise, the judiciary checking the powers of the legislative and the executive. To what end? To the end, Mr. President, that in this land of ours we shall have truly a government by law rather than by the arbitrary discretion and caprice of mere men.

Mr. President, to carry out that basic tenet of freedom—and I underline it, because there can be no freedom for the individual in America if officials in any one of the three branches of government ever come to exercise arbitrary and capricious power not checked by the other branches of government—to have that freedom in America, we must also be true not only to the letter of the Constitution, not only to a literal interpretation of that great document of freedom, but we must be true to its spirit and its intent. To understand my viewpoint of constitutional liberalism, Mr. President, it must also be understood that I look upon that document as the great, dynamic franchise of freedom for freemen in America. It is not a static document, not a document the sentences of which operate as dead hands of the past, but it is a great living document, adjustable, as I believe the founding fathers intended it to be, to the crises of each generation. How true it has been throughout our history, Mr. President, that each generation of Americans has had to rise to meet the crisis of their time. There is a great crisis in America and in the world today. Our generation is going to have to meet it. It is a crisis as to whether freedom is going to survive in the world, as to whether protecting the dignity of the individual is going to continue to characterize the great objective of democracies the world around.

A part of that crisis is in our land today, Mr. President. I would plead, as I pray so frequently these days, that our people keep faith with the spirit and the intent of the Constitution of the United States, with its great system of checks and balances, to the end, Mr. President, that in these days of great concern throughout our land about the security of our Nation, we ourselves do not adopt totalitarian methods in practice. We must be on guard that we our-

selves do not follow procedures which jeopardize or endanger the freedom of the individual. We must keep faith with what the founding fathers intended. Therefore I would have not only the Senate of the United States but the people of America reread the Constitution of the United States. As I would have them turn to the Scriptures today, so also would I have them turn to this great document, from which stems our freedom and which itself was born of the minds of men who recognized the spiritual foundation of self government. Men who recognized that, after all, our Government cannot survive unless it forever remains true to the great teaching that it is the individual person, made in the image of God himself, whom we seek to protect when we speak of freedom. It is recognition of the spiritual value of the person, it is the sacredness of human life, Mr. President, which I believe motivated our founding fathers when they penned what I consider to be the greatest document on self government ever penned by man. I would that our people always, without hesitation or faltering, be true to these great guaranties of freedom encased in this great dynamic and living document. So I would have the American people take another look at article I of the Constitution. I would have them ponder anew the significance of section 8, article I of the document, which enumerates the powers of Congress. I would have them consider again the implied meanings of that paragraph, which, in speaking of the powers of Congress, reads:

To make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof.

I think the broad powers contained in that paragraph make perfectly clear the intention of the founding fathers that in the legislative branch of the Government rests and is entrusted the duty of taking those legislative steps which are necessary in order to pass whatever laws are needed to carry out the guaranties of freedom and protection of the individual intended by the founding fathers.

In connection with this controversy I would have the American people again renew their acquaintance with the meaning of the fourth amendment, which reads:

The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

Mr. President, that statement may not be literally applicable to the controversy at hand, but it is a clear statement, Mr. President, of the intention of the founding fathers to protect the individual, and it is a clear recognition that it is the individual person who counts in a system of self-government such as ours. There are many ways, Mr. President, of transgressing against an individual without being guilty of an illegal search or seiz-

ure. I think we should interpret the Constitution as setting forth not only specific literal mandates and protections, but also as a document which sets forth a particular philosophy of government.

I cannot read amendment IV without feeling that in the controversy now at hand the motivations and objectives of amendment IV have application, because it is possible, Mr. President, to do great damage to individual men and women, no matter how fine the motivation of those who make the accusations may be, unless everything possible is done by the Government of the United States to make available to the people of the United States the facts and evidence in connection with those accusations. After all, when a great public controversy has started, we must deal with it for what it is. We have a controversy which, if the proof exists, as alleged, involves charges about which the Congress of the United States, through its legislative power already quoted by me in this address, must take action. No Senator can pass judicial judgment, as he should, upon legislation, unless he knows the facts, whatever they may be, which would justify legislation. We do not know yet what legislation we may be called upon to pass, under section 8, article I of the Constitution of the United States in respect to this controversy. However, Mr. President, when I sit in judgment on any proposed legislation I want to know that all the facts have been made available which gave cause to the proposal for that legislation. Before great damage is done to perhaps innocent people I believe that we, as elected representatives of the people of the United States, have a right to know the facts. We have the duty to see to it that they are protected from transgressions upon their individual rights which the founding fathers, I believe, clearly had in mind when amendment IV became a part of our organic law. I want the people of my country to be secure in their persons. I want the people of my country to be secure in their houses. I want them to be secure in their reputations, from any accusation which cannot be substantiated by facts. If our Government has information which will clear the innocent and convict the guilty as to Senator McCARTHY's charges then I think it is within the spirit and intent of our Constitution that it should be made available to the Senate committee.

Likewise, Mr. President, I want those who in good faith bring accusations to have available to them such proof as it is within the official capacity of the Government of the United States to make available to them, under proper safeguards and protections. I think such protections and safeguards can be set up which will give the country the type of protection which the Senator from Maryland discussed in his colloquy with me earlier this afternoon. I do not want any course of action followed which will make my country insecure, or which will jeopardize the defenses of the country. Nor do I want an excuse made for denying adequate protection to the individual accused on any ground that elected representatives of the people of the United

ballot boxes of America, that he personally has studied the FBI files. I hope in the near future he will make a report to the country on the basis of a personal study and investigation of his own—and I think the situation is serious enough to justify his doing that as President of the United States—in which report he will evaluate those files in accordance with whatever findings he thinks they support. All the American people want an answer to this controversy quickly, on the basis of the evidence and the facts. I think we need to get it behind us, as quickly as we can, in accordance with fairness to all concerned, including those who bring the allegations as well as those against whom allegations are made. It is not good for our country to have our people so perplexed, so suspicious, so fearful concerning our internal security. Knowing full well as I speak this afternoon on this issue, which has become characterized by so much emotionalism throughout America, that I of course run the risk of being misunderstood and misinterpreted. I could sit here no longer in silence as a Member of this body without raising my voice and urge that we put into effect the spirit and intent of the personal guarantees of freedom set up by our Constitution. In my judgment this investigation calls upon both the committee, the FBI, and the Chief Executive of this country to get together quickly for a frank discussion of whatever may be within the files insofar as it may be related to the allegations brought by the Senator from Wisconsin.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. THOMAS of Utah. Mr. President, I rise to speak in favor of the bill which is the unfinished business before the Senate, and I assure my colleagues who are present that at this hour I shall not detain them very long. I appreciate greatly the words of the Senator from Oregon. I enjoyed fully his discussion of the Constitution of the United States and of what it means.

Mr. President, our Government will not be destroyed by war; it will not be destroyed by improper laws enacted by the Congress. There is too much vitality in the Government and the economics of the people to prevent such a happening. But any government of the people, and especially our own Government under the Constitution, rests upon the thin thread of common consent and the notion of fairness one to another. When those two things go out the window, no government can survive. Trust is the basis of all democratic action. Our fathers instituted a government where in the power was vested in the people. They instituted a form of government of which the world had been frightened up to the time the Government of the United States came into being, of which most of the fathers themselves were fearful, and of which such a great thinker as Benjamin Frank-

lin was not quite sure when he voted for the Constitution whether he was doing the right thing.

Mr. President, we ought to reiterate to one another and to the whole world that our Constitution in the final analysis rests upon faith—faith that the people know what they are doing; faith that the people, in their judgment, will understand what is best for the Government and for the people; faith in one another.

We are in one of those periods that follow war. This is not the first time the country has been jittery. It is not the first time we have felt that those within our midst were not entirely true to the basic ideals of America, and that we were in danger. It is not the first time we have been frightened, but it is the first time I know of when men, failing to remember the history of the United States, have apparently forgotten what is basically good and basically fine and basically stable in the American system, and have lost sight of the fact that we have come through various crises without doing violence or injury to our fundamental law. As Vergil mentioned in one of his great couplets in the Aeneid, we seem to be living by the latest rumor that comes our way. No nation can survive under such circumstances. So far as those who reflect the opinion of the people, the economists of our country, are concerned, on the same day, in the same newspaper, almost in two columns close together, by two different columnists, I read this statement by one:

For we have sunk to such depths of moral defeatism and stubborn sterility and intellectual impotence that we are riddled with unbelief and distrust of our own minds and our own souls and our own capacity to be masters of our fate.

And this statement by the other:

Our bulky morality is in a downward spiral that would seem to be plummeting to zero. The machine gun and the spear are supplanting the orderly and reasonable discussion of issues and men.

I turn to one of our great weeklies, and discover its editor pointing out that our country is suffering from the growing pains of a nation, and that our Constitution is not what it ought to be.

When people speak that way of our Constitution they are echoing some of the sentences used by the irresponsible Mussolini, who said, "The time has come to drag the flag of liberty through the mud." But still our Nation survived, still our ideals survived, and still the notion of liberty survived. Mr. Mussolini is no longer among the living.

Then we heard Mr. Hitler expressing himself along the same line. And now there are other friends of ours who imagine that our Constitution is outmoded and outdated, and here we have a great man, who has written for a long time, telling us plainly that our Constitution is not worthwhile, that it does not change as the constitution of Great Britain changes, through the will of the people. He wants to have a parliamentary form of government instead of the kind which the Senator from Oregon [Mr. MORSE] has been speaking about. This man

points out that in the choosing of our executive, the Democrats made a mistake and the Republicans made a mistake, because their conventions were controlled, one by officeholders and the other by political machines. He is, in general, very unhappy about our constitutional form of government, and he thinks we are in the position in which we find ourselves because constitutionally we are not able to take care of ourselves and meet the world responsibilities which rest upon us today.

Mr. President, I think the eyes of these writers have been fixed upon the writings of one another and not upon what is taking place in this country. I think the eyes of one writer should have gone so far as to see that, because of the teachings and the ideals set forth in the Constitution of the United States, a great people in India, very much older and very much larger in population and area, than our country who call themselves two peoples now, met together and tried to iron out difficulties by negotiation and by agreement. They drew up a pact. Whom are they following? They are following us, in America. We taught them how to bring about agreement so that they could act in unity and in accordance with ideals. It was the practice as worked out by our constitutional fathers which has become a part of the constitutional processes of the world.

Let us look at little Israel. There, indeed, has one desire of the nations of the world come true. Hardly has there been time in the past 2,000 years, hardly has there been a day when prayers have not gone forth that once again Israel would be restored. The events I have mentioned have happened in the past few years. Why do we not sometimes rejoice about constructive things which have taken place, instead of everlastingly looking at the destructive things?

What the pending bill provides for, Mr. President, is one of the constructive things going on in the world. I ask anyone anywhere to point to a time in the history of the world when a vanquished nation looked to its conqueror for reestablishment and to be put on its feet so that it could take its place again as it stood before the war started. When, before, in the history of mankind, has a nation caught the spirit of Abraham Lincoln in his second inaugural address in which he suggested that it was time to heal the wounds of the Nation? When, before, has a nation started out almost entirely by itself to attempt to heal the wounds of the world? When in history has a nation responded to the requests of other nations to cooperate in an attempt to make the waste places of the earth fruitful, to raise the standards of peoples throughout the world, and to bring stability into the world?

Is it because we are against something? Are we frightened of the thing which we call communism to such an extent that we will accept any kind of philosophy to defeat it, that we will even make people strong because we have been told that it is in misery, in poverty, in disorder, in anarchy that communism thrives? Are we acting only because we are full of fear? I say we are not. I

think we are acting as a result of the 175 years of experience in the growth and development of our own Nation, and in the faith on our part that we are responsible, in a way, for other nations, because we are interdependent. I think we are justified in what we are doing out of the experiences of our very nature.

Much has been said, Mr. President, about bipartisan approach. Much has been said about unity in all our foreign affairs. Much has been said about always being united regarding anything which takes place outside our borders.

Mr. President, read the history of the United States, read the history of the Congress, consider the committees which are doing the most constructive work in the Congress of the United States today, and we will find that time after time they present unanimous reports.

Bipartisanship? How else could we be bipartisan? Generally speaking, the representatives of the American people come to a unity of faith and present their program as the program of the Foreign Relations Committee of the Senate is presented to the Senate at this time. Unity after discussion; unity after debate; unity after settling disagreements; unity after deliberation—that is the American way. The American way is beginning to take root in places in the world in which we never dreamed it would take root.

Who, in his most prayerful attitude toward the restoration of Palestine, would have thought that when the Jews returned to what they called their promised land they would establish a government in imitation of the Government of the United States, that there would be a government functioning in much the same way in which the Government of the United States functions?

Who would have thought that the defeated Japanese Nation would ever adopt the kind of constitution which it has adopted? Who would have imagined that a people could be converted almost overnight because they realized they were wrong? When I say that, I am not referring only to the defeated Japanese Nation, which was convinced that it was wrong by the war, by the bomb, and by the failure of its own leaders, but I turn to the complete and absolute evidence of the situation on the part of three or four million Japanese troops, who were fully armed, never shot a bullet at an enemy, who had learned how to live on the land, who were, to use our own phrase, entirely and completely expendable, who were commanded by officers who did not have to pay any respect at all to the home Government, because the old Japanese constitution laid down absolutely the principle that a general in the field was absolute and did not have to respond to any order of the war department or of the Government at home. How did we obtain the surrender of those 4,000,000 soldiers? We convinced them by the same sort of appeal which is made here, and they changed their minds about fighting. They were convinced that they should surrender, because of what their Government had done with them.

That type of thing had never happened in the history of the world. Can-

not someone notice that? Will not someone pay attention to the strength of the logic—call it psychological warfare, if you will—of the messages which convinced those people that they were wrong? That is a process of democracy. That is something which we sometimes think could be accomplished by the Voice of America, if it were conducted properly and if the appeal came from those who believed that what we were doing could bring salvation to men the world over in their political and economic lives.

Much has been said today about the Constitution. The Constitution of the United States is probably best if it is never defined, because it is something bigger than any of us realizes. It is something more splendid than the founding fathers ever dreamed of. It is something which is almost beyond definition. But in its final aspects it is the companion of the American people in the accomplishment of their economic, political, and social objectives. That is what the Constitution of the United States is. It is a leader and a guide. It says to the American people: "Go forward in any way you yourself decide to go forward, but make your steps in accordance with this plan." That is what the Supreme Court does. The is the type of thing that has gone on in our country. Instead of imagining that we must have a parliamentary government like that of England, or that we must have a government like that of some other nation, it should be realized that in this great country of ours and in this Constitution, probably by ourselves—and our history justifies it—established what makes possible a government even greater than ours.

I refer to two techniques worked out by the founding fathers. Have they been forgotten by those who say that we should abolish the Constitution and start all over again? It was America which gave the world the federal system, and the federal system was born of two simple ideas. One was that all local concerns should be controlled locally by the people. That is the way to get liberty for people within their own community. Another simple proposition was that those things which were common to all groups, or to all States, should be controlled by a government common to all. That is what we do in our Union. Under the Articles of Confederation we had only a form of union. We did not have a political entity in the ordinary sense.

There was wisdom in the State of Maryland, and the leaders of that great State said, "We will not accept the Articles of Confederation, we will not join this union, unless Virginia gives up her claim to the Northwest Territory and Massachusetts gives up her conflicting claim." Thus a nation was born. Under the Articles of Confederation we had a people, we had a government organized, and we had a land to administer; but we did not have a real union of 13 States.

One word about the American process. Could not the people of the Thirteen Colonies have said to themselves, "We have a great amount of land. Let us take it. Let us exploit it. Let us use it. If we do, we can always live without taxation in our 13 States. We

can live on that." It would have been legal, it would have been lawful, and it would have been in accordance with what some people probably thought. But that was not the way we did it. Why? Because the American people decided that the land belonged to the people wherever they were. One may go through our history and see time after time where the things which we did became a part of that which has made us strong, and a part of that which has made us great. Those parts are going to other places.

By accident we discovered the second technique for making governments large and big, but, at the same time, preserving the full freedom of the people. That came after a long struggle, because, when the Constitution was framed, the founding fathers did not see any reason for defining citizenship of the United States. However, after the Civil War, it seemed essential, and then the next great stroke was made. It is an outgrowth of the development of the Constitution, and it is that which makes possible the dream of world government which we all have. We instituted the Federal system, and we defined citizenship in the United States.

We destroyed a concept which had been advanced by Webster, a concept which had been advanced by Hayes, and a concept which had been advanced by Calhoun—concepts which brought on the Civil War. Webster had said, "Sovereignty is indivisible; therefore it must vest in the National Government," Calhoun had said, "Sovereignty is indivisible; therefore it must vest in the State." We went to war about it. But sovereignty is not indivisible. Afterward we wrote into our Constitution that persons born in the United States and under its jurisdiction are citizens of the United States and of the State wherein they reside, and we instituted dual citizenship.

Those are the techniques; those are the things which give people faith in their Government and which should prevent them from saying, that because the right kind of President was not elected, or because the Republicans did not choose the right kind of leader, we should change our Constitution and turn our backs on all that we have done at a time when the world is beginning to look to us. What suggestion for world government has been offered anywhere, excepting the suggestions of conquest by a Hitler, which are not based on our constitutional scheme?

We might go on, as the Senator from Oregon has said he might go on, citing case after case in relation to the Constitution and how it might be harmed by the very things going on today. Thank goodness the one-hundred-and-fifty-odd-million American people do not become worked up by headlines. They do not become worked up by paying attention to this little thing or that little thing, which may be very serious in itself but only comparatively serious in the life of a great Nation of 150,000,000 people.

We have an idea that we are accomplishing something by this European relief, or European economic cooperation, as we like to call it. Because we wanted to get away from relief, because we wanted nations to stand on their own

feet, and because we wanted to emphasize the cooperation of other nations we have embarked on this course.

Mr. President, this statement will be found in a reading of American history:

If the American dollar can aid suffering humanity and lift the burden of financial difficulty from States with which we live on terms of intimate intercourse and earnest friendship, and replace insecurity and devastation by stability and peaceful self-development, all I can say is that it would be hard to find a better way to employ the American dollar.

That is not something said Mr. Hoffman; that is not something said by Mr. Harriman; that is not something said by the present President of the United States. It came from a former Senator of the United States, a man who became Secretary of State, and attempted to use American dollars in times past to accomplish some of the things we hope will be accomplished under what we call point 4. That sentence will always be recognized as a great sentence, although I never followed the philosophy of what came to be called dollar diplomacy, and all that was done under that slogan. The statement shows that what we are doing today had its germ in the past, and in the development of the American Government, and is responsive to what America has thought before.

Mr. WILEY. Who said it?

Mr. THOMAS of Utah. Philander Knox, Secretary of State under President Taft.

Viscount Morley once remarked that "Those who would treat politics and morality apart will never understand the one or the other."

When one looks at the political morality of today—particularly international political morality—and thinks of the quotations I have read, one must surely question man's capacity to master his own fate. While man is moving upward in scientific achievement, in social relationships, in health, in his ability to create a good life for himself, his path is surely downward in terms of the relations which exist between sovereign states. Why is this? Why is it that the actions of states are so different from the expectations and needs of men? For hundreds of years men have been intrigued by the difference in morality between individuals and nations. Why should the moral standards that are generally accepted by men be so vastly different from the standards of conduct of those same men when they have organized themselves into nation states?

It was an American, Thomas Jefferson, who said—and we ought to quote him every time we have a chance to quote him—that he believed in the same morality for nations as for individuals. That stands out on the monument of Jefferson here in this city. Think what that philosophy would have wrought in Germany if it had become the basic philosophy of Hitler, or in Italy if it had become the basic philosophy of Mussolini.

I have heard men argue that there never could be anything like international law, because there is no law above the law of a sovereign state, the real law giver.

Do not Senators think there is such a thing as a community of nations in this world today, just as there is a community of people? Do they not believe that they make law, whether they consciously do it or not? What nation or international group, through what law and by what law, tried the men who were accused of having brought about the late war, and acted against the nations of the world? It was not an international tribunal that tried them, convicted them, and punished them. It was not a national tribunal. We probably did not have the justification which we tried to take by laying our hands on something like the Briand-Kellogg Pact to show that they were guilty of a violation of the law of nations. What they were guilty of was breaking the conscience of the people in the community of nations.

Mr. President, he who would like to bring destruction to the Government of the United States today is not only a traitor to his country, he is a traitor to all civilization and to the people of the whole earth, because it happens that the last bit of hope that is lodged in the minds of people of the world everywhere is the hope born of faith that the Constitution of the United States will survive, and that the people of the United States, with their ideals of carrying on government for the benefit of the people, will endure.

I mentioned Jefferson's name. Many Americans today act as did the great statesmen of Jefferson's time, as did Goethe, as did the men in other countries who did what Jefferson did, men who basically were revolutionaries because that which they started was based on revolution. Jefferson even went so far as to think it was all right to carry on revolutions everywhere, if that was the only way by which people could gain their freedom. But when the time came that the French Revolution slipped into a single-will control, of a man by the name of Napoleon, what was Jefferson's attitude then? It was an attitude of condemnation of the very revolution which brought forth Napoleon. That indicates what our attitude should be toward the nations of the world which are struggling. They are not going to be successful overnight. They are not going to be able to get control of their governments immediately; but we must never deviate one whit, as the Senator from Oregon has said, in the basic things which make our Constitution what it is today.

I ask, Why is the conduct of men different from that of nations? The answer, I believe, is to be found in part in the difference between political morality and individual morality. It has been said that "political morality differs from individual morality, because there is no power above the state." In other words, men in their relationships with each other operate under law. States very often do not do so.

If I go into the midst of the great American desert, where there is no sign of government as far as I can see, or if I go outside of the 3-mile limit on the ocean, am I free to do what I want to

do? Is there no law in either place? Of course there is law.

Man found long ago that in order to survive he had to recognize his community of interest with other men. He regulated his relationships with other men by law. Today, as never before, the survival of man depends on a recognition by states of the community of interest among themselves.

One of the resolutions that has been adopted by a number of State legislatures on the subject of world federation states the following:

There exists an international community, encompassing the entire world, which has no government and which is destined either to be ruthlessly dominated by totalitarianism or to be federated by democracy.

If this international community under law is to be democratic and not totalitarian, it must grow on order, not chaos; on freedom, not repression; on prosperity, not poverty.

Our foreign policy seeks throughout the world to encourage order, freedom, and prosperity. It recognizes our community of interest with the free world.

Franklin Roosevelt less than 6 months before his death said:

The creed of our democracy is that liberty is acquired and kept by men and women who are strong and self-reliant and possessors of such wisdom as God gives them—men and women who are just, and understanding, and generous to others—men and women who are capable of disciplining themselves. For they are the rulers and they must rule themselves.

I go back to what I said before—common consent, coupled with restraint, is what assures democracy anywhere.

Mr. President, I have supported the European recovery program from the beginning because it creates the strength and self-reliance essential to democratic development. It creates the climate in which democracy can grow. I support the pending bill which, in all its titles, as the senior Senator from Texas has so ably pointed out, creates conditions under which the people can freely choose the governments they want. If people are well-informed and free to choose, I never fear their choice or their judgment.

The American people accept the truth of the general proposition that all mankind must prosper or perish together. Their support of the European recovery program, despite its heavy drain on the taxpayer, is evidence to me not only of their realization that the security of western Europe is essential to American security but also of their realization that all people are our brothers.

The Marshall plan is truly one of the most unselfish acts of all history. When the United States undertook this program a new high moral standard for the conduct of a great power was established. It is conduct of this type that gives the people of the world hope—hope that in time the morality of nations may rise to the level of the morality of honorable men.

The aid which we offered all of Europe was declined with vitriolic cynicism by the Soviet Union and the satellite states, largely, I believe, because those states

could not envisage a nation motivated by humanitarian considerations as well as by its own national interests; that is, its people could not believe the unbelievable. If a nation is controlled by a government which works all the time for the benefit of the government only, and not for the benefit of anyone else, how can its people have anything but suspicion of another government? I have tried to show to people in different areas of the world that our Constitution is the only document in the world which devotes itself to something other than government, and that the Government of the United States operates for the benefit of its people. People throughout the world generally do not understand that. They cannot fathom it. Let us be generous and say they cannot believe the unbelievable. When has it ever happened in history that a man had rights as against his government?

Aid was accepted by the states of western Europe, not because they wanted something for nothing, but because survival of their freedoms depended upon assistance. I wish the states of western Europe which accepted, understood the basic principle of American democracy and the basic difference between it and other systems. Then they would have more faith in being able to put their own house in order.

Western Europeans are a proud and independent people. They want to rehabilitate their economies, devastated by war, as soon as possible so that they may be free of outside aid.

I recall in the days of the WPA it used to be said that no self-respecting man would accept work relief, or, if he did, that he would lose his self-respect and become a willing recipient of relief for the rest of his life. That was not true then. It is not true now with respect to western Europe.

The participating countries from the beginning have, with our help, by helping each other, and by sacrifices of their own, sought to recreate their independent, democratic economies. The report of the Senate Foreign Relations Committee points out in detail the extent to which production has been revived in western Europe. The battles of increasing production and controlling inflation have largely been won.

The next 2 years call for primary emphasis on integration of the economies of western Europe so that when the program ends trade between the European nations and their trade with the rest of the world will have developed to the point where ECA aid from the United States will no longer be needed.

Mr. President, I am grateful that the leaders in charge of ECA have at last seen what they did not see in the beginning, that integration can come only through political action, and that lasting integration can be held together only by political action. One may talk about economic union if one wishes to, but economic union controlled by two different sovereignties and controlled by two different ideas is a unity which may fall to pieces almost any time. Now integration is in the minds of all.

For my part, I should have liked to see the ECA place more emphasis upon po-

litical and economic integration in the early days of the program. The ECA felt, however, that primary emphasis during the early days of the program needed to be placed on increasing production. Be that as it may, the fact now is that economic and political integration must progress rapidly during the next 2 years if the recovery program is to be successful. Mr. Hoffman, the able ECA Administrator, has said that during the next 2 years the ECA will do its utmost to encourage integration. I hope that Mr. Hoffman will bear in mind that one of the characteristics of democratic governments is that the people are almost always ahead of their governments. I believe that is true in western Europe today. The people are willing to go faster and farther toward the political and economic integration of their countries than are their governments.

The Economic Cooperation Act, as amended, contains in its declaration of policy this language:

Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through their joint organization to exert sustained common efforts to achieve speedily that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to encourage the unification of Europe.

I urge the Economic Cooperation Administration and the countries of Europe to be bold in moving toward both economic and political unification. These are days that require boldness. These are days that require determination. These are days that call for a willingness to break from the shackles of the past in order to keep abreast of the changes that science has wrought.

Nevertheless, Mr. President, from the standpoint of Europe they need not blindly go into this type of unity. They have had an example of what has happened in the United States of America to guide them and assure them of what will happen in their countries if they want to follow that example.

It seems clear to me that by the end of the Marshall plan the countries of western Europe must have meshed their economies and developed a common European approach to their problems. Failure might well mean the states would fall apart into competing nationalisms. States have a tendency when confronted with economic difficulties to withdraw within themselves. They raise trade barriers, limit quantities of imports, clamp controls on their currency; they do the very things which increase their troubles.

When Marshall plan aid ends there will still be a dollar problem for western Europe; there will still be problems of markets, competition, production. It is absolutely essential that these difficulties be met with a strong, common European approach.

Mr. President, I can look back to the time when proposals were made about the American dollar, when we pointed out to those who were responsible in gov-

ernment, that the time would come when the American dollar would be the key-stone to stability everywhere in the world, and that the quicker the American dollar found its proper level the sooner the world would unite around that key-stone.

As chairman of the Military Affairs Committee, fighting for the rights of our men because of the amount of currency that was given them in foreign countries, I did not succeed in bringing about the procedure I hoped for. It was my desire that our boys wherever they were, and our contractors wherever they were engaged in working, should be paid in good American dollars, and allow the American dollars to gravitate around the world and seek the proper level so that when the war was over we would have had an international money. I wanted them to be paid, wherever they were, in American dollars, and thus to learn the value of the American dollar in comparison with the currencies of other nations of the world. Values must seek their natural level in the money of the world. If we had allowed the American dollar to seek its natural level while we were at war, we would now have an international money which would have been naturally recognized by all, instead of the dollar which all are obliged to recognize. Our boys in France complained that what they were receiving in francs compelled them to go to the blackmarket with our money, since so small a margin was allowed. The man who then was the head of the French state said, "Your cause is just, to a certain extent." Then, without the use of a stitch of legislation for that purpose or without referring to anyone else, he said, "We will pay each of you 15 francs more a month."

Mr. President, that was not action according to a constitutional right; it was not taking care of private property; it was not acting in accordance with the great fundamentals. We were not willing to correct then, when we had the power to correct it, what we had done.

In other words, Mr. President, western European economic and political organizations must be strong enough by 1952 to require individual countries to meet European economic and political problems on an international basis, rather than on a national basis.

While we can to some extent measure the success of the ERP in terms of increased production during the first 2 years of the program, the real success of the program can be measured only when it ends. The yardstick we use then may be marked off in terms of production or in terms of trade or in terms of political stability, but the real measure of the success of the program will be in terms of the ability of western Europe to act in unity for the benefit of all states, rather than individually for selfish benefits or in self-interest.

I think it may be useful to consider the steps the countries of western Europe already have taken, with the aid of the ECA, to break through their national shackles and grow toward each other.

The greatest achievement, of course, has been the formation of the Organi-

zation for European Economic Cooperation itself. This organization was projected as a permanent feature of European life, to continue after the ERP has ended. It is the start.

The OEEC has already made European history. It has reversed a 500-year-old trend toward economic nationalism. It has developed a competent European staff whose devotion is to the best interests of Europe. It is developing a European point of view toward the problems of each of the participating countries. Any country's economic problem or policy is in the OEEC a proper matter of concern to all. The OEEC was the first fruit of the Marshall plan.

Mr. President, I wonder whether those who are so discouraged about our national morality, about all that is wrong in America, and so forth, would look even that far and see that probably we have changed a trend which is at least 500 years old. That is worth accomplishing, Mr. President. I say to the chairman of the Foreign Relations Committee that to have done just that one thing, to have taken that one step toward bringing peace to Europe, may be more important than anything else which has happened in Europe during the last 500 years.

One of the problems that confronted the OEEC in the summer of 1948 was that of freeing trade among the participating countries from the many restrictions that were strangling it. Only through an increased trade could the Europeans use their own resources to greatest advantage in the common recovery effort. Each country had something to contribute to the other's need; but the exchange was, more often than not, prevented by artificial barriers, chiefly exchange and trade controls of various kinds. They were always competitive, never mutual, never interchangeable, but always against something or in favor of something, instead of an attempt to work out mutually some problem.

The most severe restrictions on trade among the western European countries grew out of the dollar shortage. European countries, because of their trade deficits with the United States, were reluctant to pay out dollars in order to make purchases in Europe and in other soft-currency areas.

The first device, therefore, that was employed to help free the log jam of intra-European trade was to allow each participating country to use its ECA dollars to buy goods in other participating countries. Thus, United States' aid extended under the Marshall plan was the key that began to unlock Europe's resources for Europe's needs.

Later, the intra-European payments plan was adopted. Under it, a part of the ECA dollar aid to each creditor country was given only on condition that the recipient extend grants-in-aid of the same amount in its own currency to the participating countries with which it had a trade surplus. This arrangement, while it made an important contribution toward the freeing of European trade, was defective in that it fostered bilateralism and tended to dis-

courage the country from buying in the cheapest market.

The time now has come, in the opinion of most of the countries represented in the OEEC, and certainly in the opinion of the Economic Cooperation Administration, to set in motion a new plan which will make European currencies freely convertible into one another for current transactions, and thereby facilitate a further breaking down of restrictions on trade among the participating countries.

The new plan for a European Payments Union, which has been proposed by the ECA, and is now being considered by the OEEC, will enable a debtor country to cover the deficit in its trade with its neighbor without having to make full payment in gold or dollars. It is fully described in the committee report.

These are concrete steps toward the integration of the economies of Western Europe. The ECA is to be commended for encouraging these steps. I hope it will press forward.

While I have devoted most of my time to a discussion of the problem of European integration in connection with the European recovery program, I do not want to be understood as slighting the other provisions of the bill. They are all part of a total foreign policy directed toward building up strength in the parts of the world where the people are threatened by Communist aggression.

There is one characteristic of this omnibus bill of which I would like to call attention. In three out of its five titles, American aid is being given in co-operation with other states. In the case of the European recovery program, we are cooperating with the states of western Europe to develop and rehabilitate their economies. In title IV we are cooperating with other members of the United Nations to provide assistance to States in the Middle East where refugees from the hostilities in Palestine have created a tremendous humanitarian problem. In title V we are cooperating with other members of the United Nations to provide technical assistance for underdeveloped areas of the world. Even in title III, which provides aid for Korea, we are supporting the position taken by the United Nations, which is seeking to encourage the development of a united and free Korea.

If this legislation is typical of American foreign policy, and I believe it is, one can only conclude that one of the basic aims of our foreign policy is to help peoples throughout the world to exercise their right of self-government and to live in freedom under God. Our foreign policy is directed toward helping people to move toward the good life—toward a world free from aggression and war.

The policy of the United States is in startling contrast to the policy of the Soviet Union. The Soviet Union has participated in few of the cooperative ventures of the United Nations. It does not participate in the program of relief and rehabilitation of Palestine refugees. It does not propose to participate in the projected program of technical assistance. The Soviet Union rejected the offer of the Marshall plan to assist in

the rehabilitation of all Europe. Most of the specialized agencies of the United Nations have been created in the face of Soviet opposition. The Soviet Union has withdrawn from the World Health Organization. If there is a common meeting ground, I should think it would be in the field of health. In the International Labor Organization, the Soviet Union has not cooperated since before the beginning of the war.

My view is that the United States, recognizing that its security is now inevitably tied to the peace and security of the entire world, is setting a new moral tone in the conduct of its foreign relations. I recently had occasion to express my belief that—

Our country is a link between the past and the future, between a past of slavery and isolation, and a future of freedom and world brotherhood. To use another figure, we constitute a bridge across which hundreds of millions of people may pass to new realizations of living, and these discoveries can help to unite the whole world, as its multitudes (including our own) pass across from old concepts to those that are new.

The bill before us is part of that link between the immorality of the conduct of nations in the past to the morality which must govern the conduct of nations in the future if mankind is to survive. I close with the words, again of Jefferson, that I recognize the same morality in nations that we demand in men.

Mr. McFARLAND. Mr. President, I desire to compliment the distinguished Senator from Utah on his wonderful presentation of this matter.

Mr. THOMAS of Utah. I thank the Senator.

Mr. CONNALLY. Mr. President, I desire publicly to suggest to the Senator from Utah that he has made a very able and very statesmanlike address on this subject. I only regret that there were not more Members of the Senate present to hear his address.

Mr. President, I desire to make a few observations regarding the Senate. We are transacting important business here whenever we meet, yet Senators do not perform their duty of being present to listen and to take part in the debate. It is a reflection on the Senate, it is a neglect of the public business which we are transacting, that there is not a greater number of Senators on the floor of the Senate.

I desire to say for the RECORD that tomorrow I intend to ask unanimous consent to fix the time for voting upon the amendments to the pending bill and upon the bill itself. It seems that perhaps some such action is necessary in order to assure that Senators will be present, attending to their duties in the Senate. Tomorrow I intend to press for such unanimous consent, in order that we may dispose of the business before the Senate and obtain yeas-and-nays votes on the questions which are agitating Senators.

The idea of our acting on a great measure such as this with a group of Senators present that can be counted on one hand, is, to say the least, regrettable. The country ought to know about it. I hope the country will know about it. Sometimes the only way in the world by which

the Senate or House can be whipped into doing its duty is to let the constituents know that Senators and Representatives are neglecting their duties.

Numerous Senators claim to be interested in amendments to the pending bill. They talk to me about them, but they are not here on the floor of the Senate now to present the amendments. They are not here to get votes on them. Beginning tomorrow, I shall press every moment of the time—and I am sure I shall have the cooperation of the minority leader in that regard—to get votes in an effort to secure action on amendments to the bill, to have votes taken, and the bill finally passed.

I thought it was due to absent Senators—they may read the Record—to let them know what we propose to do from now on. It is unpleasant to have to call for a quorum every little while, and drag Senators into the Chamber, but, Mr. President, we have got to transact business, and I want to give warning now of what the prospect is.

Mr. WHERRY. Mr. President, I desire to state that I concur in the forceful remarks just made by the Senator from Texas, the chairman of the Foreign Relations Committee, about moving ahead with the business which is before the Senate. There is no reason why it should not be done. I suggest to the able acting majority leader, however, that tomorrow, when requests are made to permit committees to meet during the session of the Senate—and I think there are four such meetings this afternoon, besides the meetings of the subcommittees of the Committee on Appropriations—that will be the time to refuse consent, if it is desired to have the committee members on the floor.

Requests will no doubt be made to permit certain committees to sit and hear testimony. I do not concede that the work of a committee or of a subcommittee is more important than the pending bill. I certainly agree with the distinguished and able Senator from Texas that the Senate ought to proceed with the pending bill, that amendments ought to be voted on, and that we ought to conclude consideration of the measure as expeditiously as possible. I need not say anything in defense of Senators who are working diligently on committees, and I am not making a defense for them, because they obtained unanimous consent to meet and to hear testimony this afternoon. I know of four such committees. I know they feel that their work is important. But I suggest to the acting majority leader that tomorrow, if it is his purpose to carry out the suggestions of the distinguished and able Senator from Texas, we require Senators to be on the floor to consider the pending business, rather than attending to something else.

Mr. McFARLAND. Mr. President, certainly, so far as the junior Senator from Arizona is concerned, he will cooperate with the distinguished Senator from Texas in every way possible. I gave warning today that we would insist on voting upon amendments, and in going ahead. If Senators have speeches to make on the pending bill, it is up to

them to be ready to deliver them. The pending bill was made the unfinished business last Monday evening. It is true that on Tuesday and Wednesday we did not debate it, but for a whole week, Senators have known that it was under consideration. They certainly ought to be ready. If not, we shall proceed to vote without the benefit of their speeches, because the bill has been delayed a sufficient time to enable everyone to be prepared.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER [Mr. LEHMAN in the chair] laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see end of Senate proceedings.)

CONVENTION WITH CANADA RELATING TO EXTENSION OF PORT PRIVILEGES TO HALIBUT FISHING VESSELS—REMOVAL OF INJUNCTION OF SECRECY

The PRESIDING OFFICER. As in executive session, the Chair lays before the Senate Executive M, Eighty-first Congress, second session, a convention between the United States of America and Canada for the extension of port privileges to halibut fishing vessels on the Pacific coasts of the United States of America and Canada. Without objection, the injunction of secrecy will be removed, and the convention, together with the President's message, will be referred to the Committee on Foreign Relations, and the President's message will be printed in the Record. The Chair hears no objection.

The President's message is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a convention between the United States of America and Canada for the extension of port privileges to halibut fishing vessels on the Pacific coasts of the United States of America and Canada.

I transmit also, for the information of the Senate, the report which the Secretary of State has addressed to me in regard to this convention.

This convention has my complete and wholehearted approval, and I commend it to the early consideration of the Senate.

HARRY S. TRUMAN.

The White House, April 24, 1950.

(Enclosures: (1) Report by the Secretary of State; (2) convention for the extension of port privileges to halibut fishing vessels on the Pacific coasts of the United States of America and Canada, signed at Ottawa, March 24, 1950.)

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. McCARRAN, from the Committee on the Judiciary:

Gregory F. Noonan, of New York, to be United States district judge for the southern district of New York; and

Daniel N. McEniry, of Iowa, to be United States marshal for the southern district of Iowa, vice James J. Gillespie, term expired.

RECESS

Mr. McFARLAND. As in legislative session, I move that the Senate stand in recess until noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 47 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, April 25, 1950, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 24 (legislative day of March 29), 1950:

DEPARTMENT OF THE ARMY

Archibald Stevens Alexander, of New Jersey, to be Under Secretary of the Army.

UNITED STATES ATTORNEY

A. Garnett Thompson, of West Virginia, to be United States attorney for the southern district of West Virginia, vice Leslie E. Given, resigned.

IN THE ARMY

APPOINTMENTS IN THE REGULAR ARMY

The following-named persons for appointment in the Regular Army of the United States in the grades and corps specified, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), title II of the act of August 5, 1947 (Public Law 365, 80th Cong.), and Public Law 36, Eightieth Congress, subject to physical qualification:

To be captains

George T. Britton, MC, O417751.
Don E. Gibbin, DC.
Frank J. Glassy, MC, O1786793.
David S. Hamburg, DC.
Barrie M. Kato, MC, O982793.
James E. Lewis, MC, O410246.
Wendell V. Lyon, MC, O440382.
Ernest R. Seitz, MC, O1736217.
Richard R. Taylor, MC, O1756109.

To be first lieutenants

Clay F. Barritt, MC.
John H. Belser, DC, O966806.
Richard O. Buillis, Jr., MC.
Frederick R. Carriker, MC, O970165.
Andrew Christopher, DC, O964852.
John H. Dodson, JAGC, O388677.
Robert J. Gosling, MC, O981995.
James E. Hemann, ChC, O523776.
George A. Krikos, DC, O966303.
Wendell A. Meikle, DC, O965208.
Earl E. Schoeppner, DC, O975826.
Andrew F. Serio, DC, O1036021.
Charles M. Smith, DC, O966974.
Raymond W. Tomczak, DC, O966824.
Allan O. Wilson, DC, O962536.

To be second lieutenants

Geraldine V. Coxwell, ANC, N765141.
Elizabeth J. Fitzgerald, WMSC, R2534.
Goldia N. Harkness, ANC, N792199.
Bertha J. Hoehn, ANC, N779773.
Barbara L. Kennon, WMSC, R2526.
Martha M. McDevitt, ANC, N804226.
Petronilla Mejias-Garcia, ANC, N792923.
Helen E. Moode, ANC, N802028.
Elizabeth A. Muth, ANC, N758314.
Shirley M. Neill, ANC, N804159.
Rosemary D. O'Regan, WMSC, R2541.
Marie A. Souza, ANC, N754620.
Mildred A. Wilcox, ANC, N753587.
June E. Williams, WMSC, R2532.
James B. Woodrum, MSC, O1057323.

The following-named persons for appointment in the Regular Army of the United States, in the grade of second lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law

81ST CONGRESS
2D SESSION

S. 3304

IN THE SENATE OF THE UNITED STATES

APRIL 24 (legislative day, MARCH 29), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. THOMAS of Oklahoma (for himself and Mr. YOUNG) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, viz: On page 3, between lines 2 and 3, insert the following:

1 (b) So much of section 112 (d) of such Act as pre-
2 cedes paragraph (1) thereof is amended to read as follows:

3 “(d) The term ‘surplus agricultural commodity’ as used
4 in this section is defined as any agricultural commodity, or
5 product thereof or class, type, or specification thereof, pro-
6 duced in the United States which is in excess of domestic
7 requirements. Any agricultural commodity, or product
8 thereof or class, type, or specification thereof, shall be deemed
9 to be in excess of domestic requirements (A) if so deter-
10 mined by the Secretary of Agriculture, or (B) if, in the case

1 of an agricultural commodity or class, type, or specification
2 thereof, such commodity is selling at less than its support
3 price, if any, or (C) if, in the case of a product of an agri-
4 cultural commodity, such product is selling at less than a
5 price sufficient to reflect to producers of such commodity
6 the support price, if any, of such commodity. In providing
7 for the procurement of any such surplus agricultural com-
8 modity for transfer by grant to any participating country in
9 accordance with the requirements of such country, the
10 Administrator shall give effect to the following:".

11 On page 3, line 3, strike out "(b)" and insert in lieu
12 thereof "(c)".

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2^D SESSION

S. 3304

AMENDMENTS

Intended to be proposed by Mr. THOMAS of Oklahoma (for himself and Mr. YOUNG) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

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S. 3304

IN THE SENATE OF THE UNITED STATES

APRIL 24 (legislative day, MARCH 29), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MILLIKIN (for himself and Mr. SALTONSTALL) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, viz: At the end of the bill insert the following new title:

TITLE V

Whereas there are presently before Congress proposals for stimulating an atmosphere for capital investment in and providing technical assistance for underdeveloped areas of the world, such as Africa, the Near and Far East, and Central and South America; and

Whereas it is contended that Congress has already enacted laws dealing with various phases of these proposals such as: Public Law 643 of the Eightieth Congress, authorizing membership in the World Health Organization; Public Law 863 of the Eightieth Congress, providing for acceptance

of the constitution of the International Labor Organization; Public Law 565 of the Seventy-ninth Congress, authorizing membership in the United Nations Educational, Scientific and Cultural Organization; Public Law 174 of the Seventy-ninth Congress, authorizing membership in the Food and Agriculture Organization; Public Law 402 of the Eightieth Congress, the United States Information and Educational Exchange Act of 1948; Public Law 584 of the Seventy-ninth Congress, authorizing student exchange with foreign countries; Public Law 369 of the Eightieth Congress creating the Institute of Inter-American Affairs; Public Law 173 of the Seventy-ninth Congress, establishing the Export-Import Bank; Public Law 171 of the Seventy-ninth Congress, providing for United States participation in the International Monetary Fund and International Bank for Reconstruction and Development, and others; and

Whereas many colleges and universities, religious organizations, business firms, and private agencies, such as the Rockefeller Foundation, the Near East Foundation, the Institute of International Education, and others are presently engaged in some types of technical assistance to various foreign nations; and

Whereas the magnitude and important nature of these proposals and their relationship to existing legislation, activities, and programs demand intensive study and evaluation prior to congressional action:

1 ESTABLISHMENT OF COMMISSION

2 SEC. 501. There is therefore created a bipartisan com-
 3 mission for the purpose of making a study of such proposals,
 4 existing legislation, activities, and programs intended to

1 stimulate capital investment in and technical assistance for
2 underdeveloped areas of the world.

3 MEMBERSHIP OF THE COMMISSION

4 SEC. 502. (a) NUMBER AND APPOINTMENT.—The
5 commission shall be composed of twenty-four members as
6 follows:

7 (1) Eight appointed by the President of the United
8 States, four from the executive branch of the Government
9 and four from private life;

10 (2) Eight appointed by the Vice President, four from
11 the Senate and four from private life; and

12 (3) Eight appointed by the Speaker of the House of
13 Representatives, four from the House of Representatives and
14 four from private life.

15 (b) (1) POLITICAL AFFILIATION.—Of each class of
16 four members mentioned in subsection (a), not more than
17 two members shall be from each of the two major political
18 parties.

19 (2) In selecting the Republican representatives from
20 the Senate and from the House, the Vice President and
21 Speaker of the House are respectfully requested to give due
22 consideration to the recommendations of the minority leader
23 of the Senate and House, respectively.

24 (c) VACANCIES.—Any vacancy in the commission shall

1 not affect its powers, but shall be filled in the same manner
2 in which the original appointment was made.

3 ORGANIZATION OF THE COMMISSION

4 SEC. 503. The commission shall elect a chairman and
5 a vice chairman from among its members.

6 QUORUM

7 SEC. 504. Thirteen members of the commission shall
8 constitute a quorum.

9 COMPENSATION OF MEMBERS OF THE COMMISSION

10 SEC. 505. (a) MEMBERS OF CONGRESS.—Members of
11 Congress who are members of the commission shall serve
12 without compensation in addition to that received for their
13 services as Members of Congress; but they shall be reim-
14 bursed for travel, subsistence, and other necessary expenses
15 incurred by them in the performance of the duties vested
16 in the commission.

17 (b) MEMBERS FROM THE EXECUTIVE BRANCH.—The
18 members of the commission who are in the executive branch
19 of the Government shall each receive the compensation which
20 he would receive if he were not a member of the commis-
21 sion, plus such additional compensation, if any (notwith-
22 standing section 6 of the Act of May 10, 1916, as amended;
23 39 Stat. 582; 5 U. S. C. 58), as is necessary to make his
24 aggregate salary \$12,500; and they shall be reimbursed for
25 travel, subsistence, and other necessary expenses incurred by

1 them in the performance of the duties vested in the
2 commission.

3 (c) MEMBERS FROM PRIVATE LIFE.—The members
4 from private life shall each receive \$50 per diem when
5 engaged in the performance of duties vested in the commis-
6 sion, plus reimbursement for travel, subsistence, and other
7 necessary expenses incurred by them in the performance
8 of such duties.

9 STAFF OF THE COMMISSION

10 SEC. 506. The commission shall have power to appoint
11 and fix the compensation of such personnel as it deems
12 advisable, in accordance with the provisions of the civil-
13 service laws and the Classification Act of 1949.

14 EXPENSES OF THE COMMISSION

15 SEC. 507. There is hereby authorized to be appropri-
16 ated, out of any money in the Treasury not otherwise
17 appropriated, so much as may be necessary to carry out the
18 provisions of this Act.

19 EXPIRATION OF THE COMMISSION

20 SEC. 508. Ninety days after the submission to the Con-
21 gress of the report provided for in section 509 (b), the
22 commission shall cease to exist.

23 DUTIES OF THE COMMISSION

24 SEC. 509. (a) INVESTIGATION.—The commission shall
25 make a comprehensive study of the proposals and existing

1 legislation, activities, and programs of the type described in
2 section 501.

3 (b) Within sixty days after the Eighty-second Congress
4 is convened and organized, the commission shall make a
5 report of its findings and recommendations to the Congress
6 with attention to the relationship between the commission's
7 recommendations and the peace, security, and solvency of
8 the United States.

9 POWERS OF THE COMMISSION

10 SEC. 510. (a) HEARINGS AND SESSIONS.—The com-
11 mission, or any member thereof, may, for the purpose of
12 carrying out the provisions of this Act, hold such hearings
13 and sit and act at such times and places, and take such
14 testimony, as the commission may deem advisable. Any
15 member of the commission may administer oaths or affirma-
16 tions to witnesses appearing before the commission or before
17 such member.

18 (b) OBTAINING OFFICIAL DATA.—The commission is
19 authorized to secure directly from any executive department,
20 bureau, agency, board, commission, office, independent es-
21 tablishment, or instrumentality information, suggestions, es-
22 timates, and statistics for the purpose of this Act; and each
23 such department, bureau, agency, board, commission, office.

1 establishment, or instrumentality is authorized and directed
2 to furnish such information, suggestions, estimates, and sta-
3 tistics directly to the commission, upon request made by the
4 chairman or vice chairman or by a majority of the com-
5 mission.

AMENDMENT

Intended to be proposed by Mr. MULLIKIN (for himself and Mr. SATRONSTADL) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

APRIL 24 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

81ST CONGRESS
2^D SESSION

S. 3304

IN THE SENATE OF THE UNITED STATES

APRIL 24 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. KEM to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, viz: On page 7, between lines 3 and 4, insert the following:

1 TERMINATION OF ASSISTANCE

2 SEC. 107. Section 118 of such Act is amended by add-

3 ing at the end thereof the following new sentence: "The

4 Administrator shall terminate the provisions of assistance

5 under this title to any participating country if the govern-

6 ment of such country, or any agency or subdivision thereof,

7 shall, after the date of enactment of the Economic Coopera-

8 tion Act of 1950, acquire or operate, in whole or in part any

1 basic industry thereof, other than industries the acquisition of
 2 which was completed prior to the date of enactment of
 3 such Act."

81ST CONGRESS
 2d Session

S. 3304

AMENDMENT

Intended to be proposed by Mr. Kew to the bill
 (S. 3304) to amend the Economic Coopera-
 tion Act of 1948, as amended.

APRIL 24 (legislative day, March 29), 1950

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81ST CONGRESS
2D SESSION

S. 3304

IN THE SENATE OF THE UNITED STATES

APRIL 24 (legislative day, MARCH 29), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. KEM to the bill (S. 3304)
to amend the Economic Cooperation Act of 1948, as
amended, viz: On page 7, between lines 3 and 4, insert
the following new section:

1 TERMINATION OF ASSISTANCE

2 SEC. 107. Section 118 of such Act is amended by

3 adding at the end thereof the following new sentence: "The

4 Administrator shall terminate the provision of assistance

5 under this title to any participating country whenever he

6 determines that such country exports or permits the ex-

7 portation, to Russia or any of its satellite countries, after

8 the date of enactment of the Economic Cooperation Act

9 of 1950, of any article or commodity which, in the opinion

1 of the Administrator, could be used to maintain or expand,
2 directly or indirectly, the military forces of any such
3 country.”

81ST CONGRESS
2d Session

S. 3304

AMENDMENT

Intended to be proposed by Mr. Kew to the bill
(S. 3304) to amend the Economic Coopera-
tion Act of 1948, as amended.

APRIL 24 (legislative day, MARCH 29), 1950

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S. 3304

IN THE SENATE OF THE UNITED STATES

APRIL 24 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. KEM to the bill (S. 3304)
to amend the Economic Cooperation Act of 1948, as
amended, viz:

- 1 On page 4, line 2, strike out "\$2,950,000,000" and
- 2 insert in lieu thereof "\$1,950,000,000".

AMENDMENT

Intended to be proposed by Mr. Kew to the bill
(S. 3304) to amend the Economic Coopera-
tion Act of 1948, as amended.

APRIL 24 (legislative day, March 29), 1950
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IN THE SENATE OF THE UNITED STATES

APRIL 24 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TAFT (for himself, Mr. DOUGLAS, Mr. BENTON, Mr. SMITH of New Jersey, Mr. SALTONSTALL, Mr. TOBEY, Mr. WILEY, Mr. MARTIN, Mr. HENDRICKSON, Mr. BREWSTER, Mr. SPARKMAN, Mr. McMAHON, Mr. LEHMAN, Mr. THOMAS of Oklahoma, Mr. MYERS, Mr. PEPPER, Mr. GILLETTE, Mr. HUMPHREY, and Mr. THOMAS of Utah) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, viz: At the end of the bill add a new title as follows:

TITLE V

INTERNATIONAL CHILDREN'S EMERGENCY FUND

SEC. 501. In order to enable the President through June 30, 1951, to carry out the purpose of the International Children's Emergency Fund Assistance Act of 1948 (title II of the Foreign Assistance Act of 1948), the date

1 “1950”, wherever it appears in such Act, is hereby amended
 2 to read “1951”.

3 AVAILABILITY OF APPROPRIATIONS

4 SEC. 502. Funds appropriated by the second paragraph
 5 of title I of the Foreign Aid Appropriation Act, 1949, shall
 6 remain available through June 30, 1951.

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 2D SESSION

S. 3304

AMENDMENT

Intended to be proposed by Mr. TAFT (for himself, Mr. DOUGLAS, Mr. BENTON, Mr. SMITH of New Jersey, Mr. SALTONSTALL, Mr. TOBEY, Mr. WILEY, Mr. MARTIN, Mr. HENDRICKSON, Mr. BREWSTER, Mr. SPARKMAN, Mr. MCMAHON, Mr. LEHMAN, Mr. THOMAS of Oklahoma, Mr. MYERS, Mr. PEPPER, Mr. GILLETTE, Mr. HUMPHREY, and Mr. THOMAS of Utah) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

APRIL 24 (legislative day, March 29), 1950
 Ordered to lie on the table and to be printed

S. 3304

IN THE SENATE OF THE UNITED STATES

APRIL 24 (legislative day, MARCH 29), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. McCLELLAN to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, viz: On page 3, between lines 2 and 3, insert the following new subsection:

1 (b) Section 112 (d) of such Act is amended to read
2 as follows:

3 “(d) The term ‘surplus agricultural commodity’ as used
4 in this section is defined as any agricultural commodity, or
5 product thereof, or class, type, or specification thereof, pro-
6 duced in the United States which is determined by the Sec-
7 retary of Agriculture to be in excess of domestic require-
8 ments. No agricultural commodity, or product thereof, or
9 class, type, or specification thereof, shall be procured under
10 the authority contained in this Act for transfer to any par-

1 ticipating country if it is a surplus agricultural commodity,
 2 unless it is procured within the United States. The pro-
 3 visions of this subsection shall not be applicable to the extent
 4 that any such surplus agricultural commodity is not available
 5 in the United States in sufficient quantities to supply the
 6 requirements of the participating countries under this title.”

AMENDMENT

Intended to be proposed by Mr. McCLELLAN to
 the bill (S. 3304) to amend the Economic
 Cooperation Act of 1948, as amended.

APRIL 24 (legislative day, March 29), 1950
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when those of us who enjoyed the privilege of acting upon this appointment, will be able to take pride in the fact that by our affirmative vote on this nomination, we added new vision, wisdom, strength, and courage to our Nation's leadership.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. WILLIAMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WITHERS in the chair). The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded and that further proceedings under the call be suspended.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. KEM obtained the floor.

CODIFICATION OF ARTICLES OF WAR, ETC.—CONFERENCE REPORT

Mr. KEFAUVER. Mr. President, will the Senator yield so that I may submit a conference report on the Uniform Code of Military Justice, House bill 4080?

The PRESIDING OFFICER. Does the Senator from Missouri yield for that purpose?

Mr. KEM. I yield.

Mr. KEFAUVER. Mr. President, I submit the conference report on the bill (H. R. 4080) to unify, consolidate, revise, and codify the Articles of War, Articles for the Government of the Navy, and the Disciplinary Laws of the Coast Guard, and to enact and establish a Uniform Code of Military Justice.

The PRESIDING OFFICER (Mr. WITHERS in the chair). The report will be read.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4080) to unify, consolidate, revise, and codify the Articles of War, the Articles for the Government of the Navy, and the disciplinary laws of the Coast Guard, and to enact and establish a Uniform Code of Military Justice, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with the following amendments:

On page 9 of the Senate engrossed amendment, line 7, strike out "of supervision in" and insert in lieu thereof "in supervision of."

On page 13 of the Senate engrossed amendment, line 20, strike out "Nonjudicial" and insert in lieu thereof "Non-Judicial."

On page 13 of the Senate engrossed amendment, line 22, strike out "nonjudicial" and insert in lieu thereof "non-judicial."

On page 13 of the Senate engrossed amendment, line 23, strike out "nonjudicial" and insert in lieu thereof "non-judicial."

On page 48 of the Senate engrossed amendment, line 4, strike out "president" and insert in lieu thereof "President."

On page 56 of the Senate engrossed amendment, line 15, strike out "eight" and insert in lieu thereof "fifteen."

On page 57 of the Senate engrossed amendment, lines 6 and 7, strike out "one on March 1, 1953, one on March 1, 1955, and one on March 1, 1957" and insert in lieu thereof "one on May 1, 1956, one on May 1, 1961, and one on May 1, 1966."

On page 57 of the Senate engrossed amendment, line 8, strike out "eight" and insert in lieu thereof "fifteen."

On page 57 of the Senate engrossed amendment, beginning with line 18, strike out all down to and including line 2 on page 58.

On page 58 of the Senate engrossed amendment, line 3, strike out "(5)" and insert in lieu thereof "(4)."

On page 89 of the Senate engrossed amendment, line 13, strike out "buildings" and insert in lieu thereof "building."

On page 92 of the Senate engrossed amendment, lines 22 and 23, strike out "National Military Establishment" and insert in lieu thereof "Department of Defense."

On page 102 of the Senate engrossed amendment, line 21, after the word "executed," insert a comma.

On page 108 of the Senate engrossed amendment, line 9, strike out "allowance" and insert in lieu thereof "allowances."

And the Senate agree to the same.

MILLARD E. TYDINGS,
ESTES KEFAUVER,
LEVERETT SALTONSTALL,
WAYNE MORSE,

Managers on the Part of the Senate.

OVERTON BROOKS,
PHILIP J. PHILBIN,
EDWARD DEGRAFFENRIED,
PAUL W. SHAVER,
CHARLES H. ELSTON,

Managers on the Part of the House.

Mr. KEFAUVER. Mr. President, if the Senator from Missouri will yield further, on the basis that there is, as I understand, no opposition to the conference report, and that there will not be any lengthy discussion, other than perhaps a very brief explanation, I have wondered whether the Senator would yield for the purpose of making a unanimous consent request for the immediate consideration of the conference report.

Mr. KEM. I yield for that purpose, with the understanding that I shall not thereby lose the floor.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. KEFAUVER. Mr. President, this conference report represents the culmination, so far as the Congress is concerned, of a very important piece of legislation. This bill, H. R. 4080, combines in one code the Articles of War, the Articles for the Government of the Navy, and the disciplinary laws of the Coast Guard. It is a piece of legislation which is the result of a great deal of study by a special committee, headed by Prof. Edward Morgan, aided by his capable assistant, the executive director of the committee, Felix Larkin, and by a working committee of the various services.

The House of Representatives considered the proposal at length, and did a very masterful job in the preparation and passage of the original bill. In the Senate, special commendation should go to the distinguished Senator from Missouri [Mr. KEM], who has been working

on this subject for a number of years, and who, in the last Congress, presented the so-called Kem amendment, which was a step toward the final legislation which is now presented. Commendation should also go to the distinguished Senator from Massachusetts [Mr. SALTONSTALL], and to the chairman of the Armed Services Committee, the Senator from Maryland [Mr. TYDINGS], who have given much thought and very helpful attention to this proposed legislation. Many worth-while suggestions have been made by the Senator from Oregon [Mr. MORSE], who joined in the conference report, although the bill does not go so far toward giving civilian control of military justice as the Senator from Oregon would like.

I think we sometimes overlook the fact that the staffs of committees render tremendously worth-while services in connection with these matters. The staff of the House committee and the staff of the Senate Armed Services Committee deserve the thanks of the House and of the Senate for what they have done. In the Senate committee, Mr. Mark H. Galusha particularly has taken the lead in preparing this legislation on behalf of the Senate committee.

By the conference report, the House of Representatives has accepted all the amendments which were made by the Senate. There was final disagreement on one item only. The bill as passed by the House provided for a Court of Military Appeals, appointments to be for life. The Senate bill provided appointments for 8-year terms. The compromise is that the first three appointments shall be made for terms of 5, 10, and 15 years, respectively, and that thereafter the appointments will be for terms of 15 years. In all other respects the House has concurred in the bill as passed by the Senate. I think as time goes on the provisions of this will give the services a system of handling military justice which will be much more satisfactory, much more uniform, and which will assure eventually civilian consideration of all important matters.

As I have previously stated, it provides for a unified code for all the services. Considering the difficulties which have confronted us in the disparity of sentences and in the impaneling of courts-martial after World War I and World War II, I believe this is a very important and worth-while step and is one of the major pieces of legislation ever passed by the Congress.

The PRESIDING OFFICER (Mr. WITHERS in the chair). The question is on agreeing to the conference report.

The report was agreed to.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. KEM. Mr. President, a great Roman once said: "Frugality embraces all the other virtues."

Frugality is considered by some to be old-fashioned, particularly as applied to the policies of the Federal Government.

They regard frugality as a principle no more useful in our present way of life than a horse and buggy. The fact is, Mr. President, that never before in the history of the Republic has there been such pressing need for action on the part of frugal-minded Members of the Senate.

The pending measure would continue the so-called European recovery program another year. During the 2 years this program has been in operation, nearly \$10,000,000,000 have been funneled overseas to 16 countries of western Europe.

Mr. President, I hope the Senate will bear with me if I consider for a moment what this means to the taxpayers of a single State. The Missouri taxpayers' share of this enormous sum is more than \$250,000,000. ECA Administrator Hoffman now wants another \$3,000,000,000, approximately, to carry ECA through next year.

To put it another way, he asks the United States to give to western Europe next year an amount almost equal to the total assessed valuation of the entire State of Missouri, except the city of St. Louis.

The question the Senate must decide is this: Do the results of the Marshall plan justify such a lavish outpouring of dollars of the American people to western Europe, at a time when bankruptcy is not far around the corner here at home, and when we have so many needs of our own people awaiting, yes, and demanding, attention?

I. UNITED STATES IS ON THE BRINK OF BANKRUPTCY

Mr. President, this fiscal year the Federal Government is spending money faster than ever before in our peacetime history—spending at the rate of more than \$43,000,000,000 a year.

The word "billion" should never have been invented. No seven-letter word can possibly express adequately how much a billion dollars really is. If a billion one-dollar bills were laid one on top of the other, the pile would be over 59 miles high. If a man worked 40 hours a week, 50 weeks a year at \$2.50 an hour, it would take him over 200,000 years to earn a billion dollars.

A billion dollars is a lot of money, and the Federal Government is spending \$43,000,000,000 a year.

What is even more alarming, we are not paying our way as we go. Present taxes, high as they are, have not brought in enough to meet expenses. So the administration has turned to operating in the red to meet its bills—to printing I O U's. The staff of the Joint Committee on Internal Revenue Taxation now estimates that the deficit for the fiscal year ending June 30, 1950, will amount to \$6,700,000,000. Furthermore, the staff estimates that the deficit next year, that is, for the fiscal year ending June 30, 1951, will amount to \$7,300,000,000. Now, if two and two still make four—and they always have—that means that during two short years our already monstrous national debt will have increased by the sum of \$14,000,000,000.

This sort of thing cannot go on indefinitely. No country can drift along in the red, year after year, without the people waking up one day to find that

their savings bonds, their insurance policies, and their money in the bank are not worth the paper on which they are printed.

The administration's spending orgy and the overload of taxes are threatening the continued existence of the Republic.

History indicates that socialism comes in whenever Government takes by way of taxes as much as 40 percent of the people's income. If that is the case, we are now within 9 percent of socialism—for Government is now using up 31 percent of all the earnings of the American people.

The danger is very real; the danger is very near. This is the question: What are we going to do about high taxes and extravagant Government spending?

There are three alternatives before us: First, we can continue to operate in the red, going down the primrose path which leads to national bankruptcy; second, we can increase taxes, which are much too high already; third, we can reduce Government expenses.

President Truman's budget for next year calls for continued heavy spending. It is far above what the Treasury expects to take in. The President wants to offset part of the expected deficit by an increase in taxes.

For my part, I cannot go along with this program. The only sound solution lies in cutting Government spending to the level we can afford. It lies in reducing gifts to foreign countries. Expenses should be cut deeply, so that we can balance the budget, and reduce, not increase, taxes.

II. HIGH COST OF GOVERNMENT HAS HIKED THE COST OF LIVING

The Marshall plan has contributed heavily to the high cost of our Government, and to the high cost of living of the American people.

High taxes, many of them hidden taxes which many people pay without knowing it, leave few enough dollars from the pay checks of the American people. Then the high cost of living takes what is left, and sometimes more. The high cost of living is due in large part to inflation brought on by heavy Federal spending and operating in the red.

III. GOVERNMENT SPENDING MUST BE REDUCED; MARSHALL PLAN SHOULD TAKE ITS SHARE OF THE CUT

Government spending must be reduced—right down the line—and there is no reason why the Marshall plan should not take its share of the cut.

After all, does it make sense for us to continue to furnish aid to other countries so that they can balance their budgets, and reduce their national debts, at a time when our Government is not making ends meet by far, and our national debt is zooming up and up hour by hour?

That is exactly what is taking place. Our gifts to the Government of Great Britain, for example, have made it possible for that Government to balance its budget, both internally and externally, and make substantial reductions in its national debt as well.

The debt of the United States is just under \$1,700 per person. In other words,

the Federal Government owes \$1,700 for every man, woman, and child in the country. The per capita debt of the people of Great Britain, on the other hand, is only \$1,560.

Who should be aiding whom?

IV. IT IS TIME TO DEVOTE MORE ATTENTION TO THE NEEDS OF OUR PEOPLE AT HOME

It is time to devote more attention to the needs of our own people. A lot of Americans need better housing. More than \$100,000,000 in Marshall plan funds have been used to construct housing in western Europe. In addition, we have sent—that is, we have given—American machinery to help construct new homes there, and we have furnished, without charge, building materials to carry out the program. In France more than \$14,000,000 in Marshall plan funds are being used to finance construction of workers' homes.

Italy has a new 7-year housing plan under way. Marshall plan funds are being used to help finance it.

Marshall plan counterpart funds are being used to build new roads in Italy, France, and in several other European countries.

I wish to say that we need new roads in this country. Recently the Joint Committee on the Economic Report issued a report stating that \$40,000,000,000 will be required to bring the country's roads and highways up to present-day requirements. More than \$250,000,000, according to the report, will be required to bring Missouri's highways alone up to par.

Since the war the American people have sent more than \$33,000,000,000 overseas under various foreign-aid programs. Missouri taxpayers' share of this is about \$350,000,000. If this money had been applied to building up Missouri's roads, we could have put our highways in first-class condition, we could have graveled every dirt road in the State, and still have had a lot of money left over. Instead, money of our taxpayers has been used to improve the highway systems of foreign countries.

Who among us will say that better roads are not needed here at home?

More than \$35,300,000 in Marshall plan counterpart funds have been allocated by ECA for reclamation of land in the Zuider Zee, in Holland. The Dutch Government has called the Zuider Zee project the "most spectacular work" it has ever embarked upon. It is a great project for the Dutch.

I am intrigued with the draining of the Zuider Zee in the Netherlands. Mr. President, I am far more interested in providing protection to the people in Missouri and other States from the ravaging floods of the Mississippi, Missouri, and other rivers.

Is it possible that drainage and reclamation, like charity, should begin at home?

I want to see Europeans prosperous and contented; but the welfare of our own people should come first, and not last.

V. THE MARSHALL PLAN HAS BECOME MERELY ANOTHER RELIEF PROGRAM

On December 19, 1947, President Truman sent a special message to the Con-

gress on the Marshall plan. This was the inception of the plan.

The President said:

In developing this program, certain basic considerations have been kept in mind.

According to Mr. Truman:

First, the program is designed to make genuine recovery possible within a definite period of time, and not merely to continue relief indefinitely.

Mr. President, let me repeat that statement:

First, the program is designed to make genuine recovery possible within a definite period of time, and not merely to continue relief indefinitely.

The period of time set for this genuine recovery was 4 years.

I am confident that we all want to get western Europe off our backs, to use Mr. Hoffman's expression, just as soon as possible. But even the administration now admits that the Marshall plan is not bringing about genuine recovery in western Europe. On February 21 last, Secretary of State Acheson testified before the House Committee on Foreign Affairs on the foreign aid bill. During the course of his testimony Mr. Acheson was asked this question by Representative RUBINOFF, of Connecticut:

Mr. Secretary, do you think that aid to Europe will end in 1952?

Mr. Acheson replied:

No; I do not think that all American aid, certainly in the world and certainly to some parts of Europe, will end in 1952. (House hearings, p. 19.)

It is clear, then, that instead of being a genuine recovery program, to use Mr. Truman's language, the Marshall plan has become merely another of a long series of foreign relief programs since the war, most of which are now unhonored and unsung.

VI. MARSHALL PLAN FUNDS HAVE NOT BEEN USED WISELY OR EFFECTIVELY

Now for another of the President's objections. Mr. Truman said:

Second, the program is designed to insure that the funds and goods which we furnish will be used most effectively for European recovery.

Instead, the Marshall plan has been used as a dumping chute for hundreds of millions of dollars' worth of things, making no contribution at all to effective European recovery.

For instance, the sum of \$270,000,000 has been spent for tobacco to be sent to Europe under the Marshall plan. In other words, more than a quarter billion dollars, taken from the American taxpayers, under the taxing power, have been used to send gifts of tobacco to western Europe under a so-called recovery program.

Recently a Greek scholar visiting in the United States remarked that the Marshall plan is choking itself to death on nylon stockings, lipsticks, plastic combs, and canned tuna fish.

In his view, the insistence of the United States on shipping finished products, and things that are unnecessary to life in Greece, is stifling Greek economy and making the Greek people lazy and dependent.

VII. A MISSOURIAN TAKES A "SHOW-ME" LOOK AT THE MARSHALL PLAN IN OPERATION

Recently a number of Missouri farmers returned from an agricultural tour of several Marshall plan countries. The tour was sponsored by radio station KCMO, of Kansas City.

J. L. Snyder, of Holden, Mo., wrote me a very interesting letter about his observations as an on-the-spot observer of the Marshall plan.

Mr. Snyder wrote:

The purpose of the trip was to study European agriculture, trade relations, and to learn the facts about the Marshall plan money. I paid my own expenses; and therefore I am free to express my own opinions.

Mr. Snyder said that he was greatly surprised to find Europe, as a whole, in better condition than he had been led to think.

He wrote:

It was a very great disappointment to us to find that the people of the middle or lower classes knew absolutely nothing about the generous gifts of our money. Those we had hoped would be friendly because of our financial aid were antagonistic. They claimed that it had been a detriment to them. In France, the wealthy have become wealthier, and the poor have become poorer.

Mr. Snyder then said:

We had been led to think that with financial aid we have been selling democracy and helping to keep communism down. In this we have definitely been "taken for a ride."

Mr. Snyder asks how our aid can help promote democracy if the leaders of the countries and the men who administer the aid are the only people in that country who know where the money comes from.

He expressed concern over the fact that Marshall plan dollars are being used to build up foreign competition. He said:

Belgium and Holland are exporting dairy products, and like the other countries, have become our competitors in the world market.

Mr. Snyder was not at all convinced that Marshall plan countries would be of value to us as allies in a war with Russia. He said:

It is my opinion that in case of war with Russia, we cannot count on France or Italy as an ally. But if we build a national defense excelled by no other country on earth, they will know that by joining us they will be on the winning side.

Our only hope is to build a nation so strong both economically and militarily that no power on earth will dare attack us. Then no American boy will have to lie in the cemeteries over there because we thought of Europe first.

VIII. MARSHALL PLAN COUNTRIES HAVE USED OUR DOLLARS TO EXPERIMENT WITH SOCIALISTIC DEVICES OF A DISTRESSING NUMBER AND VARIETY

Mr. President, during the debate in the Senate in 1948 on the original ECA authorization bill, the following statement was made:

All of the dollars in the world cannot of themselves cure the economic ills of the 16 Marshall plan countries. Whether they solve their basic economic problems depends not on the amount of our aid but upon the actions of their own governments. These nations at the present time are carrying out vast socialistic experiments which have been unsuccessful every time and everywhere they

have been tried. They show no indications of working now in Europe. Trade restrictions, unbalanced budgets, rationing, priorities, allocation of materials, and over-valuation of currencies, all are hindering recovery. These socialistic devices interfere with the natural course of production and commerce, rendering futile any help on our part. Any further aid we send will also go down the drain unless these countries discard their nationalization schemes.

The Truman-Marshall plan is conditioned on a program of self-help by the borrowing governments. But these 16 nations have given no indication that they intend to discard the socialistic practices which have nullified our aid thus far, and which will as surely continue to paralyze economic recovery in these countries. The Truman-Marshall plan would only defeat its own end by encouraging the ill-conceived policies which are at the root of western Europe's economic troubles.

Mr. President, that was said by me in the debate in 1948. The words are as appropriate today as they were then.

Certain of the Marshall-plan countries have balanced their budgets and devalued their currencies. These steps have had desirable effects.

But the so-called dollar shortage still plagues the Marshall-plan countries. The principal reason for this condition is the fact that most of the Marshall-plan countries persist in making use of a hodgepodge of trade restrictions, allocations, rationing, priorities, bilateral treaties, government planning, price fixing, profit fixing, wage fixing, import prohibitions, multiple currencies, and any number of similar socialistic devices whose net effect has been regimentation of the European economy, and extreme economic nationalism.

Mr. Hoffman has admitted several times recently that the situation is a serious one. He has stated that Europe "must bring these barriers down" and must create a free market or there will be no permanent road to prosperity after 1952.

But despite certain efforts which have been made by ECA to bring about so-called integration of the European market, the situation has become steadily worse.

As Representative LODGE, of Connecticut, stated during the House committee hearings:

Economic nationalism in Europe is rampant (House hearings, p. 607).

Henry Hazlitt, contributing editor of Newsweek magazine, and author of its business column, told the House committee:

The sad fact is that our Government foreign-aid program has had exactly the opposite effect of the one its supporters hoped for. It has slowed down the pace of economic recovery instead of increasing it. It has set back economic freedom instead of promoting it.

This, then, Mr. President, is the situation which our efforts have created. The Marshall plan participating countries have used our dollar gifts, not in accord with any over-all plan of integrated recovery, but instead, with the notable exception of Belgium, the Marshall-plan countries have used our dollars to promote, with costly results,

experiments with socialistic devices of a distressing number and variety.

Imagine the chaos that would result if each 1 of our 48 States suddenly undertook to put into effect socialistic nightmares originating in the fertile and disturbed brains of government planners from Marx to Cripps, and to regiment all trade with neighboring States in accordance with 3-, 5-, or 10-year plans. This is exactly what has happened in Europe—and its activation has been made possible by Marshall-plan dollars.

IX. THE MARSHALL PLAN IS OPERATING IN REVERSE

The original ECA authorization bill, passed early in 1948, provided that of a total of about \$6,000,000,000 authorized, \$1,000,000,000 should be available only in the form of loans or guaranties. Last year the amount made available for loans was reduced to \$150,000,000 of a total authorization of about \$4,000,000,000.

The pending authorization bill specifically limits none of the amount authorized to loans. Instead, it has left to the discretion of ECA Administrator Hoffman the amount to be allocated in the form of loans.

On Tuesday, February 21, Mr. Hoffman testified before the Senate committee. During the course of his testimony, the following colloquy occurred between the senior Senator from Wisconsin [Mr. WILEY] and Mr. Hoffman:

Senator WILEY. Is there any of this loaned to any country under the terms of the act or is it given?

Mr. HOFFMAN. The present proposed bill would leave it optional, but there would be very little in the way of loans; some loans.

Senator WILEY. So it is virtually an out-and-out grant; is that right?

Mr. HOFFMAN. Yes; I think there might be \$75,000,000 in loans out of the \$2,950,000,000, but that would be about all that should be placed.

Mr. President, it occurs to me that this situation is antithetical to sound international economics. The Marshall plan seems to be operating exactly in reverse. If it is a genuine recovery program, as we were told by the President in 1947, if the plan has brought about a substantial increase in production in western Europe, as stated by Mr. Hoffman now, then sound economics demands that the proportion of loans to outright grants be increased, not decreased to the vanishing point.

Mr. Hoffman, in his testimony before the House Committee on Foreign Affairs on February 24, offered an interesting, and, I may say, a novel explanation of his position on the matter. He said:

To ask them to take loans instead of grants is to ask them to commit what I think is an immoral act. (House hearings, p. 77.)

Mr. Hoffman then said—and I ask particular attention to this language, Mr. President—

It will take 50 years for Europe to come back, in my opinion, to where she is earning enough to handle what she needs in a given year and service the debt she now has (House hearings, p. 78).

Mr. Hoffman says it will require 50 years.

In other words, Mr. President, Mr. Hoffman not only has the temerity to

suggest to the American taxpayers financing his give-away plan that it is "immoral" to ask the Socialist Government of Britain to accept a loan instead of a gift; he now tells us that they cannot expect Europe to regain her economic feet for 50 years, which is exactly the reverse of all the Administration's soothing utterings about "genuine recovery" in 1952.

X. MARSHALL PLAN SHOULD BE TERMINATED IN AN ORDERLY YET SPEEDY FASHION

Nevertheless, we have embarked on this costly and, as I believe, unwise program.

The American taxpayers have a right to expect that the investment already made will not go completely for naught. They have a right to expect that the Marshall plan should be terminated in a speedy yet orderly fashion.

I do not advocate an immediate termination of our aid to western Europe. Our aid should, however, be reduced sharply this year, and terminated completely by the end of the fiscal year 1952, as originally contemplated. Furthermore, steps should be taken to insure that the remainder of the program is administered in a manner more economical to our taxpayers and in a manner designed to promote and encourage genuine recovery in western Europe.

In order that these objectives may be attained, I suggest that the pending bill be amended in certain particulars. I do not say that other amendments would not be desirable, but I have offered three amendments to the pending bill.

First. An amendment to reduce the authorization for the next fiscal year by \$1,000,000,000.

Second. An amendment to terminate aid to any country participating in the program which in the future nationalizes or socializes additional basic industries.

Third. An amendment to terminate aid to any country participating in the program which continues to funnel war materials from the United States to Russia and her satellites.

I shall discuss at another and appropriate time the second and third amendments to which I have referred.

Mr. President, the pending bill would authorize the expenditure of \$2,950,000,000 to continue ECA another year. The amendment to which I am now addressing myself would reduce the amount authorized by \$1,000,000,000.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. KEM. I am about through with my prepared statement, which I should like to complete before yielding. I shall be very glad to yield to the distinguished Senator from Ohio when I am through with my statement.

If the Senate sees fit to adopt the proposed amendment, ECA will still have available for distribution to Europe next year one thousand nine hundred and fifty million dollars, plus an estimated \$149,000,000 which, it is expected, will be carried over from this year's appropriation.

When we consider the fact that a considerable portion of ECA funds have been used for purposes making no effective contribution to genuine European recovery, when we consider the fact that

our own Government is tottering on the brink of bankruptcy, and when we consider the fact that the needs of our own people are being neglected to prop up Socialistic governments abroad, the reduction called for by the proposed amendment is modest, indeed.

Mr. President, the American front line is not on the Rhine or in the torrid jungles of Burma: it is in a sound American economy, and a strong national defense.

In 1879 Gladstone said:

The first thing is to foster the strength of the empire by just legislation and economy at home. * * * Here is my first principle of foreign policy: good government at home.

The greatest contribution we can make to the peace of the world is to show the people of other countries that the great experiment in self-government launched on this continent some 150 years ago can be made to work.

Are we making it work by spending billions of dollars more than we take in from taxes?

Are we making it work when we run the printing presses 24 hours a day, turning out I O U's to be paid when? By our children, or our children's children?

Mr. President, during the debate on the original Marshall plan authorization bill in 1948, I made the following statement:

The emotional interest exhibited in some quarters today in favor of distributing among the peoples of foreign lands the wealth accumulated in this country by many generations of thrifty and frugal-minded people, appears to be one of those strange emotional manias, or moral epidemics, which have excited the minds of men from time to time at various periods in the world's history.

An interesting book on this subject has been written, strangely enough, by an Englishman, L. C. Mackey. It is entitled "Extraordinary Popular Delusions and the Madness of Crowds."

The author says:

In reading the history of nations, we find that, like individuals, they have their whims and their peculiarities; their seasons of excitement and recklessness, when they care not what they do.

I should like to repeat that statement, Mr. President:

We find that (nations) like individuals, * * * have * * * their seasons of excitement and recklessness, when they care not what they do. We find that whole communities suddenly fix their minds upon one object, and go mad in its pursuit; that millions of people become simultaneously impressed with one delusion, and run after it, till their attention is caught by some new folly more captivating than the first (preface, p. xix).

Every age has its peculiar folly; some scheme, project, or fantasy into it which plunges, spurred on either by the love of gain, the necessity of excitement, or the mere force of imitation. Falling in these, it has some madness, to which it is goaded by political or religious causes, or both combined. Every one of these causes influenced the Crusades, and conspired to render them the most extraordinary instance upon record of the extent to which popular enthusiasm can be carried (p. 354).

If two or three persons can only be found to take the lead in any absurdity, however great, there is sure to be plenty of imitators. Like sheep in a field, if one clears the stile, the rest will follow (p. 613).

This book originally published in 1841, was reprinted in America in 1932. For this American edition a special preface was written by a distinguished American, the Honorable Bernard M. Baruch. Mr. Baruch wrote:

The migration of some types of birds; the incredible mass performance of the whole species of ocean eels; the prehistoric tribal human eruptions from central Asia; the Crusades; the medieval dance crazes; or, getting closer to economics, the Mississippi and South Sea Bubbles; the Tulip Craze; and (are we too close to add?) the Florida boom and the 1929 market-madness in America and its sequences in 1930 and 1931—all these are phenomena of mass action under impulsions and controls which no science has explored. They have power unexpectedly to affect any static condition or so-called normal trend. For that reason, they have place in the consideration of thoughtful students of world economic conditions.

Mr. Baruch did not do so, but he might well have included the infamous Salem witchcraft persecutions as another example of mass action under impulsions and controls, or moral epidemics.

Mr. President, on the great seal of the State of Missouri there is written: "Salus populi suprema lex esto"—Let the welfare of the people be the supreme law. The welfare of our own people—that is, the welfare of the people of the United States, and not the people of any foreign land across the sea—should be the first concern of the people of the United States.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I am glad to yield.

Mr. MALONE. From the well thought out address which the distinguished Senator from Missouri has just made, I understand that he intends to offer or has offered to the ECA extension bill an amendment prohibiting the payment of money or the sending of goods to nations which are assisting Communist areas.

Mr. KEM. I have offered such an amendment, to be printed and lie on the table. I propose to discuss that amendment tomorrow.

Mr. MALONE. I should like to ask the Senator whether he recalls that in March 1949, I listed, in a speech I made in the Senate, 85 trade treaties which the 16 Marshall plan countries then had made with Russia and the Iron Curtain countries, under which treaties they were shipping to Russia and the Iron Curtain countries all kinds of goods, such as ball bearings, tool steel, heavy farm machinery, construction equipment, farm machinery, railroad cars, locomotives, and practically everything necessary for the waging of a third world war against us and to consolidate their gains in Europe and in Asia.

I also would like to know whether the Senator recalls that on January 24, of this year, in bringing the list of such treaties up to date, I said there are 95 such treaties in good standing as of that date.

In view of the amendment the Senator has submitted, I am inquiring whether or not he has considered this feature of our relations with the nations of Europe.

Mr. KEM. I was very much inter-

ested in those treaties when the Senator from Nevada submitted them for the Record last year. I examined them, and I think they are an important contribution to the study of the funneling of the materials and goods produced by the American people through the countries of Western Europe to Russia and the satellite countries.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. KEM. I yield.

Mr. MALONE. Does the Senator from Missouri take into consideration the fact that today France and England, 2 of the 16 Marshall plan nations, have nonaggression treaties with Russia still in good standing, which so far as I know are still in force; at least, we have not heard anything or received any notice to the contrary. I submitted those treaties for the CONGRESSIONAL RECORD in March 1949. One of them was dated 1942, and was signed by Anthony Eden, for the British Empire, and by V. Molotov, for Russia. With the Senator's permission, I should like to read briefly from it:

ARTICLE VI

The high contracting parties agree to render one another all possible economic assistance after the war.

ARTICLE VII

Each high contracting party undertakes not to conclude any alliance and not to take part in any coalition directed against the other high contracting party.

Now let me refer to the French-Russian treaty, signed by Bidault, for France; and by Molotov, for Russia. The treaty was signed in Moscow on December 10, 1944. It was also mentioned by me in the same address in the Senate, and both these nonaggression treaties were printed in the CONGRESSIONAL RECORD in March 1949. Articles V and VI of the French-Russian treaty read as follows:

ARTICLE V

The high contracting parties undertake not to conclude any alliance and not to take part in any coalition directed against either of the high contracting parties.

ARTICLE VI

The high contracting parties agree to render each other every possible economic assistance after the war, with a view to facilitating and accelerating reconstruction of both countries, and in order to contribute to the cause of world prosperity.

I should like to ask the distinguished Senator from Missouri whether he has any knowledge of these nonaggression treaties, particularly as to whether they have been abrogated in the meantime.

Mr. KEM. I have no knowledge as to that. As I recall, the treaty between Great Britain and Russia has to do with aggression from Hitler or from some successor of the Hitlerian government. I do not recall the circumstances relative to the treaty between France and Russia.

At any rate, they are 20-year military alliances; and in case of war between Russia and the United States, it seems to me that the governments of Great Britain and France would be required to make a determination as to which of its allies it would associate itself with—whether it would join the cause of Russia or whether it would join the cause of the United States.

Mr. MALONE. Mr. President, if the Senator will permit, let me say that I do not see in the treaties anything which limits the application of such agreements. The treaty between Great Britain and Russia, for instance, merely says, in article VII:

Each high contracting party undertakes not to conclude any alliance and not to take part in any coalition directed against the other high contracting party.

Mr. KEM. Does not the preamble of the treaty between Great Britain and Russia say something about aggression by the Hitler government or its successor?

Mr. MALONE. Here is the opening language of the British-Russian treaty:

His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the seas, Emperor of India, and the President of the Supreme Council of the Union of Soviet Socialist Republics;

Desiring to confirm the stipulations of the agreement between His Majesty's Government in the United Kingdom and the Government of the Union of Soviet Socialist Republics for joint action in the war against Germany, signed at Moscow on the 12th July, 1941, and to replace them by a formal treaty.

The formal treaty takes in more territory. It came later and could well apply to any other nation attacking either of the contracting parties, as the case might be.

Mr. KEM. The Senator from Nevada would know more about that than I would know. I was under the impression that the treaty had to do particularly with aggression by the government of Germany. In any event, it is clear that the treaty constitutes a military alliance between Great Britain and Russia.

Mr. MALONE. Mr. President, if the Senator will further yield, I should like to call his attention to a joint resolution which the junior Senator from Nevada introduced in the Senate on January 24, 1950. I understand that the Senator's amendment corresponds to the joint resolution introduced by the junior Senator from Nevada. I had intended to submit an amendment to the ECA bill in line with my joint resolution of January 24, 1950, but now I intend to support the amendment which has been submitted by the distinguished Senator from Missouri which I understand, will, if accepted, accomplish the same purpose.

Mr. KEM. I am glad to have the distinguished Senator from Nevada join me in that matter.

Mr. MALONE. The first paragraph of the joint resolution which I introduced on January 24, 1950, as it appears on page 846 of the CONGRESSIONAL RECORD, reads as follows:

Joint resolution to prohibit financial aid to any foreign country engaging in trade with Russia, her satellite countries, or any other area dominated or controlled by Russia.

Mr. President, I ask unanimous consent to have appear in the Record at this point the joint resolution introduced by the junior Senator from Nevada, prohibiting assistance to such countries.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Joint resolution to prohibit financial aid to any foreign country engaging in trade with Russia, her satellite countries, or any other area dominated or controlled by Russia

Whereas one of the alleged basic purposes of the Marshall plan is the restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence through a joint program based upon self-help and mutual co-operation; and

Whereas Russia and other Communist-dominated and controlled countries and areas have refused to participate in such joint program; and

Whereas Communist actions have endangered world peace; and

Whereas certain participating nations under the Marshall plan by trading with Russia and other Communist-dominated and controlled countries and areas and through non-aggression pacts and treaties are violating the basic principles of the Marshall plan and are aiding and fostering communism in other areas of the world through furnishing the necessary equipment, machinery, and supplies to consolidate Communist gains in eastern Europe and in Asia; and

Whereas such nations are furnishing Russia and the Communist areas necessary equipment, machinery, and supplies for World War III; and

Whereas it is the sense of the Congress and the basic policy of the Marshall plan and its enabling legislation that assistance to any participating country which falls in any way to meet its obligations to sustain and strengthen the principles of individual liberty, free institutions, and genuine independence, through cooperating with such Communist nations and areas, should be terminated: Now, therefore, be it

Resolved, etc., That on and after the date of the enactment of this joint resolution, no financial aid shall be given by the United States or any agency or officer thereof (whether by loan, grant, lend-lease, or in any other manner) to any foreign country which engages in trade or commerce on or after such date with Russia, her satellite countries, or any other Communist-dominated or controlled area in any other country.

SEC. 2. It is the sense of the Congress that no moneys shall hereafter be appropriated and no loans shall hereafter be made and no equipment or supplies of any kind shall be furnished to any nation engaging in such trade or commerce or permitting its nationals to do so.

Mr. MALONE. Mr. President, if the Senator from Missouri will permit, I ask unanimous consent to have inserted at this point in the RECORD a release issued by me on January 24, 1950.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

OUR INTERNATIONAL STUPIDITY

This country is now arming Russia.

We censured ourselves for permitting a short-sighted Administration to send scrap iron and oil to Japan before Pearl Harbor, "but today we are treating the Communists much better; we are seeing to it that they get, not scrap, but finished products. We bowed our heads in shame over our permitting scrap iron to be sent to Japan. Now is the time to bow our heads in shame again.

"Aid which we are sending to ECA countries is finding its way in finished products to the communist countries," said MALONE, and to back up this serious charge he submitted a list of 95 recent trade agreements

between ECA countries and countries behind the iron curtain.

Metal-working tools, steel, ball bearings, electrical machinery and apparatus, grain mills, heavy road machinery, farm machinery, and assembled motor vehicles are a few of the many items being sent to Russia's satellite countries from ECA nations.

It is the opinion of informed people that Russia cannot process and manufacture goods fast enough to keep her satellite countries contented, and without our help Russia will fail in her aggression. It is paradoxical that only with our help can Russia defeat us.

Is there a cold war? Let us make up our minds. If there is no cold war, let us trade with Russia openly and freely. If there is a cold war, on the other hand, if we are fighting communism, let us stop all assistance of every nature to those countries assisting Russia or in the Communist area.

It is downright silly to say there is a cold war and at the same time help our enemy in that cold war to consolidate her gains, to help our enemies fight World War III.

Mr. MALONE. Mr. President, I wish to commend the Senator from Missouri for his amendment and his address before the Senate today. It is high time that we made up our minds which side we are on.

In other words, now we are furnishing to the 16 Marshall plan countries raw materials and money and industrial machinery. In truth, we are furnishing a very large amount of machinery, raw materials, and money to the 16 Marshall plan countries; and the fact is—as shown by the 95 trade treaties made by the 16 Marshall plan countries with Russia or with satellite countries, with which we claim we are in a cold war at this moment—that much of those materials and supplies is going from the Marshall plan countries to Russia or the satellite countries on the first bounce. We ship the materials to the Marshall plan countries and that machinery is installed and is used for the manufacture of the products and commodities later shipped to Russia and her satellites—it is a manufacturing in transit rate.

As a matter of fact, in the case of the treaty between Great Britain and Russia, which was placed in the CONGRESSIONAL RECORD in March 1948 by me, the first item covered in that treaty was 1,100 locomotives, needed desperately by Russia for any war with us—either cold or hot.

We say that nothing which can be used for waging war or in any way to strengthen these nations for that purpose will be shipped by us to those areas. On the other hand, I ask the distinguished Senator from Missouri whether he was motivated, in offering this amendment, by the fact that not only are these treaties in existence and being fulfilled at this time, but that England, India, and other nations within the sterling bloc have recognized Communist China, and are daily increasing such shipments to Communist China, thus consolidating the Communist gains as well as preparing for war?

Mr. KEM. I think that is a very important consideration, and I thank the Senator from Nevada for the important contribution he has made to the discus-

sion today. I expect to discuss that phase of the matter tomorrow.

Mr. TAFT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Ohio?

Mr. KEM. I yield.

Mr. TAFT. Has the Senator offered his amendment to cut the appropriation by \$1,000,000,000?

Mr. KEM. I have not asked that it be taken up. I offered it. It lies on the table, and it has been printed.

Mr. TAFT. I wonder whether the Senator should not offer it.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TAFT. May I ask whether any amendment is pending at this time?

The PRESIDING OFFICER. There is no amendment pending.

Mr. KEM. I should be very glad to call up the amendment which I previously submitted, to reduce the authorization in the pending measure by \$1,000,000,000.

Mr. TAFT. Mr. President, I am very much interested in cutting the appropriation. I fully agree with the Senator's warning that we are facing this year a deficit of \$6,000,000,000, and next year, a deficit of six or seven billion dollars. It seems to me we must cut every phase of Government operation. Certainly there is no reason that I can see for not making a cut in the aid to foreign countries. I can see some reason perhaps for not cutting appropriations for the American armed forces, but aside from that, it seems to me that if those in charge of the Government take the position that this appropriation for a gift to many foreign nations cannot be cut, then I cannot see how we can hope to cut domestic expenditures. It seems to me the place to begin, if we are going to reduce the budget, is here—to begin whenever we come to anything on which we can begin.

So I have every sympathy with the Senator's desire to cut the budget. I have no desire to destroy the ECA program in any way. I wonder whether the Senator has given any consideration to the basis on which the amount of the program is predicated, and what the basis is for the \$3,100,000,000. Does the Senator know why \$3,100,000,000 was used rather than \$2,100,000,000, or \$2,600,000,000?

Mr. KEM. I suppose that an effort will be made to justify the amounts before the Appropriations Committee. But I cannot help recalling the justifications which were made before the committee last year. For instance, we were told that certain sums would be paid out in this country for American wheat. The amounts stated by Mr. Hoffman before the Appropriations Committee were far in excess of the purchases actually made. Apparently this is, to some extent at least, merely window dressing; the figures are picked out of the air, and the ECA Administrator feels no moral compulsion whatever to follow the figures which he so glibly re-

cites before the Appropriations Committee.

Mr. TAFT. I have tried to analyze, from such documents as are available, the advances to the United Kingdom contained in the bill, because there are somewhat better statistics available as to the United Kingdom than as to other countries. But, taking the United Kingdom, for example, the table on country-aid programs shows that, of the total of \$2,925,000,000—the balance I think is for shipping and other things—\$687,000,000 is to go to the United Kingdom. I shall ask permission later to put the figures in the RECORD. Of the total, \$326,000,000 is for agricultural products, and about \$326,000,000—strange to say, exactly the same figure—is for industrial products. Whether that is a mere chance, or whether that figure was merely picked, or the sum merely happened to be divided up in that way, I do not know. With transportation, \$34,000,000, added, the total is \$687,000,000. Does the Senator know whether that total is reached by providing certain commodities which are needed, or whether it has to do with the so-called dollar balance or dollar deficit of the British Government?

Mr. KEM. I do not know how the figures were arrived at, but I can say with assurance that it is improbable there will be any relationship between those figures and the final purchases made, in the event the bill is passed and the appropriations made. We have learned that from the past.

Mr. TAFT. I wonder whether the Senator has read the statement made by Sir Stafford Cripps in the House of Commons, on Tuesday, April 4. I will read the essential feature of it. He said:

I should like to give to the House the figures on our gold and dollar position for the first quarter of this year. During that period the sterling area earned a net gold and dollar surplus of \$40,000,000 compared with a deficit of \$31,000,000 in the fourth quarter of 1949, a deficit of \$539,000,000 in the third quarter of 1949, and a deficit of \$330,000,000 in the corresponding—that is, the first—quarter of 1949. We received assistance under the European recovery program, largely in the form of reimbursement for expenditure already incurred by us, amounting to \$229,000,000, and we also drew on the Canadian credit to the extent of \$27,000,000. Thus the gold and dollar reserves rose by \$296,000,000 during the quarter, so that, on the 31st of March 1950 they stood at \$1,984,000,000, compared with \$1,688,000,000 on the 31st of December 1949, and \$2,241,000,000 on the 31st of March 1948, immediately before the European recovery program was put into operation.

The Senator will see that that means that the sterling area, during the 6 months beginning the 1st of October of last year and ending the 1st of April, this year, actually had a net surplus, without assistance from the ECA, of \$9,000,000. Because of the devaluation of the pound, therefore, the British Government has balanced its international budget. The question which occurs to me is whether that fact has been taken into account. I think obviously it has not been taken into account by the ECA. I wonder why, if the British Government is able to balance its dollar budget, we should advance anything to the

United Kingdom during the following year.

Mr. KEM. I think that is a very pertinent suggestion. Was the statement of Sir Stafford Cripps made in the House of Commons?

Mr. TAFT. It was.

Mr. KEM. Does the account which the Senator has before him indicate how the statement was received by the Members of the House of Commons? Did they show any marks of satisfaction?

Mr. TAFT. Oh, yes; they applauded. I do not have before me that particular account, but Sir Stafford was greatly applauded, particularly from the ministerial benches, as having accomplished a great feat—and it was a great feat. He points out as one of the most important reasons for the result—

The reduction in the United Kingdom's own expenditure on imports from the dollar area, bringing it now within the rate of \$1,200,000,000 a year, which we have laid down in our program. * * * This major achievement is a triumph of cooperative effort by commonwealth countries of the sterling area.

Mr. KEM. Does the Senator recall whether Sir Stafford Cripps made any acknowledgment of the assistance given him by his American friends in accomplishing this result?

Mr. TAFT. Oh, yes. The golden-dollar balance has been built up by ECA money to more than \$2,000,000,000, which is considered the safe point. They do not like to go below that point, which is, I think, a reasonable position to take. But what interests me is the justification for advancing to the British \$687,000,000, if, in view of devaluation, they are able to pay their own way. The devaluation has injured us. It enabled England to sell goods in competition with American goods in all parts of the world. It has built up their exports, and it has enabled them to ship goods to this country more cheaply. Since they have that advantage over us, and have taken it, why should we go on advancing additional sums to the British in any amount?

Mr. KEM. Particularly in view of the current deficit in our finances.

Mr. TAFT. Particularly in view of the deficit in our own finances, and the fact that the British budget is balanced. It is rather interesting that in presenting the budget Sir Stafford Cripps is asking for the same tax levy, but he is reducing the income tax during the coming year as to lower incomes. That has to be made up by taxes on gasoline, for the most part.

Mr. KEM. Does the account which is before the Senator indicate whether the allocations for food subsidies to the British people are being reduced in any way?

Mr. TAFT. No. My recollection is that the subsidies are about the same. There has been a little shuffling of the subsidies.

Mr. KEM. Am I correct in my understanding that the subsidies enable British housewives to buy items of groceries for far less than their American counterparts pay in this country?

Mr. TAFT. I do not think it is far less, but it is less.

Mr. KEM. Is it not true that on some items the prices in England are as little as one-fourth of the prices paid by American housekeepers?

Mr. TAFT. I am afraid I do not know. I had not thought so, but I have not checked it. The Senator will find in the budget estimates submitted by the ERP the same figure of \$687,000,000 for Great Britain, and it is reached on the basis of the balance of payments. In that is estimated the amount of imports and payments for services, exports, and receipts for services. It seems fairly clear that the estimated balance for 1949-50 has not taken into account the change in the British balance-of-payment situation brought about by devaluation, and the amount figured for Great Britain's balance in 1949-50 is probably overstated by at least \$200,000,000. How much the 1950-51 estimate is overstated is, I suppose, a matter of conjecture, but I at least wish to suggest to the Senator and to the Senate that we re-examine the situation and ask for a re-estimate by ECA for the coming year in the light of the developments of the British balance of payments today.

It is quite possible they have had a balanced budget for the past 6 months, and that situation may be only temporary. Perhaps they cannot balance it for the next 6 to 9 months, but certainly it must be much closer to balance than when the estimate was made last fall by the ECA. The bill is still based in its amounts on the estimate made before the condition developed which has been shown by the statement of Sir Stafford Cripps.

I am interested in ascertaining what is the amount the authorization in the bill can be reduced. I am sure the estimate can be cut and can still accomplish the purposes of ECA, but whether it can be cut a billion dollars, a billion and a half dollars, or a half-billion dollars, I do not know. There is nothing in the hearings, so far as I have been able to ascertain, that can enlighten the Senate. I think we have a right to ask of those who advocate this tremendous expenditure that they tell us the reasons for the large amount required. Why do they have to have so many pounds of wheat and so many pounds of cotton? This is the most vague estimate that I know of among all the estimates submitted to the Senate. As to their domestic expenditures, the statement is presented in detail and we can check it. But why should we give \$687,000,000 to the British instead of \$300,000,000? I can find nothing in my studies to answer that question.

Mr. KEM. Do I correctly understand the Senator to say that the British Government has balanced its budget both internally and externally as of today?

Mr. TAFT. In the past 6 months it has balanced its external budget. So far as its internal budget is concerned, it may be balanced with some American assistance, because counterpart funds are used to some extent to help to balance the budget.

Mr. KEM. Am I correct in understanding that \$500,000,000 of the counterpart funds have been used to retire the British internal debt?

Mr. TAFT. That is what I understood last year, yes.

Mr. KEM. Under those circumstances, does it not seem that the purposes of the original ECA Act have been

accomplished, so far as England is concerned, and so far as gifts from America are concerned?

Mr. TAFT. I am not quite certain. That is what I should like to know. It has been suggested in the statement of Mr. Cripps that the situation is only temporary, due to certain things which may not recur, but he said that as to the last quarter of 1949 whatever temporary conditions there were continued even more strongly in the first quarter of 1950. So I do not know. It may be that a hearing will show that there will clearly be a deficit in the balance of payments during the coming year, but I am quite certain that if so, it must be smaller than the ECA thought it would be when it made the budget 6 months ago.

Mr. KEM. Does the Senator's study of the figures indicate that important discrepancies, or, shall we say, differences, exist between the estimates presented by the Administrator to the Appropriations Committee and the actual purchases made?

Mr. TAFT. So far as I can figure, the budget estimate submitted, to the extent that it is based on an estimated balance of payments for 1949-50, is at least \$2,000,000,000 wrong today. We have covered three-fourths of the period. As to whether the estimates for next year are correct, I have no means of checking at the present time.

Mr. KEM. How about purchases as between different commodities in this country? Have the estimates been followed closely?

Mr. TAFT. That I do not know. That is in the hearings, on page 27, as to what they estimate for next year, but how closely the estimates have been followed I do not know.

If the Senator does not object, I should like to offer a number of matters for the RECORD.

Mr. KEM. That will be an important contribution to the RECORD.

Mr. TAFT. Mr. President, I ask unanimous consent to have inserted in the RECORD at this point the statement by the Chancellor of the Exchequer on Britain's reserve position, which is dated April 4, 1950.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

APRIL 4, 1950.

BRITAIN'S RESERVE POSITION

TEXT OF THE STATEMENT MADE BY SIR STAFFORD CRIPPS, CHANCELLOR OF THE EXCHEQUER, IN THE HOUSE OF COMMONS ON TUESDAY, APRIL 4, 1950

I should like to give to the House the figures on our gold and dollar position for the first quarter of this year. During that period the sterling area earned a net gold and dollar surplus of \$40,000,000, compared with a deficit of \$31,000,000 in the fourth quarter of 1949, a deficit of \$539,000,000 in the third quarter of 1949, and a deficit of \$330,000,000 in the corresponding, that is, the first, quarter of 1949. We received assistance under the European recovery program, largely in the form of reimbursement for expenditure already incurred by us, amounting to \$229,000,000, and we also drew on the Canadian credit to the extent of \$27,000,000. Thus, the gold and dollar reserves rose by \$296,000,000 during the quarter, so that on March 31, 1950, they stood at \$1,984,000,000, compared with \$1,688,000,000 at December 31, 1949, and \$2,241,000,000 at March 31, 1948,

immediately before the European recovery program was put into operation.

It is not possible so soon after the event to give a complete explanation of these changes in our position. In broad terms the various causes are known well enough, but their relative importance will not be able to be assessed until a good deal later. Looking at the position over the past 6 months since devaluation and comparing it with the difficult situation we faced in the second and third quarters of 1949, I think it can be said that two main types of influence have been at work in bringing about an improvement in our affairs. The first type consists of those factors which are outside our own control and which cannot be relied upon to continue; and the second is the result of policies which we have adopted to meet our difficulties and which may, we hope, have a more lasting effect. Under the first heading, factors outside our control, which reversed tendencies that had worked so strongly against us last summer, I would refer to the two most important—

1. The renewed inflow of dollars and the resumption of buying which had been held up in anticipation of a possible devaluation; and

2. The increased demand from the dollar area for many sterling area goods. This followed a further expansion in industrial activity in the United States, and the rebuilding of their stocks of commodities. Its effect has been the more marked since it has coincided with the normal seasonal increase in dollar earnings from some of the major sterling area exports such as wool and cocoa.

Under the second category which covers the results of policy decision, I mention the following as the most important:

(a) The reduction in the United Kingdom's own expenditure on imports from the dollar area, bringing it now within the rate of \$1,200,000,000 a year, which we have laid down in our program, together with similar successful action by our partners in the sterling area, in accordance with the understandings reached at the Finance Ministers' meeting last July. This major achievement is a triumph of cooperative effort by Commonwealth countries of the sterling area. On its maintenance in the period immediately ahead of us depends much of our hope for the future balance of our payments with the dollar area.

(b) The improvement in our position with such hard-currency countries as Belgium, Switzerland, and Persia, which has resulted mainly from our better competitive position following devaluation.

(c) The substantial improvement of the United Kingdom's position on invisible account, due in large measure to a reduction in expenditure over a wide range of transactions.

(d) Finally, the recovery in our earnings from United Kingdom exports to the dollar area.

The explanations which I have given apply broadly to the whole period since devaluation. There have, of course, been changes within that period. In the early part, as I made clear in my statement on the results for the fourth quarter of 1949, the immediate and short-term effects of devaluation were particularly noticeable. Since then these more temporary effects have naturally declined in importance. But this decline has been offset, and indeed more than offset, in the first 3 months of this year by those other factors, which I have already mentioned, such as the increased demand for sterling-area exports and the further reduction in our imports from the dollar area. Our net payments in gold and dollars to nondollar countries and some of our payments on invisible account have recently been at a particularly low level.

The results of these last 6 months are undoubtedly gratifying. Whatever the results of a more detailed analysis, they reveal that

we and the rest of the sterling area have made a further advance in our long and arduous campaign to close the dollar gap. But we must not be complacent as to these results or overestimate the progress which has been made. To the extent that the last quarters results benefited by a seasonal increase in income, we must expect that a corresponding seasonal decline will affect adversely the results of the months immediately before us. Some of the saving on dollar purchase throughout the sterling area may also have been seasonal or temporary in character. To this extent it may be balanced by higher dollar imports later in the year. We have also still been enjoying some of the temporary after effects of devaluation, although latterly to a smaller extent than previously; these effects, unlike the more permanent benefits of devaluation, will quickly pass. Nor can we be certain that the present level of demand for exports from the rest of the sterling area to the dollar area will be indefinitely continued, or that their prices will be maintained.

In looking forward we must bear in mind that the substantial gains over the last 6 months followed a period in which we lost nearly a third of our reserves of gold and dollars. Our policy is so to order our affairs that when the European recovery program ends, in the middle of 1952, we can stand on our own feet, without exceptional external aid. To that end we must maintain a rigorous economy in dollar expenditure and encourage the maximum dollar earning throughout the sterling area. We must conserve our strength and rebuild our resources until they are strong enough to withstand whatever strain the difficult and uncertain future may bring.

Mr. TAFT. Mr. President, I ask unanimous consent that there be printed in the RECORD a break-down of the United Kingdom's allocation of \$687,000,000.

There being no objection, the break-down was ordered to be printed in the RECORD, as follows:

Estimated ECA-financed program, by commodity group, in the fiscal year 1950-51

[In millions of dollars]

	United Kingdom— Requested program fiscal year 1950-51
Food and agricultural imports:	
Food.....	119.4
Feed and fertilizer.....	12.0
Natural fibers.....	123.0
Other agricultural products.....	72.0
Total food and agricultural products.....	326.4
Industrial imports:	
Fuels.....	90.0
Industrial raw materials.....	150.0
Capital equipment.....	66.4
Other manufactures and raw materials.....	20.0
Total industrial imports.....	326.4
Total commodity imports.....	652.8
Transportation.....	34.3
Total ECA-financed program.....	687.1
Total allotment from fiscal year appropriation.....	687.1

Mr. TAFT. Mr. President, I ask unanimous consent that there be inserted in the RECORD at this point a statement of the various country aid programs making up the total of \$2,925,000,000, including the British estimate of \$687,000,000.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Country aid programs, first 15 months,
1949-50 and 1950-51

[Millions of dollars]

Country aid programs, first 15 months,
1949-50 and 1950-51—Continued

[Millions of dollars]

	April 1948- June 1949 ¹	1949-50 ²	1950-51 ³
Austria.....	280.0	+166.4	+124.4
Belgium.....	261.4	+256.9	+142.8
Denmark.....	126.2	+87.0	+65.1
Trieste.....	17.9	+13.4	+10.0
France.....	1,313.4	+673.1	+502.8
Germany.....	613.5	+740.3	+552.9
Greece.....	191.7	+156.3	+148.8
Iceland.....	8.3	+7.0	+5.2
Ireland.....	86.3	+44.9	+33.5
Italy.....	668.0	+364.0	+290.6
Netherlands.....	571.1	+295.6	+192.8
Norway.....	101.1	+90.0	+67.1
Portugal.....	.....	+31.5	+23.5
Sweden.....	45.4	+48.0	+34.3
Turkey.....	49.0	+59.0	+44.1
United Kingdom.....	1,619.7	+919.8	+687.1
Total.....	5,953.0	+3,953.2	+2,925.0

¹ Fifth report to Congress of the Economic Cooperation Administration for the period Apr. 3-June 30, 1949.² ECA appropriations justifications, 1951.³ Includes GARIOA assistance of \$397,900,000.

Footnotes at end of table.

Economic Cooperation Administration—Country, United Kingdom—Estimated balance of payments in gold and dollars and all currencies
[Million dollars and dollar equivalents]

Item	1948			1949-50			1950-51		
	United States	Total gold and dollars	Total all currencies (excluding own DOT)	United States	Total gold and dollars	Total all currencies (excluding own DOT)	United States	Total gold and dollars	Total all currencies (excluding own DOT)
1. Imports.....	-686.0	-1,644.0	-6,390.0	-628.9	-1,400.1	-6,031.8	-664.6	-1,204.5	-5,748.2
2. Payments for services.....	-254.0	-739.0	-1,878.9	-225.0	-338.0	-1,211.0	-224.0	-339.0	-1,148.0
3. Exports.....	+262.0	+691.0	+5,462.9	+240.0	+675.0	+5,309.7	+268.5	+755.5	+5,297.2
4. Receipts for services.....	+338.0	+504.0	+2,380.9	+239.0	+243.0	+1,613.0	+248.0	+259.0	+1,810.0
5. Current account balance.....	-340.0	-1,188.0	-425.1	-374.9	-820.1	-329.1	-372.1	-529.0	+211.0
6. Settlements (net).....	-10.0	-323.0	.....	-6.0	-246.0	.....	+10.0	-165.0	.....
7. Capital operations (net).....	+270.0	+606.0	.....	+2.0	+110.0	.....	-80.0	-30.0	.....
8. Balance of payments.....	-80.0	-905.0	.....	-378.9	-956.1	.....	-442.1	-724.0	.....
METHOD OF FINANCING									
9. Change in reserves.....	.....	+220.0	.....	.....	+36.3	.....	.....	-13.1	.....
10. Change in pipe line.....	.....	.....	.....	.....	.....	.....	.....	+50.0	.....
11. ERP aid.....	.....	+685.0	.....	.....	+919.8	.....	.....	+687.1	.....

Mr. TAFT. I also ask that there be inserted table 7, on page 17, from the British Economic Survey for 1950, showing United Kingdom balance of pay-

ments on current and capital account with all areas.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 7.—United Kingdom balance of payments on current and capital account with all areas¹

	Year 1947	Year 1948	First half 1949	Second half 1949, provisional	Year 1949, provisional
A. CURRENT ACCOUNT					
I. Dollar area:	£ million	£ million	£ million	£ million	£ million
Imports (f.o.b.).....	561	405	204	236	440
Exports and re-exports (f.o.b.).....	119	176	91	88	179
Visible balance.....	-442	-229	-113	-143	-261
Invisibles (net).....	-113	-51	-22	+8	-14
Surplus (+) or deficit (-) on current account.....	-555	-280	-135	-140	-275
II. Rest of world:					
Imports (f.o.b.).....	967	1,365	758	772	1,530
Exports and re-exports (f.o.b.).....	974	1,378	814	797	1,611
Visible balance.....	+7	+13	+56	+25	+81
Invisibles (net).....	-52	+162	+64	+60	+124
Surplus (+) or deficit (-) on current account.....	-45	+175	+120	+85	+205
III. Total:					
Imports (f.o.b.).....	1,528	1,770	962	1,008	1,970
Exports and re-exports (f.o.b.).....	1,093	1,554	905	885	1,790
Visible balance.....	-435	-216	-57	-123	-180
Invisibles (net).....	-165	+111	+42	+68	+110
Surplus (+) or deficit (-) on current account.....	-600	-105	-15	-55	-70
B. CAPITAL ACCOUNT					
(1) Gold and dollar deficit.....	1,024	423	239	142	381
(2) Net decrease in United Kingdom external capital assets ²	-295	-105	-99	-197	-296
(3) Net change in sterling liabilities:					
(a) Nonsterling area countries.....	.....	-247	-27	37	10
(b) Sterling area countries.....	-129	34	-98	73	-25
Net overseas disinvestment.....	600	105	15	55	70

¹ The figures in this table are revisions of those in Command 7793. Details will be shown in the white paper on the United Kingdom Balance of Payments, to be published shortly.² This item is explained and amplified in Balance of Payments white papers (e. g. Command 7793). It includes overseas investment (mainly in the sterling area), sale of overseas assets (e. g., Argentine railways in 1948) and repayment of loans by the United Kingdom.³ Of which, -60 revaluation payments, matched by +60 in item B (3).

Mr. TAFT. Mr. President, I ask unanimous consent that there be inserted in the RECORD at this point a copy of the Economic Cooperation Administration's budget estimate covering the United Kingdom for three periods, which appears on page II-125 of the budget estimate.

There being no objection, the estimate was ordered to be printed in the RECORD, as follows:

Mr. MALONE. Mr. President—

Mr. KEM. Mr. President, I yield to the Senator from Nevada.

Mr. MALONE. I was very much interested in the colloquy between the senior Senator from Ohio and the junior Senator from Missouri.

The PRESIDING OFFICER. Will the Senator suspend for a moment? The Chair would like to suggest that Senators observe the rules they make.

Mr. MALONE. Will the Chair outline to us just what rule to which he is referring?

Mr. CONNALLY. A Senator may not yield except for a question.

Mr. HENDRICKSON. Mr. President, as I understand, the Senator from Missouri yielded the floor to the Senator from Nevada.

Mr. KEM. I did not yield the floor. I yielded for a question.

Mr. MALONE. I should like to ask the Senator the question. I was very much interested in the colloquy which ensued between the senior Senator from Ohio and the junior Senator from Missouri, and how the committee arrived at the amount of money involved in the ECA bill. I should like to ask the Senator from Missouri if he does not believe that the same method of arriving at the amount at this time—and it is admittedly the trade balance deficit—was arrived at in the same way the deficit admittedly was arrived at in March 1948? I have before me a table which was submitted for the CONGRESSIONAL RECORD March 4, 1948, by the junior Senator from Nevada. It shows each of the 16 Marshall-plan nations listed alphabetically. It shows their total imports in dollars, their total dollar earnings, and earnings from sources other than the

United States, and then the United States funds to be made available to them under the Marshall plan. They add up to a total of \$6,860,000,000. I assume the Senator remembers the debate at that time. That amount was for a 15-month period. For the 12-month period, which was later adopted, the figure corresponding to the \$6,860,000,000 was \$5,360,000,000, which was the approximate amount of the funds actually appropriated. The trade-balance deficit, clearly, is added up each year, and that must have been the way the present amount was arrived at.

I will inquire of the Senator from Missouri if he agrees with the junior Senator from Nevada, that the fallacy of such an estimate is that we have no control over the purchases of the 16 European Marshall-plan countries. In other words, if the beneficiary countries have earned more than was estimated, they have simply purchased more goods. The deficit then would remain the same. Would it be a weakness in the whole system, in the judgment of the Senator from Missouri, that we have no control whatever over their purchases, and that if we could theoretically make up the existing balance they could increase them at any time at their own option by additional purchases?

Mr. KEM. I think it is a very decided weakness. We found that to be the situation in the case of purchases of American wheat. Mr. Hoffman appeared before the Committee on Appropriations and said that he was going to buy certain specific quantities of American wheat. Then Sir Stafford Cripps and Mr. Ernest Bevin came to the United States and had their dollar talks with the State Department. As a result, they decided to use \$175,000,000 of Marshall-plan money to pay for wheat which Great Britain had previously contracted to buy in Canada. There was no mention in the authorization, and there was no mention in the hearings before the Senate Committee on Appropriations, of any authorization of ECA money to pay for wheat bought by Great Britain in Canada. I anticipate that if the Administrator had disclosed to the committee that he intended to use \$175,000,000 of American taxpayers' money for that purpose, he would have encountered violent opposition.

I give the Administrator credit, because I do not think that at the time he appeared before the Committee on Appropriations he had the slightest idea of using \$175,000,000 of his funds, or any funds, for the purpose of making payments on wheat contracted to be bought by Great Britain from Canada. Notwithstanding that, and relying on certain weasel words in the appropriations act, the Administrator, in order to assist in the dollar talks, devoted \$175,000,000 for that purpose. He allocated \$175,000,000 to be used in payment of an obli-

gation of Great Britain to buy wheat from Canada. It resulted, as might have been anticipated, in purchases of wheat from the United States far below the estimates made by Mr. Hoffman before the Committee on Appropriations. In other words, we lost going and coming. We put up the money, but we did not sell the goods.

Mr. MALONE. Will the Senator further yield for another question?

Mr. KEM. I am glad to yield further.

Mr. MALONE. If the Senator will permit, the junior Senator from Nevada,

in support of the debate on this subject, would like to ask unanimous consent to have inserted in the RECORD a table prepared in March 1949 showing the \$5,360,000,000 trade-balance deficit of the 16 nations, corresponding to our appropriation for that year, showing that that very simple method is being used—in other words, we simply pick up the check. I ask unanimous consent to have the table included in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Country	Population	Area	Allocation under Marshall plan (12-month period)	Index of industrial production (1937=100 unless otherwise noted)	Financial aid per capita
		Square miles			
Austria.....	7,000,000	32,369	\$142,000,000	150	\$20.3
Belgium and Luxemburg.....	8,687,000	12,774	252,000,000	284	29.0
Denmark.....	4,024,000	16,575	128,000,000	117	30.9
France.....	39,700,000	212,659	1,119,000,000	106	28.2
Greece.....	7,788,000	50,257	145,000,000	75	18.7
Iceland.....	127,800	39,703	10,000,000	(9)	78.0
Ireland.....	2,989,700	27,137	119,000,000	109	40.0
Italy.....	45,800,000	119,800	680,000,000	80	14.3
Netherlands.....	9,090,000	12,862	550,000,000	90	61.0
Norway.....	2,937,000	124,556	27,000,000	122	9.2
Portugal.....	8,132,900	35,466	None	(10 11)	
Sweden.....	6,674,000	173,347	26,000,000	107	3.9
Switzerland.....	4,265,700	15,737	None		
Export.....				12 13 101	
Import.....				12 13 105	
Turkey.....	18,971,300	291,416	None	(14 15)	
United Kingdom.....	47,889,000	94,279	1,378,000,000	115	29.8
Western Germany (United States, United Kingdom, French zones).....	45,417,200	96,300	1,784,000,000	142	17.3
Total.....	259,495,600	1,348,243	5,360,000,000		

¹ State Department, European Recovery Plan, Country Studies, Austria. Estimate, 1947.

² Monthly Bulletin of Statistics (United Nations, January 1948 issue): September 1947.

³ International Financial Statistics, January 1948: p. 63.

⁴ International Financial Statistics, September 1947.

⁵ State Department, European Recovery Plan, Country Studies, Greece (1939=100).

⁶ No data.

⁷ Hearings, Senate Foreign Relations Committee, pt. 3, p. 1222. (Figures: End of 1947.)

⁸ State Department, European Recovery Plan, Country Studies, Italy.

⁹ State Department, European Recovery Plan, Country Studies, Netherlands (second quarter, 1947).

¹⁰ State Department, European Recovery Plan, Country Studies. (No general industrial index available.)

¹¹ Full capacity.

¹² House Committee on Foreign Affairs Publication, entitled "Background Information on European Countries." (Restricted.) Aug. 21, 1947.

¹³ 1938=100.

¹⁴ State Department, European Recovery Plan, Country Studies, Turkey.

¹⁵ Above prewar.

¹⁶ Including Saar.

¹⁷ United States zone, 48; United Kingdom zone, 37.

Mr. MALONE. I should like to ask further permission of the Senator from Missouri to have included at this point in the RECORD another table, prepared at the same time, showing the \$6,860,000,000 trade-balance deficit for the 16 nations for the 15-month period, which corresponded to the 12-month period just mentioned. It also shows the total imports in dollars into those countries, the total earnings in dollars, and it shows that the amount which each one of these nations was to receive of the \$6,860,000,000 for the 15-month period, which was later reduced to a 12-month period and \$5,360,000,000, and corresponds almost exactly to their trade-balance deficits. I ask unanimous consent to have the table included in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Recapitulation of tables showing illustrative composition of imports of commodities and services from Western Hemisphere and possible sources and distribution of financing, Apr. 1, 1948, to June 30, 1949

[At July 1, 1947, prices]

	Total imports ¹	Possible sources of financing		
		Dollar earnings ²	Sources other than new United States funds	New United States funds ³
	Mils. of dols.	Mils. of dols.		Mils. of dols.
Austria.....	233	39	12	182
Belgium-Luxemburg.....	853	834	196	323
Denmark.....	237	45	28	164
France.....	1,931	369	128	1,434
Greece.....	262	67	9	186
Iceland.....	23	10		13
Ireland.....	192	40		152

Footnotes at end of table.

Recapitulation of tables showing illustrative composition of imports of commodities and services from Western Hemisphere and possible sources and distribution of financing, Apr. 1, 1948, to June 30, 1949—Continued

[At July 1, 1947, prices]

	Total im-ports ¹	Possible sources of financing		
		Dollar earnings ²	Sources other than new United States funds	New United States funds ³
	Mils. of dol.	Mils. of dol.		Mils. of dol.
Italy.....	1,160	183	108	869
Netherlands.....	1,136	271	160	705
Norway.....	253	163	56	34
Portugal.....	144	144		
Sweden.....	499	423	43	33
Switzerland.....	535	535		
Turkey.....	69	69		
United Kingdom.....	4,311	2,133	418	1,760
Germany:				
Bizon.....	1,014	100		914
French zone.....	93	13		80
Saar.....	14	3		11
Total.....	12,959	4,941	1,158	\$ 6,860

¹ Including net dollar payments for freight and other invisibles.

² Including drawings of \$72,000,000 by Portugal on its gold and foreign exchange resources.

³ This column includes funds being requested by the Department of the Army for prevention of disease and unrest in Germany. A reconciliation with the \$6,800,000,000 being requested for the European recovery program is to be found on p. 5.

Mr. MALONE. Mr. President, if the Senator will further yield, in support of the amendment of the Senator from Missouri I should like to introduce at this point in the RECORD an Associated Press dispatch of March 2, 1950, entitled "German Sale of Rails to Red China Approved."

There being no objection, the item was ordered to be printed in the RECORD, as follows:

GERMAN SALE OF RAILS TO RED CHINA
APPROVED

West Germany has been authorized by the Allied High Commission to sell Communist China \$7,000,000 worth of steel rails, authoritative sources in Frankfurt disclosed today.

The high commission approved the order 3 months after it turned down Communist China's order for 100,000 tons of rails from German mills. The new order is for 15,000 tons plus a small amount of additional parts. The Chinese will pay in dollars.

Mr. MALONE. Mr. President, the dispatch shows that our own high commission in Germany approved the sale and shipment of goods, highly valuable for war purposes, and for consolidating gains in Communist China to Red China.

I have before me a news dispatch entitled "War Goods Smuggled to East via Germany," which was published in the New York Times of April 6, 1950. It refers to goods which are being shipped out of Germany, presumably manufactured with the aid of Marshall-plan money, but being shipped to Russia's satellite states. I ask unanimous consent to have the item included in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WAR GOODS SMUGGLED TO EAST VIA GERMANY

FRANKFURT, GERMANY, April 5.—Western officials said today that west Germany had become a funnel for war materials smuggled into Communist satellite states.

Soviet Russia is believed master minding the war shipments through deals with private firms and international gangs, they said. The war goods are bought in some west European countries and in west Germany, the officials asserted.

Communist gangs recently were reported sniping at west Germany's economy by flooding the country with black-market goods. Officials said they buy the war materials and critical items with dollars and marks obtained through illegal cigarette and coffee sales.

Allied regulations strictly forbid shipments of war materials or strategic items to the eastern countries except under license. But authorities recently have confiscated airplane parts, bomb cases, ammunition carriers, and other war materials en route illegally to the east.

Allied officials said that only 2 percent of rail shipments and 10 percent of truck shipments from west Germany are inspected at the border. Customs controls on the German borders were turned over to the German Government last year.

Mr. MALONE. I should like to ask the Senator from Missouri one more question. As I understand it the amendment offered by the Senator from Missouri corresponds to the joint resolution which the junior Senator from Nevada introduced in January, and I understand that the purpose of the amendment is simply to make a choice of which side we are taking in the cold war. We are in the cold war with Russia and with the iron-curtain countries, or else we are not in a cold war. If the cold war is over, then we ourselves should trade with Russia. If we are in a cold war, we should not allow anyone to furnish goods from supplies provided by the United States to the Communists in order to consolidate their holdings in China and eastern Europe and to enable them to prepare for world war III. Is that the reason for the amendment?

Mr. KEM. That is the reason exactly. I have in mind that in the last World War hundreds of thousands of Americans risked their lives by being shot at with war material made out of junk and scrap iron which had been shipped from the United States to Japan. Here we have history repeating itself. We are shipping great quantities of war materials to countries in western Europe, who in turn are funneling them into Russia and its satellites.

An unkind cut—I might say the "most unkindest cut of all"—is the fact that when we sent scrap iron to Japan we are paid for it. The war materials sent to Europe to a large extent are being given gratis to the countries of western Europe to assist in their economic recovery, and perhaps the same materials, certainly similar materials, are being sold by the same countries in western Europe to Russia and the satellites. I shall have a good deal to say about that before the

discussion of the pending measure is concluded.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Nebraska.

Mr. WHERRY. Mr. President, I should like to ask the distinguished Senator from Missouri whether, in a study of the evidence in support of the authorization which the Senate is now considering, he finds any evidence which would indicate that Great Britain is eliminating the trade barriers in her dealing with other ECA countries, as well as other countries outside of ECA; and, furthermore, whether Great Britain is attempting, in the convertibility of currency, to aid countries which are recipients of ECA funds, or whether, on the other hand, Great Britain is attempting to force to trade with her countries which formerly have been known to belong to the sterling bloc?

I have asked two questions, but I should like to have the distinguished Senator answer them. I should like to have his observations, because it seems to me that unless the purposes of the ECA can be accomplished through the elimination of the trade barriers between these countries, and the convertibility of currency, they will never get to the place where they will not need American dollars as they are requesting them under this authorization.

Mr. KEM. In reply, Mr. President, I may say that the correspondence recently appearing in the New York Times from able and experienced European newspaper men has been to the effect that the activities of Great Britain have been along the line of not facilitating the breaking down of currency restrictions or trade barriers, but along the line of insisting on their continuance.

Mr. WHERRY. Would the junior Senator from Missouri conclude that the provision in the bill establishing a fund of \$600,000,000, which is to be used at the discretion of the Administrator to help the ECA countries in their convertibility of currency, so they can do business with one another, indicates that the purpose has not been accomplished, and that the Administrator himself feels that he needs legislative authority in order to bring that about?

Mr. KEM. If the Senator will permit me to say so, I think that is purely window dressing for the purpose of upholding the hands of the Administrator, and something for him to show his confreres in Europe.

I may say that my observation of the operations of the Administrator is that he is usually able to find a way under the law to do whatever he wants to do. I cite as an example—and we might refer to other examples—his purchase of Canadian wheat with ECA funds, and the use of those funds in payment on a contract previously made between Great Britain and Canada. I have examined the record. I have examined the testimony of Mr. Hoffman before the Committee on Appropriations, and there

was not the slightest indication that he had such a transaction in mind. Yet, when it came up, he evidently called in lawyers who were able to tell him how he could do it, and the nail on which his lawyers hung the transaction was the words in the ECA Act giving him the right to carry out the purposes of the act.

Mr. WHERRY. So far as practicable.

Mr. KEM. So far as practicable. If Mr. Hoffman is given a blank check to carry out the purposes of the act, I do not see that there is much use of our spending any time on either examining his justification before the Committee on Appropriations or examining the terms of the authorization bill. I think the only substantial and important thing to do is to cut down the amount of money in his hands.

Mr. WHERRY. The distinguished Senator mentioned the interpretation by the Administrator of the provision which the Congress wrote into the ECA bill relative to the purchase of surplus wheat, under which provision whenever a commodity was declared surplus, the Administrator could use ECA funds to purchase needed supplies in this country, rather than in some other country.

Mr. KEM. I also had in mind that when he appeared before the Committee on Appropriations he said he intended to buy certain definite quantities of wheat.

Mr. WHERRY. I will ask the Senator if it is not true that the funds which are justified before the Committee on Appropriations are based upon the allocations which the Administrator says are needed in the particular countries. Is not that true?

Mr. KEM. Yes; but I am impressed by the fact that when the Administrator starts operating, he does not seem to be influenced in any way by statements he made or failed to make before the Committee on Appropriations.

Mr. WHERRY. So that it is the opinion of the distinguished Senator that, even though, in the appropriation bill, the allocations of wheat were justified, down to the last dollar, the Administrator discarded the intent of Congress and used the dollars he had for any other purpose Great Britain might want to use them for, so far as her portion of the funds was concerned. As I recall, Great Britain bought Canadian wheat, which reduced the surplus in Canada, but left the surplus of wheat in this country unsold.

Mr. KEM. In other words, I think there are two bits of evidence as to the intent of Congress, first, the language of the authorization bill, which said the Administrator should not purchase surplus commodities offshore when they were in surplus supply in the United States; and, second, the acceptance by the Committee on Appropriations of the justification which the Administrator presented there, in which he said he would buy certain quantities of American wheat.

Mr. WHERRY. I should like to ask the distinguished Senator from Missouri whether he has made any further study into the bilateral agreements Great Britain has made during the life of the ECA program.

Mr. KEM. I have made a considerable study of the agreement made between Great Britain and Canada, in which Great Britain agreed to buy a great quantity of Canadian wheat. I have also noticed, many times, statements by the able Secretary of State and others that it was the purpose of the American Government to discourage bilateral agreements. I remember very distinctly that, at the time the first British loan was proposed, Mr. Vinson, now Chief Justice of the United States, stated that the justification for the British loan was the doing away with bilateral trade agreements. Yet we made the British loan, we made princely gifts since then, and now Mr. Hoffman takes our money and finances a bilateral trade agreement without asking Congress, or without even consulting any committee of Congress, so far as I know.

Mr. WHERRY. Is it not true that the purpose of the ECA cannot possibly be accomplished if Great Britain continues, through bilateral agreements, to do these things with other countries upon the basis of which Great Britain is now negotiating such agreements? How can trade barriers be eliminated so the various countries can get away from dollar shortages, when the countries themselves continue to come to the United States asking for money, rather than trade among themselves? How is that possible?

Mr. KEM. Obviously it is not possible. I should like to take occasion to correct a statement I just made. I said that so far as I know the deal by which \$175,000,000 worth of ECA funds was used to finance the purchase of Canadian wheat by Great Britain was not brought to the attention of the committee. It was not brought to the attention of the Committee on Agriculture and Forestry. I understood the chairman of the Senate Committee on Agriculture and Forestry to say that it was brought to his attention informally, but it was not brought to the attention of the Agricultural Committee. I have no information as to whether or not the same thing occurred in the case of the Foreign Relations Committee.

Mr. WHERRY. Mr. President, will the Senator yield for another question, please?

Mr. KEM. Yes.

Mr. WHERRY. I am also interested in a phase of the proposed amendment of the Senator from Missouri, whereby he is attempting to reduce the amount of the authorization. By reason of committee work, I have not been able to be on the floor during the entire discussion by the able Senator of the subject matter in hand. Has the Senator placed in the RECORD the financial situation of Great Britain at this time regarding her external and internal budgets, and also the gold reserve which Great Britain now has?

Mr. KEM. The distinguished senior Senator from Ohio [Mr. Taft] has done that in his usual very able and exhaustive manner.

Mr. WHERRY. Do I correctly understand that the figures which have been introduced conclusively substantiate the point that Great Britain now has bal-

anced her external budget, that her internal budget has been balanced for some time, and that her gold reserve is about \$1,980,000,000, with \$230,000,000 to be added, which runs her reserve above the \$2,000,000,000 reserve which Mr. Cripps says is necessary? How does the Senator from Missouri feel about the aid that should be granted to Great Britain at this time by a country whose debt is now some \$260,000,000,000, and whose budget has been out of balance, with the exception of two years, for 18 long years?

Mr. KEM. I think it raises the question as to who should be aiding whom.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. TAFT. The Senator asked me some time during our colloquy as to the food subsidies. I have here a statement released by the British Information Services on the Cripps' budget, submitted in April, and on the question of the food subsidies it is stated that these will remain unchanged at 410,000,000 pounds a year. That would be equivalent to \$1,150,000,000. If we had the same subsidy in this country it would cost us \$3,500,000,000, since we have three times as large a population.

I think it might be a good thing to put into the RECORD the summary of the new budget and the changes made in the tax, showing as a matter of fact for the first time in many years in Great Britain a slight deficit of 7,000,000 pounds, almost negligible, but practically level. I ask unanimous consent that the statement on the British budget may be inserted in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

BRITAIN'S BUDGET FOR 1950-51

Presenting his budget to the House of Commons today, the Chancellor said that a continued surplus was absolutely essential under present circumstances.

In the financial year which ended March 31, 1950, Britain's budget showed a conventional surplus of £549,000,000, and an over-all surplus (allowing for capital payments by the Government) of £62,000,000.

For the coming year the Chancellor estimated that there would be a conventional surplus of £441,000,000, and an over-all deficit of £7,000,000. The budget of almost £4,000,000,000 could thus be regarded as substantially in over-all balance.

With the increases in revenue anticipated, there could have been a conventional surplus of £550,000,000, and an over-all surplus of £65,000,000. This, however, would be a rather larger surplus than was needed this year, said the Chancellor. Taxation and other concessions would result in the figures given.

United Kingdom budget figures (in million pounds)

	1948-49, actual	1949-50		1950-51 estimates
		Estimates	Actual	
Ordinary expenditure.....	3,176	3,308	3,375	3,455
Ordinary revenue.....	4,007	3,778	3,924	3,896
Conventional surplus.....	831	470	549	441
Over-all surplus.....	352	14	62	-7

CONTINUED NEED FOR HIGH TAXATION AND FOR INCOME STABILITY

The Chancellor said that there was no scope for remission of taxation: "We cannot have the benefit of full employment and a general standard of incomes above those we now enjoy."

The Chancellor stressed particularly the need to keep personal incomes stable: "If we try, by catch-as-catch-can methods, to advance everywhere and anywhere along the wage front, we shall undoubtedly succeed in destroying full employment through inflation."

It was vital, he said, that the policy of restraint should not break down either with wages, salaries, or profits.

CHANGES IN THE BUDGET

(i) Income tax: The standard rate would remain 9s. in the pound (45 percent), but there would be an adjustment in the lower rates, so that the first £50 of taxable income would now be taxed at 2s. 6d. in the pound (12.5 percent) instead of at 3s. (15 percent), and the next £200 at 5s. (20 percent) instead of 6s. (24 percent).

Following are examples of the new rates compared with the old:

Earned income	Income tax			
	Single person		Married, 2 children	
	Old	New	Old	New
£250.....	£ 19 5	£ 16 5	£ 19 5	£ 16 5
£400.....	55 10	46 5	3 2	2 10
£500.....	85 10	74 5	22 18	15 15
£700.....	157 10	146 5	72 60	15 15
£1,000.....	265 10	254 10	180 168	15 15

Tax-free payments by corporations to high executives would be subject to surtax, and these would be retrospective to last year.

(ii) Gasoline: Tax would go up 9d. a gallon, bringing the price to 3s.; but the standard ration would be doubled to allow motorists to do about 180 miles a month.

(iii) Purchase tax: Purchase tax on highly priced automobiles would be reduced from 66.6 to 33.3 percent; but a purchase tax of 33.3 percent would be put on commercial vehicles to restrict their purchase at home and encourage their availability for export.

(iv) Beer: The beer duty would remain the same, but the gravity would be increased by 3 degrees, bringing it about halfway back to prewar strength.

(v) Health service: Contrary to the proposal made last autumn, no charge would be made at present for prescriptions. The power to charge would remain, but it was hoped to find a more easily administered method of economizing on this branch of expenditure. No increase in the cost of the health service could be allowed. Any expansion in one part of the service in future would be met by economies, or if necessary by contraction, in others.

(vi) Housing: The rate of housing had been cut to 185,000 a year last autumn. It would now be restored to 200,000 a year for the 3 years 1950-52.

(vii) Food subsidies: These would remain unchanged at £410,000,000 a year.

Mr. KEM. May I ask the Senator from Ohio if he has any figures as to what provision is made in Sir Stafford Cripps' recent budget for aid to aged needy people?

Mr. TAFT. No, I do not. I can get that for the Senator rather soon. The social-service budget is very large. But I am not certain how it is divided.

Mr. KEM. Is it not true that the British Government makes a larger payment to the needy aged people of Great Britain

than is paid by our Federal Government to their counterparts in the United States?

Mr. TAFT. Yes. It is a much more generous provision. I am not sure that the actual amount per person is larger. The general standard of living is lower in England. I can secure those figures, but do not have them at hand.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. KNOWLAND. I should like to know how the Senator from Missouri squares the position of the State Department that our Government should continue to give this amount of economic assistance to Great Britain, even though she has a gold reserve of practically \$2,000,000,000, and must not allow it to drop below that figure, when the Government of the United States on January 5 of this year said to the Government of the Republic of China, "You have a gold reserve to be sure, down to about \$200,000,000, but you must spend it all before you can possibly hope for any assistance from the United States?" In other words, the same policy that is followed in Europe apparently is not applied to the Far East. Is the Senator familiar with that?

Mr. KEM. Yes. I think it is a very interesting situation, and I would be no more able to square that with logic or reason than I would the fact that Great Britain is supposed to be fighting communism in western Europe and on the western side of Russia, whereas it has recently very promptly, I may say, recognized the Communist regime in China, and has been assisting it in numerous ways. For instance, I believe the able Senator from California pointed out on the floor of the Senate one day that some 90 airplanes belonging to the American air-line company headed by General Chennault—

Mr. KNOWLAND. Seventy-one planes.

Mr. KEM. Seventy-one planes had been turned over to the Chinese Communist Government by the British authorities in Hong Kong. I should like to ask the Senator how it is possible for the Socialist Government of Great Britain to be fighting communism in western Europe, as we are led to believe, but assisting in promoting communism in China?

Mr. KNOWLAND. That is one of the questions which I hope the spokesmen of the administration on the Foreign Relations Committee will answer on the floor of the Senate before we come to a vote on this bill. As the Senator may know, before the Committee on Appropriations we raised the question of the 71 planes belonging to the American company, which the British Government of Hong Kong was turning over to the Chinese Communists. We satisfied ourselves that the American Government had made representations both through the consul general at Hong Kong and through the American Embassy in London, and through the State Department in Washington.

I have no criticism at this time of our own officials because of the representations they have made. However, I have

not found out as yet what if anything the British Government intends to do about it, except to mark time until the pending legislation is passed through the Congress. I think the administration spokesmen on the floor owe it to the Senate of the United States and to the country to have a report submitted to us before the pending legislation is voted on, as to what the British Government intends to do in seeing that these planes do not get into Communist hands, and are turned over to the American company who are the legal owners of the planes, and who have the planes registered in the Civil Aeronautics Authority under American ownership.

Mr. KEM. In whose hands are the planes now?

Mr. KNOWLAND. The planes have been awarded to the Chinese Communist Government, but are temporarily being held in Hong Kong. The British Government has not yet given them clearance to fly out.

Mr. KEM. When that is done is there any reason why they cannot be used in military operations against the Chinese Nationalist Government?

Mr. KNOWLAND. I may say to the Senator from Missouri that it is even worse than that. While these planes are civilian planes—they are transport planes, and not military planes—the information which came to our committee was that they would be excellent planes to be used for transporting troops, not only against the island of Formosa, but that in the event of trouble in the Far East, they could be used against the Philippines, against southeast Asia, and indeed could be used against the American occupying forces under General MacArthur in Japan. They would be a notable addition to the military strength of the Communist forces in that area of the world.

Mr. KEM. Would the Senator feel that that purpose is along the lines of a statement made by Mr. Clement Attlee, the Prime Minister of Great Britain, on a notable occasion, that in economic matters Great Britain looks to Russia rather than to the United States?

Mr. KNOWLAND. I would say to the Senator from Missouri that many of us, I think, who have been favorably disposed in the past toward the ECA legislation—and on this matter there are honest differences of opinion as to what the best thing may be—recognize the fact that this problem is global in character, and that a wall cannot be built against communism in Europe while some of the same people who are being helped in Europe are accelerating the spread of communism in Asia, because in the event world war III should break out—and we all hope and pray that it will not—it will be global in character, and what strengthens communism in Asia is bound to strengthen it all over the world.

Mr. KEM. I should like to ask the able Senator from California, who was a member of this body at the time the so-called Truman doctrine was promulgated, if he understood that the encirclement of Russia by American money and American arms proposed under the Truman doctrine contemplated encirclement

on one side of Russia or entirely around the geographical limits of that country?

Mr. KNOWLAND. I think it was clearly indicated on the floor of the Senate by Senators who were the spokesmen of the administration and by other Senators that the menace of communism was world-wide in character, and that if it was not possible to stop the constant nibbling-off of country after country, it would be difficult to hold any place in the world. Therefore, in addition to giving aid to the countries of western Europe, we assisted Greece and Turkey, and ultimately Iran and other countries, so that the world would not be overwhelmed piecemeal by the police state which was on the march.

Mr. KEM. Has it been brought to the attention of the Senator from California that the Truman doctrine has been modified by any official statement by Mr. Truman or by the Secretary of State?

Mr. KNOWLAND. No. To the contrary, in some of the more recent statements of the Secretary of State, he seems to have been emphasizing what has been called in the past the Truman doctrine, namely, that it is dangerous to the peace and security of the world to have communism spread either in Europe or in Asia.

Mr. KEM. Did he hold that view at the time of the recognition of Communist China by Great Britain?

Mr. KNOWLAND. I shall only say to the Senator from Missouri that I do not believe this Government made representations to the Government of Great Britain pointing out the serious nature of Great Britain's unilateral action in breaking away and in recognizing the Communist regime in China.

I may say, as I am sure the able Senator from Missouri knows, that never, I think, in the long history of the British Empire has that nation been so insulted as it has been by the Communist regime in China, because the British emissary has been cooling his heels outside the Communist foreign office in Peiping since January 6, when Britain recognized the Communist regime in China. So far as I can fathom, up to the moment the Communists in China have not yet decided whether they will recognize the Government of Great Britain.

Mr. KEM. Is it not true that American soldiers, wearing the uniform of the United States, have been seized by the Chinese Communists and are now in prison in China?

Mr. KNOWLAND. That is correct; a United States Marine sergeant and a United States sailor have been held for 18 months there. There are a number of our representatives, from American consulates and from the United States Embassy at Nanking, who thus far have not been able to get out of that country; and a number of other American citizens are in the same boat.

Mr. KEM. Does the Senator from California know whether the facts pertaining to the recognition of Communist China by Great Britain were brought to the attention of Mr. Hoffman before that act occurred?

Mr. KNOWLAND. I am sure Mr. Hoffman is aware of the position which

has been taken on the floor of the Senate and elsewhere in the country by those who have pointed out the grave implications of the recognition of the Communist regime in China.

Mr. KEM. Has that had any effect on the release of ECA money to Great Britain by Mr. Hoffman?

Mr. KNOWLAND. I think it has not, to date.

Mr. President, if the Senator will yield to permit me to ask a further question—

Mr. KEM. I am glad to yield.

Mr. KNOWLAND. Does the Senator from Missouri know how he can square the position taken by the administration—which the administration has rather consistently taken, I may say—in objecting rather strenuously to having any restraints or restrictions written into the ECA Act by the Congress, on the ground that to do so might impinge upon the sovereignty of such nations, with its own actions, in the case of both Greece and Korea, in laying down the law—namely, in saying that if certain things were not done by those countries, ECA funds would be withheld? Personally I find it rather difficult to follow the consistency of that line of action.

Mr. KEM. Mr. President, I find it extremely difficult to follow the consistency of such action. I think I read, not long ago, an interview with Mr. Hoffman, in which he was quoted as saying, in effect, that a certain country of western Europe would have to do something which he had in mind, or else he would crack down on it. Certainly it is difficult for me to understand how Mr. Hoffman can crack down on any country in western Europe except by withholding ECA funds if that country did not do what Mr. Hoffman thought it should do.

Certainly Mr. Hoffman is an agent of the United States, and any authority which he has comes from the Congress of the United States; the Congress is its source. Therefore it is extremely difficult for me to understand how Mr. Hoffman, who is empowered by the Congress, can do things which it is improper for the Congress itself to do, so we are told.

Mr. KNOWLAND. Mr. President, will the Senator yield at this point?

Mr. KEM. I am glad to yield.

Mr. KNOWLAND. I may say that I have not had a chance to study the Senator's amendments. It may be that I shall find that I cannot vote for any of them.

However, it seems to me that it is better legislative procedure, and it is fairer to the countries with whom we deal, for the Congress to lay down certain basic principles, just as a lending institution lays down certain principles—for instance, that the borrower must put his financial house in order, and so forth—and to make its rules applicable to all comers, rather than to pick out several nations, which at the moment appear to be weak, and use its power against them, but apparently hesitate to impose the same restrictions against other nations which, in fact, may need the object lesson a little more.

Mr. KEM. It seems so to me.

I should like to ask the Senator from California whether he believes that any restrictions placed by the Congress in the ECA extension act or in the appropriation bill to follow it are likely to prove entirely futile, if notwithstanding such restrictions, Mr. Hoffman is given authority to carry out any transactions which he believes are in the interest of the act or will promote the purposes of the act.

Mr. KNOWLAND. I say to the Senator from Missouri that the longer I have been here in Washington—I have been in the Senate a little more than 5 years now—the more convinced I have become that the founding fathers were correct when they wanted this Government to be a government of laws, not a government of men.

If we write out the law specifically and then require administrative officials to follow the directives of the Congress, I think we shall be much better off.

I have in mind the fact that in connection with the arms-implementation bill, the Congress of the United States appropriated \$75,000,000, to be used for assistance to China. At the request of the administration, the language of that act was broadened somewhat, so as to provide that the assistance might be granted in the general area of China. However, the legislative intent was very clear, namely, that the Congress recognized that with the administration giving 98 percent of its attention to Europe and only 2 percent of its attention to the Far East, we were likely to be faced with a great debacle in that area of the world.

So even with that limited sum of money—and, as I have said, it was very clear that the legislative intent was that China was to receive some help—so far as I know, since the arms-implementation bill was passed at the last session of Congress, not a penny of that money has been expended for the assistance of the non-Communist regime in China; but to the contrary, any allocations of that money which have been made have been made to other countries in the Far East, countries outside of China.

So we see that when we leave such matters solely to the discretion of the present administration, that is the type of cooperation the Congress receives.

Mr. KEM. I thank the Senator.

I had told the Senator from Delaware that I would yield to him. However, I do not see him here on the floor at the moment.

Mr. President, if there are no further questions to be asked of me, I yield the floor.

Mr. LEHMAN obtained the floor.

Mr. BREWSTER. Mr. President, will the Senator yield, to permit me to suggest the absence of a quorum?

Mr. LEHMAN. Yes; if I may receive unanimous consent not to lose the floor by yielding for that purpose. I ask such unanimous consent, Mr. President.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. LEHMAN. Very well; I yield, with that understanding.

Mr. BREWSTER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BREWSTER. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded and that further proceedings under the call be suspended.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Maine? The Chair hears none, and it is so ordered. The Senator from New York.

Mr. LEHMAN. Mr. President, I rise to speak on S. 3304, the foreign-assistance bill, and to express my full and wholehearted support for every one of the purposes encompassed in this measure. I hope that it passes and that the full authorizations provided in this measure are voted by the Senate.

Today I shall confine my remarks largely to that portion of this bill which provides for the so-called point 4 program. This is the program which President Truman, in his historic inaugural address 2 years ago, called a bold new program for cooperative development of the underdeveloped areas of the earth.

Later in the course of this debate I hope to speak on other aspects of the foreign-aid program and on other provisions of the legislation now before us. But, today I shall address myself largely to point 4. To my mind, point 4 proposes simply the expansion of the world's production of goods and services. By means of the point 4 program, we hope to insert the key of technical know-how into the door of the world's treasury of human and material resources.

Unfortunately, in these days there is a tendency to assess the importance of any measure in terms of its cost. In a bill authorizing expenditures of more than \$3,175,000,000, it is difficult to put in proper perspective a program authorizing only \$45,000,000, or less than 1½ percent of the total expenditure authorized in the bill. But as I have considered this program, I have become convinced that ultimately it can become one of the most far-reaching and significant aspects of our entire foreign policy. Like the other foreign-aid measures which we have approved, this program serves our own interest as well as the interest of other people. But unlike many other programs, this one does not involve the assumption by us of the burdens of direct support for the people needing assistance. In fact, it operates on the reverse principle. Its purpose is to provide technical means whereby other peoples may take the initiative in meeting their own needs.

Unfortunately, the troubled and uncertain state of the world today forces us to concentrate much of our thought and energies on defense and security. We are developing ever more powerful instruments of destruction. We are appropriating large sums for the maintenance of our own armed forces. We are assisting other free nations in building up their defensive armaments.

In a true sense, Mr. President, the entire foreign-aid program now before us

is also a defense program. The development, with our assistance, of prosperous and sound economies among the free and democratic people of the world may well be a stronger measure of security and defense in the kind of struggle in which we are engaged than are the purely military steps which are being taken.

But the foreign-aid programs, and particularly the point 4 program, are much more than defense measures. They are constructive; they represent a concept of international relations which is dynamic and which recognizes that the economic, social, and moral interests of this country are intimately bound up with those of the other free peoples of the world.

The close relationship of our economy to the economies of other countries has become increasingly clear to us. All of the statistics show that our trade with developed countries is at a much higher level than it is with underdeveloped countries. Not only are we able to acquire from these developed areas many products which our industries and our people need and desire, but we are able to sell them more of our own products.

I find that before World War II, our exports to the developed areas averaged about \$5.80 per capita, whereas our exports to the underdeveloped areas of the world averaged only 70 cents per capita. The contrast is even more startling when we look at some of our principal export items. For example, during recent years the United States has sent to the developed countries from 20 to 30 times as much tobacco per person as has been sent to the underdeveloped areas. Last year we sold 27 pounds of the rolled and finished output of steel mills to the highly developed areas but only 3 pounds per person to the underdeveloped areas. In 1948 and 1949 we sold 6.3 pounds of raw cotton for each person in the developed areas and less than 1 pound per person to the underdeveloped areas. The same pattern prevails for a long list of manufactured products. It seems clear that even though other countries may learn to produce more for themselves, they develop at the same time a greater demand along with increased means to pay for imports from us. A prosperous nation, like a prosperous man, makes the best customer.

There is one aspect of this program which especially appeals to me. The bill authorizes a part of the \$45,000,000 to be made available for the technical assistance programs of the United Nations. As a nation, we have made the strengthening of the United Nations one of the cornerstones of our foreign policy. Our hope for a secure and a peaceful world rests in large measure on our hope eventually to make the United Nations an effective instrument for the achievement of world order and justice.

Although many United Nations activities have been prejudiced by obstacles raised by the current policies of the Soviet Union, and although the United Nations is not yet effective in achieving all of the high purposes for which it was created, this world organization is peculiarly equipped to render real service in the field of technical cooperation.

The specialized agencies of the United Nations have already been working with a number of countries to improve conditions in those countries. Many other nations besides our own are prepared to make experts available in various fields of technical knowledge so that the exchange of technical know-how and skills can be on a truly cooperative and international basis.

It is a fact that many of the underdeveloped areas would prefer to work with and through an international organization which pools the knowledge and skill of all the world rather than directly and exclusively with the United States or with any one nation. To the extent that effective results can be accomplished through international machinery, we should be willing and anxious to give our wholehearted support to these agencies. Our object in this program is not to get credit for playing Santa Claus, but rather to reap the greater benefits which would come from helping to dispel the atmosphere of economic hopelessness in which totalitarianism and tyranny thrive. Increasing the prestige of the United Nations is almost as much to our own interest as is increasing the prestige of our own country.

I have not been able to make a detailed appraisal and analysis of the exact functions for which the \$45,000,000 authorized in this bill is to be expended. However, I note that the Secretary of State, in his testimony before the Foreign Relations Committee, indicated that the figure requested was arrived at as the result of months of careful planning by many different agencies of the United States Government. The Secretary of State said that the extensive experience which the Institute of Inter-American Affairs and other agencies gained in Latin America was heavily drawn upon in formulating the specific programs to be initiated under the proposed point 4 program.

In my opinion, the action of the House of Representatives in cutting the amount requested by the State Department was most regrettable. By its very nature, the point 4 program can never cost the large sums which are involved in programs of supply and of economic support, such as are provided under other titles of Senate bill 3304. As I have already said, the amount requested for this program is less than 1½ percent of the total proposed in the whole foreign-aid bill. The reduction made by the House results in very little savings. But this small cut would cripple or altogether prevent the launching of activities which can produce benefits of vast value—much more than can be measured in thousands or even millions of dollars. I hope that the Senate will approve the full amount recommended by the Senate Foreign Relations committee and that our conferees will stand firm on this point in negotiating with the House.

I was very much interested in Ambassador Philip Jessup's testimony before the Senate Foreign Relations Committee. Ambassador Jessup has just returned from a trip to the Far East. He described the interest and enthusiasm of the far-eastern countries for the point

4 program and indicated some of the specific activities in which these areas are interested. I noted that these countries, over whose future we are so deeply concerned today, want assistance of a very simple and interesting kind. They do not ask for vast steel mills or other elaborate industrial developments. They want to develop, for instance, a new variety of rice that can be grown by dry farming instead of by wet farming. What a profound difference in the economy and living conditions in the Far East such a development could bring about.

Ambassador Jessup spoke also of the control of malaria, which is one of the greatest problems in the entire Orient. He also found a great need for information about the best kinds of trees to plant under various climatic conditions. Certainly an increase in the amount of forest timber available would be of major significance in the whole economic life of these areas.

Ambassador Jessup described how the problem of finding a simple means of ascertaining the level of the underground water table was of vast importance to some of these peoples. It might lead, for instance, to finding a simple method for getting water for irrigation. These are simple problems, but once solved, new horizons would be opened to all those millions of people in the Orient.

We can help in these problems, Mr. President. Our help, if given in time and in adequate amounts, can have a great effect in bettering economic conditions and in influencing the outcome of the mighty ideological struggle which is now going on in that part of the world.

Last Saturday, Mr. President, our distinguished Secretary of State, Mr. Dean Acheson, spoke to the American Society of Newspaper Editors, and described the situation which we now confront.

There are great areas of the world—

Said Secretary Acheson—

where people are living in a state of extreme poverty that is almost impossible for us to imagine. Millions of these people are not content any more to accept those conditions of poverty for themselves or their children. They are looking for a way out. That is a good thing. The will to change is half the battle. But the question is whether these people will choose a way out that leads to freedom. If we want them to move in the direction of freedom, we must help them.

That is how Secretary Acheson defined the situation. In my judgment, point 4 is one of the fundamental answers to the situation which Secretary Acheson described.

I feel, Mr. President, that we should endorse and support this program with real enthusiasm for its ultimate possibilities. Let us look at it not as a \$45,000,000 aid program, but as an enlightened and dynamic movement to participate with all other free countries in sharing the knowledge and skill possessed by each of us for the benefit of all. This is a very great concept. It opens up one of the doors which can lead us out of the narrow corridor of conflict in which we are now confined. It is full of opportunities and of prospects which we cannot and dare not discard.

Mr. O'CONOR. Mr. President, I desire to address myself briefly to the consideration of S. 3304, and in support of that very far-reaching measure.

Last January the Subcommittee on Relations with International Organizations, of which I am chairman, submitted a report on United States relations with international organizations. That report pointed out that American foreign policy is seeking to bring about conditions in the world in which democratic government and institutions can survive and flourish. It is difficult, if not impossible, however, to maintain international organizations, either within the United States or elsewhere in the world, unless conditions of peace, freedom, and economic well-being can be brought about in other parts of the world. In order to accomplish these basic objectives, this Government requires the maximum assistance and support from all other like-minded nations, since joint action is far more effective than uncoordinated attempts on the part of individual governments. I should like briefly to comment on this statement. The principal aim of American foreign policy, namely, to bring about conditions in the world in which democratic government and institutions can survive, is the aim of the American people. We do not need any polls to tell us that the goals of our forebears are our goals today. The men and women who fled repression and intolerance built a nation of freedom and tolerance. Our Nation today, in a world threatened by forces that would mold all minds to a single, godless pattern, stands as a great beacon, a beacon to which the peoples of the world look for guidance, help, and strength. Someone has remarked on the way in which one candle can pass its flame to other candles to make a dark room bright. And in the process, the first candle does not go out. The light it first carried becomes stronger.

Mr. President, so it is with the United States. As we kindle and encourage and nourish freedom and democracy in western Europe, in the Far East, in the underdeveloped areas of the world, we become stronger and our way of life more secure.

The chairman of the Senate Foreign Relations Committee, the distinguished senior Senator from Texas, said during his splendid presentation of this bill that he doubted whether those who oppose the Marshall plan have seriously considered whether the United States is stronger and more secure by reason of our having friends in western Europe who have retained their freedom with our help, or whether our Nation would have been more secure by keeping its aid at home and running the danger of being friendless in a world of chaos, distress, and communism.

One must agree with the senior Senator from Texas that we are far more secure today with friendly democracies in western Europe than we could ever be with Communist satellites facing us across the seas, surrounding our American troops in Germany. It is now apparent that Marshall-plan aid which has preserved and strengthened democracy in Europe is cheaper, far cheaper, for the American taxpayer, than would have

been the cost of defense if western Europe were linked to the east instead of to the west. It was pointed out earlier in my statement that in order to bring about conditions in the world under which freedom can survive, the United States requires the maximum assistance and support from all other like-minded nations, since joint action is far more effective than uncoordinated attempts on the part of individual governments. That is one thing that rates approval about the Marshall plan. We are joined with like-minded nations in a cooperative venture. The same is true with respect to the Korean aid part of the bill, the title for assistance to Palestine refugees, and the technical-assistance amendment. The self-help and mutual-aid features of these programs give greater strength than if these states were seeking the same ends individually instead of collectively.

Programs of this kind will never be understood by the Communists. The programs are based on freedom and tolerance—on the give and take of ideas. The Soviet Union in its dealings with its friends never operates on what we call a give and take basis, unless those words mean give order and take whatever you can get by force or otherwise. Whoever may have first used the word "satellite" to describe the relationship of the Soviet Union to eastern Europe, it describes the relationship perfectly. I suspect the word just grew up pretty much like Topsy. It was so natural.

Mr. President, the great difficulty that we encounter as we try to build a world of freedom and tolerance is that at every turn we are confronted by a force that promises what may, at first glance, seem to be far more than we can offer. All democracy has to offer is the opportunity for a man to make his own choices, exercise his own will, create his own wealth, choose his own government. Democracy offers a man a chance to work. Communism, on the other hand, promises not freedom, not a chance to work, but it promises, rather, a surcease of any necessity to exercise one's own will, of any necessity to make the difficult political choices that confront a free people, of any necessity to worry about where the next meal is coming from. Communism tells the people that they need not worry. The state will take care of all. The state knows what is best.

Mr. President, I daresay that a man's desire to make free choices, to have freedom, bears a very direct relationship to his well-being. We know that it is in places where chaos, hunger, and depression prevail that communism thrives, partly because the people do not care; partly because the people are ripe targets for the threats and coercion that the Communists are so adept at employing. It is against this background that we should consider the President's recommendations that the Congress authorize \$2,950,000,000 in new money for ECA for the coming fiscal year. Mr. Hoffman told the Senate Committee on Foreign Relations:

We are laying before you our best carefully screened estimates as to the requirements of the fiscal year. This is the minimum we think we shall need but, if we can

save any of it without wrecking the recovery program, I again pledge you my word we shall do so.

In the light of the serious, world-wide conflict between totalitarianism and democracy, and in view of Mr. Hoffman's assurance that we shall save where saving is possible without jeopardizing the program, I for one hesitate to assume the responsibility for cuts in funds which may adversely affect our security and carefully worked-out program. Permit me to urge strongly that no cut be made in the requested and recommended authorization, and that we endorse the unanimous recommendation of the committee and vote the full amount.

I do not ask you to take this position on the record alone. The momentum of European recovery is now for the first time really being felt. The stepped up U. S. S. R. war of nerves in part grows out of the fact that Russia knows her path to conquest is daily becoming more difficult in western Europe. Dare we at such a time and in the face of the evidence submitted take the chance of meeting our responsibilities with too little and too late?

This year's requests are based on substantial estimates of probable dollar savings and earnings which will require strenuous efforts and heavy sacrifices of western Europe. Any cut in the funds might jeopardize the program. Dare we, entrusted with the well-being of our country, vote less?

Substantial gains have been made in the European battle for freedom as the committee report and the senior Senator from Texas have made clear. But let us not be lulled into inactivity by that hopeful fact. We still have some distance to go before we can call ERP a complete success, and nothing can kill it quicker than inadequacy of funds.

We should not forget that Communists have taken on renewed confidence in Europe due to Red victories in China and the anticipated end of ERP. For that reason our aid, even though in reduced amount, is just as vital now as it was in 1947. We refused to vote too little then. Let me urge that we refuse to do so now. We are more than halfway on the road to victory in Europe, and it is unthinkable that we shall fail now. The arguments which supported full appropriations in the past are still potent.

Mr. President, before concluding, let me address certain remarks to that particular portion of this subject matter which was so ably discussed by the junior Senator from New York [Mr. LEHMAN] in connection with title V of the bill under consideration, namely, technical assistance to the underdeveloped areas. A United States program of \$45,000,000 is contemplated for the period ending with June 30, 1951.

This is a tremendously important undertaking. Remember, the so-called underdeveloped areas are peopled by two-thirds of the human beings on this globe. A great many of them live under conditions of great hardship. Their income is low; health conditions are bad; life is short; and most of the time is spent in

getting together enough food to subsist on. This is the area marked off by communism for future exploitation; and a fruitful field it is for that purpose because communism holds out to those living in misery many false yet glowing promises of a better life, with which it tries to lure the victims to accept the Communist totalitarian enslavement and police state.

There will be found in the program recommended by the committee that the United States plans to use a substantial part of the requested funds for participation in the technical assistance work of the United Nations. This is both wise and necessary. One of the main aims of the United States foreign policy is to support and strengthen the United Nations, whose anniversary, incidentally, we observe today. By supporting the technical assistance work of the specialized agencies of the UN we shall promote the improvement and stabilization of the world in which we live and thus further our own security.

The studies which the Subcommittee on International Organizations has made of our participation in such organizations indicate that dollars contributed in that field are well spent. Assurance is given that this subcommittee of the Committee on Expenditures in the Executive Departments will give close attention to the way in which technical assistance funds spent through international organizations are administered. It is hoped that when this program comes up again I will be able to report to you on the administration of these programs.

The technical assistance program envisaged in title V, especially as it pertains to the United Nations and its specialized agencies is a logical companion measure for the ECA. We should in all candor recognize that it is a new venture, and many of its phases will have to be developed by experience in the field. Yet the requested amount is not excessive, and the anticipated benefits have great promise, far out of proportion to the relatively small outlay.

In closing, Mr. President, may I respectfully suggest that title V is an international measure of the greatest significance in this day when a nation's policies must concern themselves with the battle for men's minds. This is the way to win friends for the United States and to give helpful assistance to the cause of international relations in the direction of winning the cold war, attaining greater freedom, and building a better world in which to live.

Mr. President, the pending bill offers the American people positive ways in which they can combat the promises of communism with realistic, material benefits for the people who want to choose the way of democracy rather than the way of totalitarianism. If there is one thing that is clear to me it is that if we sit back and do nothing, the world will fall bit by bit under communistic control until eventually this Nation might go down. We must be affirmative. We must be positive. We must be constructive. We must look to the future. This bill points the way.

INVESTIGATION OF SUBVERSIVE ACTIVITIES IN GOVERNMENT SERVICE

Mr. JENNER. Mr. President, one of the earliest lessons I learned in the sometimes rough and tumble politics of my home State of Indiana was to speak guardedly lest what I said might rise to haunt me at a later date.

That warning well could have been heeded by one of my distinguished colleagues, in view of the debate in this body yesterday relative to the current investigation into certain charges brought by the distinguished Senator from Wisconsin [Mr. McCARTHY], which charges are the subject now of what purports to be an inquiry by a subcommittee of the Senate Committee on Foreign Relations, of which the distinguished Senator from Maryland is chairman.

During the colloquy between the senior Senator from Maryland [Mr. TYDINGS] and the distinguished senior Senator from Maine [Mr. BREWSTER] yesterday, as reported in today's CONGRESSIONAL RECORD, the Senator from Maine referred to remarks made on the floor of the Senate Monday, July 19, 1947.

During the debate the senior Senator from Maine said, referring to previous remarks made by the distinguished Senator from Maryland:

I think it does not quite follow the pattern which the Senator from Maryland laid down in a rather historical case as to the conduct of investigations, when some 2 years ago he insisted, in a very forceful speech on the Senate floor, that future investigations should be absolutely bipartisan, by having an equal membership.

Mr. President, I happened to be the chairman of the Subcommittee on Privileges and Elections of the Committee on Rules and Administration about which the distinguished senior Senator from Maryland was speaking at that time, in July 1947.

Because, Mr. President, the junior Senator from Indiana was engaged in debate with the senior Senator from Maryland on that occasion, I feel it my duty today to enlarge upon the remarks made by my distinguished colleague from Maine and repeat some of the statements made on that occasion by the senior Senator from Maryland.

I believe they are particularly apropos. On page 9365 of the CONGRESSIONAL RECORD of July 19, 1947, I find these remarks particularly applicable to the proceedings now under way by the Senate Foreign Relations Subcommittee in its conduct of the investigations and the charges that there are or have been Communists in the employ of certain agencies of the Federal Government.

I shall comment further after this particular quotation from the remarks made by the distinguished Senator from Maryland approximately 2 years ago.

I respectfully suggest to the able Senator from Indiana without questioning that the motives which prompted the action which heretofore has been taken, that in my judgment the committee would be well-advised to have the recount made completely in the open and to have everything done there made known to the public, for a star-chamber proceeding, no matter how honest it may be, no

matter how fair it may be, will leave the impression in the minds of many that something has taken place which perhaps should not have taken place in the committee.

In the instant case, Mr. President, the investigating subcommittee is comprised of three Democrats and two Republicans. The Senator from Maryland, on July 19, 1947, said the investigation should not be conducted in that way; that it should be a bipartisan investigation.

Senators will recall that when the Senator from Wisconsin presented on the Senate floor this case of the individuals working for the Government which he considered dangerous because of the materials in their files, he then pointed out that the material in those files had been developed by thousands of investigators working for the Government and that it would be impossible for him to develop the case independent of the files and suggested that the committee membership examine the files and determine who the dangerous individuals were.

With this the Senate unanimously agreed and voted for a complete investigation and requested that all the files be obtained.

Subsequently, the Senator from Maryland and the Senator from Connecticut rather cleverly shifted on the shoulders of the Senator from Wisconsin the burden of proving, independent of the files, the cases of those who were dangerous to our Government. The Senator from Wisconsin hired a number of former FBI men and is now doing the job which the committee should have done if the committee were to try to make a complete investigation.

Strangely, however, we discovered this morning when one of his witnesses was presented to the committee in executive session, the chairman upon his own initiative ruled that the Senator from Wisconsin could not be present and refused even to put the matter to a formal vote of the committee because, as he said, the Senator from Connecticut was absent; this despite the fact that a quorum was definitely present. If the committee wanted a bipartisan investigation, with the absence of the Senator from Connecticut the committee might have had its first chance for once.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. JENNER. I yield.

Mr. WHERRY. The Senator used the expression "when he put on a witness this morning." Is the Senator referring to the Senator from Wisconsin [Mr. MCCARTHY]?

Mr. JENNER. I am referring to the Senator from Wisconsin. In other words, they have thrown the burden on the Senator from Wisconsin to prove the case. He has had to hire FBI men to bring in the facts and the witnesses. It should not be his duty to do that. But the responsibility was shifted to him. Then when he brings witnesses into this star-chamber proceeding, the Senator from Maryland, who objected to what he called a star-chamber proceeding when the junior Senator from Indiana was chairman of a subcommittee conducting an investigation 2 years ago, would not

even allow the Senator from Wisconsin to be present at the star-chamber proceedings.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. JENNER. I yield.

Mr. WHERRY. Was there anyone on the committee who represented the Senator from Wisconsin in any way, shape, form, or manner to question the witness or to help conduct the investigation?

Mr. JENNER. I shall go into that a little later. But I will answer the Senator by saying, "No; there was not." Even the minority counsel was excluded from the committee room. That is the kind of proceeding. That is the kind of investigation which is being conducted.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. BREWSTER. I think the Senator from Indiana referred to the Senator from Wisconsin as hiring FBI men. Probably the Senator meant to refer to them as former FBI men.

Mr. JENNER. Yes; the Senator from Wisconsin hired former FBI men as his investigators to make investigation of the case which the Senate has directed the subcommittee to make. That is what I am objecting to.

The action in question, Mr. President, came from the self-same Senator who 2 years ago objected so strenuously to what he termed "star-chamber proceedings" by the then Subcommittee on Privileges and Elections.

With further reference to alleged star-chamber proceedings, permit me to read from page 9367 of the CONGRESSIONAL RECORD of the same date, this statement by the able senior Senator from Maryland:

I think the committee owes it to the people of the State of Maryland and to one of our colleagues who is a sworn-in Member of this body to disclose—

Note this, Mr. President. I am quoting from the senior Senator from Maryland, who is chairman of the subcommittee of the Senate Committee on Foreign Relations conducting an investigation of Communists in Government. He said the committee should disclose— from day to day, from hour to hour, and minute to minute, everything that takes place in the room.

From the same page, Mr. President, I quote the distinguished Senator from Maryland again:

I had hoped that the investigation would be open, free, and above board, and without any tinge of partisanship.

It is a terrible thing that by connivance, by the suppression of facts, or by the utterance of charges which have not been thoroughly investigated and from which the evidence on both sides has not been presented on the floor of the Senate, the Senator from Indiana in the charges which he has just made, is sitting as a judge without a complete trial of the case.

I ask the membership of the Senate, Mr. President, in all candor, who is sitting as judge and jury in the matter now before the Foreign Relations subcommittee.

Again, Mr. President—and I might comment that the record is full of sim-

ilar statements—the senior Senator from Maryland charged—

Proceedings are being conducted in a closed room from which the public and representatives of the press are excluded, and the participants in that procedure are cautioned to give out no information. * * * It seemed to me the public interest was not being served by such a procedure.

If there is to be any logic or any progress in government or in civilization, what we should do is to use the wrongs of yesterday to make the rights of today and in the future.

What a poor and pusillanimous argument it is to say "When you gentlemen were in control you did not act right. Now we are in control and we are not going to act right."

What an admission of evil doing to use as an excuse the wrongs of someone else to justify the wrongs of yourself.

Mr. President, the chickens have come home to roost. Let us look at the record.

Referring again to the debate of yesterday, I quote again from my distinguished colleague, the senior Senator from Maryland, chairman of the Communist-investigating subcommittee, as follows:

I am not relying entirely upon the staff of the committee, because sometimes I can get access to things to which, perhaps, a staff investigator could not get access.

The facts, Mr. President, corroborate that statement by the able Senator from Maryland.

The record of committee proceedings of the United States Senate reveals that the senior Senator from Maryland was the original sponsor of the present Secretary of State, Dean Acheson, the man really under fire in the State Department Communist cases.

The record will show that Mr. Acheson was first sponsored for a Government job in 1933 by the Senator from Maryland [Mr. TRYBINGS], who sponsored him for appointment as Under Secretary of the Treasury. As corroboration of this fact, I refer to the CONGRESSIONAL RECORD of May 12, 1933, page 3336. On the following page of the same RECORD, we find this quotation from the distinguished Senator from Maryland:

Apart from the fact that Mr. Acheson comes from Maryland, I believe you gentlemen will find he will be a pleasant surprise in the office.

Mr. President, I think the American people will agree that Mr. Acheson has been "a surprise"; but in addition, his Damon and Pythias defense of the convicted perjurer, Alger Hiss, has certainly been a shock to the Nation.

I continue the quotation:

He has great ability and great industry, and holds a high conception of any governmental responsibility, and it is a real pleasure for me to endorse him.

I am satisfied the committee will have no regrets if they endorse him.

Mr. President, in view of the declaration by the able Senator from Maryland that he has access to things to which perhaps a staff investigator could not obtain access, let me state at this point some facts about the "interlocking directorate of Whitewash, Inc." In fact, Mr. President, about the only thing the administration has is whitewash; it has plenty of that.

S. 3304

IN THE SENATE OF THE UNITED STATES

APRIL 25 (legislative day, MARCH 29), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. HICKENLOOPER to the bill
(S. 3304) to amend the Economic Cooperation Act of
1948, as amended, viz:

- 1 On page 4, line 2, strike out the figure "\$2,950,000,-
- 2 000" and in lieu thereof insert "\$2,350,000,000".

AMENDMENT

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any stretch of imagination, I don't think the demonstration and demand were initiated by the children alone. I don't know for sure who made them do it. But a certain thing is that there are some men behind them telling them to do such and such a thing.

This is only one instance, but with it I think you will see how Communists go into every corner of society ever trying to destroy the democratic society and pull the public into their side. And this kind of trick must be played anywhere and always in the world.

Now, Mr. Brendel, you might feel that these things are happening in some other world which has no direct bearing upon your daily living. But in Japan we feel their immediate pressure around us day and night. They are working on us in papers, magazines, books, speeches and overseas radio broadcasts from Russia.

I think I went a little off the track. But I feel it may give you a picture how things are ticking in Japan.

I'm still working at the same place. Yet you know, there has been much talk going around about an early peace treaty with Japan. So I don't think my present job will last very long. Anyway, these postwar years gave me a great deal of lessons invaluable. For the first time I came to understand, though not yet completely, what things in America are like. And most fortunate of all for me is that I had a chance to know such a nice American like you.

The office work also gave me good opportunities to practice my English reading and writing. I haven't much to tell you about my home life. Our daily living so far has been rather an uneventful, happy one. Today seems an exact replica of yesterday. But we see Japan and Asia as a whole is in the midst of a violent maelstrom going nowhere dragging all of us with it.

Now, here enclosed a photo, and we're so happy if you accept it. I and my wife had it taken at a photo studio a few weeks ago in this town. We wish from our heart your success in your study.

The last but not the least, we all appreciate for your Christmas card that came to us safely across the Pacific. Please drop us a line if you had a time to spare. Sayonara.

Very sincerely yours,

ATSUO MATSUMOTO.

SECOND ANNIVERSARY OF INDEPENDENCE OF ISRAEL

Mr. MYERS. Mr. President, I ask unanimous consent to have printed in the RECORD a statement prepared by me in recognition of the second anniversary of the sovereign State of Israel.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. President, on the 23d of April, the new State of Israel celebrated its second anniversary as an independent and sovereign state, and that celebration is continuing throughout the present week.

Two years ago, a dream of centuries long was fulfilled. The Jewish people, one of the oldest nations in the world, found a homeland in the State of Israel. It is indeed an historic event in our times that this state has been reborn. And it has been through the courage and determination of these people that such a rebirth has been possible. Even when it seemed almost impossible that Israel could ever become a state, the Jewish people did not give up. The sovereign State of Israel is a well-deserved fulfillment of their dream.

In the two short years of its existence, Israel has been faced with tremendous difficulties. The little country has been torn with war, its people have been faced with displacement and misery. But through it all, the

people have not once given up working for a democratic government, and their efforts to improve the well-being of the citizens of Israel have been rewarded in increased production and better living standards for all.

Israel still remains the haven for thousands of refugees—and these refugees are being welcomed into a new and vigorous state. Here they will find a home, freedom, and security.

Mr. President, I should like to add my voice to thousands of my fellow Americans in extending my best wishes to the people of the State of Israel, and my sincerest hope for their continued and ever greater prosperity in the future.

BOOSTING KANSAS

Mr. DARBY. Mr. President, one of our fine newspapermen in the State of Kansas is Mr. McDill Boyd, editor of the Phillips County Review. I ask unanimous consent to have inserted in the body of the RECORD an excellent editorial by Mr. Boyd entitled "Boosting Kansas Is Everybody's Job."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BOOSTING KANSAS IS EVERYBODY'S JOB

Kansas has all the attributes of greatness but Kansans lack pride in their State, its resources and accomplishments.

Favored among all people on earth, the Kansan away from home is too often an apologist for the State. He has faith in Kansas or he wouldn't be here, but he jokes about the time-worn and usually untrue stories of grasshoppers and dust storms, when he should be proudly listing the advantages of his slum-free, healthy, and profitable surroundings.

Good health ranks high in the list of earthly blessings, and World War II selective service statistics indicate that Kansas ranks second among the 48 States in health.

And we should be a healthy folk. We have more days of sunshine than the average State; our water is clear and pure; our air is free from the taint of smog and grime. With one of the best public health organizations in the Nation providing the leadership, our cities are clean and sanitary; public and industrial practices which once menaced health have been outlawed.

Kansas is indeed a healthy place to live, and fame and fortune bring little happiness to the man with a sour stomach.

The friendly, neighborly spirit which characterizes our State is almost as well known as the Kansas cyclones which strike in Oklahoma, Arkansas, and Louisiana.

There are no strangers in Kansas, and every man is accepted on his own mettle. There are no privileged classes in Kansas where the environment acts as a great leveling influence to bring us all together in our schools, our churches, our community work and play. Men are not numbers in an industrial machine in Kansas, where an inherited love of freedom and independence has created a hard core of resistance to the "hand-out State."

Kansans live together in their respective communities, where children of the rich and poor sit side by side in school or church; where employee and employer work together on city councils, on school boards, on boards of directors of golf clubs and recreation centers. Yes, Kansans live together, work together, play together in an atmosphere of friendliness and neighborliness that gives each man a chance to find his own level in the community.

Agriculture is the backbone of the State's economy, where farmers, by their own ingenuity, toil and resourcefulness have cre-

ated a great inland empire. Kansas' production of wheat and cattle; its well-rounded farming program, have become legendary. The State's natural resources are not confined to top soil alone, however, with great reserves of oil, gas, coal, salt, lead, and zinc providing a background for the industrial development now well under way.

Western Kansas, the highly publicized dust bowl of yesteryear, in 1948 had the largest per capita earnings of any like-sized area in the world.

The proud list of Kansas' resources and accomplishments—second among all States in its educational system, its high rate of literacy among them—reaches out almost endlessly.

The time to boost Kansas is long overdue, and while a well-conceived program has been started by the Kansas Industrial Development Commission, the individual Kansan must carry the torch.

At home and away from home, Kansans should be militant boosters for their own State.

Our families have a chance to live in a happy, wholesome environment where the best in American tradition is the customary way of life. We enjoy good health, completely modern facilities, and a chance to make enough money to appreciate it all.

We have no animosity toward other States, but we do feel sorry for the folks who have to live in them—there simply isn't room enough in Kansas for everybody.

TREND TOWARD SOCIALISM

Mr. DARBY. Mr. President, Mr. Richard W. Robbins, one of our leading livestock men and a leader in civic and business affairs, of Pratt, Kans., advises me of the growing concern among stockmen not only of Kansas, but of the Nation, who have assembled to voice their protest against the rising tide of Socialist trends within our Government today. I should like to call that concern to the further attention of my colleagues and the other readers of the CONGRESSIONAL RECORD.

I ask unanimous consent to have inserted in the body of the RECORD an editorial taken from the New Mexico Stockman, the official publication of the New Mexico Cattle Growers Association, which in bipartisan language strongly denounces this trend of our Government.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A SIGNIFICANT STATEMENT

On the front cover of this number of the New Mexico Stockman is the text of a special resolution adopted at the opening session of the thirty-sixth annual convention of the New Mexico Cattle Growers Association in Albuquerque March 27. The resolution was adopted by unanimous, rising vote.

The resolution expresses grave concern at the trend toward socialism in present Federal Government policy, and an urgent demand for a return to adherence of our Government to the letter and spirit of the Constitution of the United States, and the spirit of its Preamble.

If this action of the New Mexico Cattle Growers Association had been the isolated demand of a single group for an end to socialistic trends in the Government, it might have been possible to infer that this one organization was motivated by some particular opposition of its own to current Government policy, or perhaps by some partisan political motive.

Neither of these conditions exist.

First, the New Mexico Cattle Growers Association is strictly a nonpartisan organization. Its more than 5,000 members include both Democrats and Republicans. While we do not know the party affiliations of these men and women, our guess would be that a majority, and perhaps a large majority of them are members of the Democratic Party, because very large numbers of them or their fathers or grandfathers came to New Mexico from strongly Democratic States.

Second, this declaration against socialistic trends has been voiced in equally vigorous demand by nearly every livestock organization west of the Mississippi River; by farm organizations on both sides of the great river; by numerous business groups both large and small; by women's organizations, social service clubs, and church organizations, from coast to coast.

It is the rising voice of increasing numbers of the people of the United States against a paternalistic policy which, if not arrested can lead only to the tragic conclusions stated in the resolution.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. KEM. Mr. President, I offer an amendment to the pending measure. The amendment, which would reduce by \$1,000,000,000 the authorization provided for in the bill, has been printed and is lying on the desk. It is lettered "D." I ask that it be made the pending question.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 2, it is proposed to strike out "\$2,950,000,000" and insert in lieu thereof "\$1,950,000,000."

The VICE PRESIDENT. The amendment will be regarded as the pending question.

WE MUST STOP COMMUNISM NOW

Mr. EASTLAND. Mr. President, America stands today as the last sanctuary on earth of human dignity and freedom. Only the blind or those who dare not see can fail to admit that the struggle in which we are now caught is a matter of life or death.

I believe that our future will go by default unless we come to a complete understanding of the strategy and objective of the vicious world conspiracy that is bent on our destruction. We cannot hope to win this fight against the resources and the ruthlessness of such a deadly enemy as we now face unless we know exactly what it is we are fighting.

That is why, Mr. President, at the outset I want to warn the American people of how misleading a term the expression "cold war" really is, as it is currently being used to describe the struggle in which we are caught. There is nothing cold about the war that is raging around the world today, and we only render ourselves a disservice by our failure to take off our verbal gloves and call a spade a spade.

The truth is, Mr. President, we are now caught in the most vicious, undeclared war in human history; and this undeclared war is being waged against us on the economic, on the financial, on the social, on the political, on the re-

ligious, on the ideological, and on the military fronts with such diabolical skill and fanatical fervor that the American people simply cannot grasp the deadly seriousness of the predicament in which we now find ourselves. The only reason Russia has not formally declared a military war upon us is that she can make faster progress against us by lulling us into inactivity through the absence of such a declaration. Yet Communist literature is full of acknowledgments that Russia is at war to the finish with all the non-Communist world. Meanwhile, the capitalist world is being annihilated piecemeal.

Mr. President, time will not permit a detailed historical analysis of the causes that have led to our present dilemma, but I want to take sufficient time to draw in the starkest outline just what the central cause of our dilemma is.

The central cause to which I refer is the Communist world conspiracy which was spawned in the horrors of the Bolshevik Revolution of 1917 and dedicated to the proposition that humankind is kin only to the brute, and entitled only to the status of inmates of a vast world concentration camp, with no other allegiance than to the fantastic, ruthless decrees of a brutal despotism. It is this ruthless, brutalizing, and inhuman perversion of every principle and ideal of cultured and Christianized humanity that lies at the root of the conspiratorial plague that now stalks across the world.

I do not intend by my remarks to pay homage to the master minds of this criminal conspiracy, for I believe their successes are naturally due, not to the justice of their cause, not to the superiority of their intelligence or to their devotion, but to the misunderstanding and weaknesses of their opponents. They fight in a manner in which we have not learned to fight.

It is a historical fact that this Communist plague has succeeded in infecting and spreading its germs and paralyzing its opponents by exploiting the weaknesses and imperfections of other peoples and by reopening and inflaming old wounds, as well as by inflicting new ones.

This Communist technique has succeeded until today every aspect of human activity and human endeavor has been turned into unhappy, political hunting grounds for Communist exploitation. They fish only in troubled waters, and have perfected the technique of roiling the waters of every realm. They defeat us by making end runs around our traditions, our mentality, and our morals.

If there is one thing, Mr. President, that the American people need to be shocked into a complete realization of, it is the fact that no area of activity in this great land of ours is immune to these vicious assaults. Our institutions, shipping, agriculture, labor, industry, mining, our branches of Government, civil service, our political parties, our culture, our science, our religion, our social and educational activities, our athletics, and even our private clubs all are grist for this Communist mill of infiltration.

This Communist world revolutionary conspiracy will stop at nothing to undermine and destroy us, twisting our noblest

humanitarianism and even our patriotic impulses into whatever ugly shape will serve their vicious ends. Their genius for hypocrisy is transcendent.

However, history will recall that the Communist imperialism would not stand today where it is, both at home and abroad, without the unparalleled material aid and without a shocking ineptitude on the part of American diplomacy.

At Tehran and Yalta by the stroke of a pen, the American people lost everything they were supposed to have gained from the First World War in respect to the self-determination of European peoples. By that stroke of a pen Europe was cut in two and an iron curtain drawn across its heart. Behind that iron curtain, 110,000,000 people were transferred from the hands of one dictator into the tyrannical hands of another. The European economy was paralyzed, for Russia was left in control of a minimum of the population and a maximum of the food-producing area and the raw materials of the European Continent.

At Yalta, we lost everything we had been fighting to gain from both world wars, for by a stroke of the pen Asia was partitioned and China was betrayed and we turned over to Russian control a minimum of the population of Asia—Manchuria—and a maximum of the surplus food-producing area and the greatest industrial potential the Orient has ever seen, which Japan had built in Manchuria. Thus, we handed over to Stalin on a silver platter everything China had been fighting Japan 10 years to achieve. By these two strokes of the pen, Stalin was handed geo-political spoils in terms of military advantages, salt water ports, navigable rivers, coal and iron mines, and surplus food-producing areas of such staggering implication that the American people completely failed to grasp what had happened; for Stalin was handed as a gift those things which the frightening, tyrannical, imperialism of Czarist Russia had never been able to take by conquest for the past 400 years.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. EASTLAND. I yield for a question.

Mr. LANGER. To what does the distinguished Senator from Mississippi attribute this betrayal of American interests?

Mr. EASTLAND. As I stated, it was the ineptitude of our diplomacy at that time.

Mr. LANGER. Was it only that?

Mr. EASTLAND. I think it was ineptitude. I do not think the men who directed our foreign policy were Communist agents. I think Alger Hiss, the adviser, was a Communist; but I think it was purely ineptitude.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. EASTLAND. I yield for a question.

Mr. LANGER. Will the Senator say just what he means, according to his judgment, by "ineptitude"? As a part of it, does he mean ignorance of diplomacy?

Mr. EASTLAND. I think it was ignorance of diplomacy, ignorance of

IMPATIENT AND CURT

Johnson—decisive, abrupt, brooking no interference or dilatory arguments, acute but not profound, courteous but not tactful, impatient and curt. He is gregarious, has all the social graces of a polished politician, has a wide circle of friends in the top brackets of industry and finance, and clings to his American Legion buddies.

Forrestal had the deep respect of the military, but as one top military leader said in March of 1949:

"We need a man of decision, a man who will make up his mind and tell us what to do and cut out all this quibbling and quarreling."

Johnson was the man who could make up his mind, and quickly. But a year later, this top military leader would be unwilling to say whether he wanted decisions as fast and as sweeping as Johnson made them. Forced to swallow a \$13,000,000,000 budget, a cut of \$1,600,000,000, the top military leaders have given grudging support to economy, but continue to talk about their need for a few more warships, a few more air groups, and an extra army division or two.

GENERAL EISENHOWER WORRIED

Even General Eisenhower, who last spring directed the planning of the defense budget for the fiscal year starting July 1 and who is author of Ike Three, the austerity \$13,000,000,000 economy budget, is now worried that the Nation is being disarmed.

Johnson confided to his associates that he is not going to be panicked into spending more for defense than is necessary. He said that the \$13,000,000,000 budget as now planned contains several hundred million dollars more "hardware" [weapons such as planes, tanks, guns and antisubmarine weapons] than did Ike Three.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. McCARRAN. Mr. President, I understand that the pending question is the amendment offered by the Senator from Missouri [Mr. KEM]. I desire to state that by reason of the fact that the Committee on the Judiciary must hold a hearing on a judicial nominee in Salt Lake City, it is incumbent upon the chairman of the committee to leave Washington tomorrow evening in order to assist in holding the hearing in Salt Lake City. I have asked the Senator from Missouri if he would be courteous enough to permit me to offer an amendment, which has been printed and is lying on the desk, and that his amendment be taken up after my amendment is disposed of. In that way it may be possible to proceed to a vote on my amendment today.

Therefore, Mr. President, I ask unanimous consent that my amendment may be made the pending question, with the understanding that immediately following its disposal the amendment offered by the Senator from Missouri shall come in place.

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). Is there objection? The Chair hears none, and it is so ordered.

The clerk will state the amendment offered by the Senator from Nevada.

The CHIEF CLERK. On page 7, after line 4, it is proposed to insert the following:

AID TO SPAIN

SEC. 201. This title may be cited as the "Spanish Aid Act of 1950."

NATURE OF ASSISTANCE

SEC. 202. The Administrator for Economic Cooperation is hereby authorized to furnish assistance to the Spanish state in conformity with—

(a) the provisions of the Economic Cooperation Act of 1948, as amended, wherever such provisions are applicable and not inconsistent with the intent and purposes of this title; and

(b) the administrator is authorized to issue notes from time to time during the fiscal year 1951 for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$100,000,000 for the purpose of allocating funds during such fiscal year to the Export-Import Bank of Washington for assistance to Spain on credit terms under the provisions of paragraph 2 of section 111 (c) of the Economic Cooperation Act of 1948, as amended, to the extent applicable.

Mr. McCARRAN. Mr. President, I am glad to yield the floor to the Senator from Indiana, if that is agreeable to the Chair.

Mr. JENNER obtained the floor.

Mr. LUCAS. May I ask the Senator from Nevada if he is trying to get a vote on his amendment at this time?

Mr. McCARRAN. Not at this time. When the Senator from Indiana has concluded his address, I shall ask for a quorum call, and at that time I shall ask for 10 or 15 minutes in which to offer my thoughts on the amendment. Later this afternoon I shall try to get a vote on it.

Mr. LUCAS. Mr. President, will the Senator from Indiana yield?

Mr. JENNER. Yes.

Mr. LUCAS. Does the Senator from Nevada expect to get a vote this afternoon?

Mr. McCARRAN. Yes.

Mr. LUCAS. I was wondering whether we might not agree to vote on the Senator's amendment at a certain time tomorrow.

Mr. McCARRAN. That would be satisfactory to me. I must leave around 4:30 tomorrow. It would be entirely satisfactory to me to vote on the amendment tomorrow. Perhaps it would be better if we could vote on it tomorrow.

Mr. LUCAS. I dislike to attempt to make any unanimous-consent agreement without a quorum being present or without the presence of the minority leader.

Mr. SCHOEPPPEL. I have requested that the minority leader come to the Chamber. He would be more conversant with the subject than I would be.

Mr. LUCAS. I am certain we can get a unanimous-consent agreement to vote on the amendment tomorrow, which I believe would be satisfactory to everyone.

Mr. McCARRAN. It would be satisfactory to me.

Mr. LUCAS. I think that would be a better time.

Mr. McCARRAN. Yes.

Mr. JENNER. Mr. President, as the curtain goes up on the third act of the Marshall-plan drama, the whole show becomes more incredible, more fantastic, and more frightening. Yet, the deeper the international crisis becomes, as the stage on which this drama is being played, the more determined are the

stage managers of this production further to indulge their personal whims, to peddle palliatives, and perpetuate their vested interests in their own tragic mistakes.

Mr. President, March 28, 1949, a year ago, in addressing myself to the Marshall plan on the Senate floor, I said, "I am not one who adheres to the so-called bipartisan foreign policy. I do not believe in bipartisanism," and I went on to say, "I am a firm believer in and a staunch supporter of the two-party system. It is the function of a minority party to call to the people's attention the consequences and shortcomings of the majority party."

In the year that has passed, Mr. President, nothing that has happened has warranted changing my mind. Indeed, everything that has happened has only forced me to hold more strongly to my basic convictions, so that as this third act of the Marshall plan begins, I feel it my solemn duty to warn the American people that we are no longer just passive spectators sitting on the side lines, handing over our hard-earned dollars to watch this internationalist show go on. Instead, we are being drawn ever deeper into the backwash bribery and blackmail of the ancient ills of the Old World.

The distinguished Senator from Mississippi [Mr. EASTLAND] has just concluded an address which points that up very forcefully. We read yesterday about a report which was referred to on the floor of the Senate to the effect that England now wants the United States to pay off \$9,000,000,000 of her debt.

We are no longer lifting other nations out of their suffering and degradation. We are not enlarging areas of human freedom. We are merely being sucked ever deeper into the bottomless pit of power politics and headed for bankruptcy and destruction as a sovereign people.

For a long time, Mr. President, I have felt my struggle to help stop this trend and to arouse the American people to the magnitude of the tragedy that was in the making, was a lone and losing battle. For the American people could not believe that these things that have been happening could happen to them. The American people believe in their form of government and their way of life. They believe in giving the next fellow an even break. They are not naturally suspicious of their fellow Americans. They take great pride and place complete confidence in their elected representatives, and they want to do what is right. They want to exert the full force of our moral leadership as a free and sovereign people in the struggle for a lasting peace, with justice under law.

But now, Mr. President, their confidence has been shaken at the roots. They still cannot point their finger at the source, but they have an uneasy feeling that somebody has been selling them short and they are fed up with pre-digested propaganda and self-appointed saviours and global do-gooders and fancy slogans. They want the facts put on the table, and they want their leadership to get out of the way and let them see what has been happening. Then

they want to make up their own minds as to what shall be the best course of action.

Yet, Mr. President, as the debate on this third installment of the ECA gets under way, the President merely continues the act by saying, "the American people can look back with pride on the achievements of our foreign policy during the past 5 years."

Think of that, in the face of what has happened in the east, and in China alone. Let me remind the American people that Russia dominated only 180,000,000 people in 1945, and this is 1950, which covers the 5 years to which the President referred, and today Russia dominates 800,000,000 people. Yet the President of the United States says, "The American people can look back with pride on the achievements of our foreign policy during the past 5 years."

All I care to say, Mr. President, is that if Mr. Truman is proud of what has happened during this period, he is either suffering from criminal ignorance, he is betrayed by his advisers, or he is stooping to play politics with our future just to cover up his own tragic mistakes. Or, he has been listening to his own echo so long as a mighty miracle man, he just cannot understand that those who have been following in his Pied Piper procession are finally beginning to desert him.

Unless I am mistaken, Mr. President, the resentment of the American people at this moment is just beginning to find expression. It does not take much imagination to foresee that as the outrageous story of the past continues to unfold, all the New and Fair Deal myths and legends about how the Democratic Party is the party of peace, plenty, and progress, are going to die of the withering contempt of my fellow-Americans.

The President insults the intelligence of the American people in attempting to enlist their support for this third installment of the Marshall plan, by assuring them they can be proud of the achievements of our foreign policy, for such assurances fly in the face of the facts.

Mr. President, is President Truman proud of the fact that the terrible sacrifice and suffering of the last war, which, we were led to believe, was fought to extend the so-called four freedoms, has resulted in the imposition of slavery and degradation to more than 800,000,000, most of whom were sold out and betrayed into the hands of Stalin?

Is the President proud of the fact this terrible war that was to restore freedom from fear and want, has resulted in turning loose between 60 and 80 million refugees across the world, according to Paul Ruegger, president of the International Committee of Red Cross.

Mr. KEM. Mr. President—

The PRESIDING OFFICER (Mr. TOBEY in the chair). Does the Senator from Indiana yield to the Senator from Missouri?

Mr. JENNER. I yield.

Mr. KEM. Does the Potsdam Agreement fall within the 5-year period to which the President referred?

Mr. JENNER. I would say it does. I would say the "last 5 years" would run from 1950 to 1945, and that is the period

during which these terrible mistakes have been made and this terrible diplomacy has been conducted.

Mr. KEM. Are we to understand that the President of the United States views with pride his execution of the Potsdam Agreement?

Mr. JENNER. Yes; he is proud of it, and I said there were three reasons why he was proud of it; I named them.

Is the President proud of the fact the war that was fought for the principles of the Atlantic Charter has destroyed the very foundation of international law, paralyzed the European and Asiatic Continents and plunged hundreds of millions more of our fellow-beings into the midst of a terrifying civil and guerrilla warfare all around the globe?

There is a second reason, Mr. President, why the American people are no longer following the propaganda line that the Marshall plan is cheaper than war—oh, how many times we have heard that—and that we ought to be proud to be able to continue to pay its staggering costs.

Mr. President, all of this talk of how the Marshall plan is cheaper than war is so much hypocritical drivel, for the Marshall plan is not financing a cold war, it is financing a perpetual undeclared war all over the world. This undeclared war will bankrupt us in exactly the way which Lenin foretold when he boasted, "We will force America to spend herself into bankruptcy."

It is an insult, Mr. President, to the native intelligence of the American people to tell them the Marshall plan is cheaper than war. In the first place, according to the report of the ECA Commerce Mission, October 1949, we find, and I quote:

From July 1914 through 1948 the United States exported goods and services to a value of \$270,000,000,000 and imported goods and services to a value of only \$169,000,000,000. Thus we exported \$101,000,000,000 more than we imported over this period.

In other words, Mr. President, we have poured out over \$101,000,000,000 since 1914 down the rat holes of Europe and Asia. In addition, Mr. President, Mr. Hoffman stated during the ECA hearings, in defense of this thesis:

You and I also know that a shooting war is definitely more costly. Secretary of the Army, Gordon Gray, recently has stated that World War II will have cost the United States \$1,300,000,000,000 before it is finally paid for, and a trillion is a thousand billion.

In other words, Mr. President, we are continuing to fight the Second World War, the staggering cost of which is impossible to grasp—\$1,300,000,000,000, according to Mr. Gordon Gray.

Furthermore, Mr. President, we have spent \$50,000,000,000 since the so-called end of the war for national defense, and our defenses are a shambles and disgrace. Why, Mr. President, in spite of these billions, are we not in a position either to win a war or keep the peace?

Moreover, Mr. President, under the Marshall plan program we already have poured \$10,000,000,000 into Europe and yet, on page 20 of the ECA hearings, we discover in the colloquy between the Senator from Massachusetts [Mr. LODGE]

and Mr. Hoffman that we will not be able to bring Europe back to the level of co-operation and integration of 1913 before the First World War, even if our Marshall plan objectives are reached.

Then there is the matter of our \$260,000,000,000 debt which is steadily rising, with an announced \$7,000,000,000 deficit this year and a probable \$10,000,000,000 deficit next year.

On top of this, Mr. President, my distinguished colleague, the senior Senator from Arkansas [Mr. McCLELLAN], chairman of the Committee on Expenditures in the Executive Department, has warned us our domestic budget will rise from its present \$41,000,000,000 level to \$67,000,000,000, if the President's schemes for covering up the domestic consequences of this outrageous bipartisan policy is enacted into legislation.

Mr. President, a third reason why the American people no longer accept the President's glib assurances about our wonderful successes with the Marshall plan in the cold war is they are beginning to realize that the foundations on which we have built and projected every single international program during and since the war have crumbled beneath our feet.

Mr. President, on March 14, 1950, I read into the RECORD a list of the principles on which the conduct of the war and our international meddling since the war have been based, and, because I believe it to be so important that the American people realize just exactly how staggering the tragedy in the making has become, I want to read the list again into the RECORD and follow up the list of principles with a list of the international conferences which were based upon them and from which all the basic commitments that underlie our war and postwar policies were derived:

First we were propagandized into believing that Russia was a peace-loving ally upon whom we could count for general cooperation in the just solution of all the economic, social, political, and military problems of a postwar world.

That has not been wholly given up yet because, only in the last political campaign, the President of the United States referred to Stalin—I cannot quote him exactly, though I should be able to, but all Members of this distinguished body will recall, and I am sure the American people will recall, that the President referred to Stalin as "Good Ole Joe. He is not a bad fellow." That is one of the assumptions upon which we have proceeded. I continue to read the list:

Second, we were promised that the principles of the Atlantic Charter would provide the base for the forthcoming peace treaties. These principles we also were propagandized into believing Russia had endorsed and would continue to endorse.

Third, we were promised that the system of sovereign and independent states, and the whole system of international laws upon which that system has been based, would be preserved, and that these nations would be permitted also to join in solving the world problems as sovereign and independent states.

Fourth, we were promised that the vanquished peoples of Germany, Italy, and Japan would be reincorporated into the family of peace-loving nations on the basis of equal

access to the trade and raw materials of the world.

Fifth, we were promised that there would be preserved in all the nations, stable elements of society with whom we could enter into long-term social, economic, and diplomatic contracts.

Yet, the plain fact is, every one of these principles have been repudiated by the secret diplomacy of Tehran, Yalta, and Potsdam which changed what set out to be a war of limited objectives in Europe and Asia, into a world revolution.

Mr. MALONE. Mr. President, will the Senator yield at that point?

Mr. JENNER. I am glad to yield for a question.

Mr. MALONE. The distinguished Senator from Indiana mentioned equal access to the trade of the areas in question. Does the Senator understand, as the junior Senator from Nevada believes, and has believed for a long time, that the thing which prohibits us from equal access to the trade of these areas is the perpetuation of the colonial system?

Mr. JENNER. Yes; I do.

Mr. MALONE. Then, one further question.

Mr. JENNER. Of course, the colonial system is destroyed now because we sat down at Tehran, Potsdam, and Yalta and made a deal and turned over the east to the Communists. So that is all out the window.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. JENNER. I yield for a question.

Mr. MALONE. The distinguished Senator from Indiana, then, believes that perhaps all of Asia is in a fair way to be lost because of the turning over of Manchuria to the Russians in the beginning, and then the recent happenings in China as the result thereof.

Mr. JENNER. I think that is self-evident.

Mr. KEM. Mr. President, will the Senator yield to me at that point?

Mr. JENNER. I yield for a question.

Mr. KEM. I should like to ask the Senator if a colonial system has not grown up with Russia as the center? Is not the dependency of countries such as Czechoslovakia, Bulgaria, Rumania, Yugoslavia, and Poland upon Russia, in its essence a colonial system?

Mr. JENNER. That is the new colonial system, and if Russia can make it work, there is no reason to believe she will not be a great empire for many, many years to come.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. JENNER. I am glad to yield.

Mr. MALONE. The colonial system we are financing at this time, then, through the financing of the empire-minded nations, which are included in the 16 Marshall plan nations—and those nations are, of course, England, Belgium—

Mr. JENNER. France.

Mr. MALONE. France.

Mr. JENNER. Italy.

Mr. MALONE. We are putting Italy into the business; but it includes the Netherlands, at least. Through the ECA and through the North Atlantic Pact, and now through the great point 4 bold, new program to finance—

Mr. JENNER. It is better known as "point forever."

Mr. MALONE. In any case the Senator from Indiana agrees with the junior Senator from Nevada, does he not, that if we guarantee the investments in the colonial areas against confiscation, nationalization, and every other kind of a trick for which the colonial nations are famous, then we will help hold the colonial system together in the Far East and in Africa and in other areas where we are now and, as in the case of Africa, busy parceling out the slave areas to these nations.

Mr. JENNER. Yes.

Mr. MALONE. In other words, we are helping establish a system which prevents us from having equal access to the trade. Is that correct?

Mr. JENNER. That is correct.

Mr. MALONE. Mr. President, will the Senator further yield?

Mr. JENNER. I yield.

Mr. MALONE. It was my privilege to attend the first United Nations Conference in San Francisco. There we told the country that we would have freedom with all the other nations of the world, under the auspices of the United Nations. Many persons believed that, and all of us wanted to believe it, although many were skeptical, after noticing the treatment given there.

As a matter of fact, at that meeting I represented the Senate Committee on Military Affairs; it was under the auspices of that committee that I attended, as an observer.

In the opinion of the Senator from Indiana, have we changed that arrangement entirely; and are we now engaged in financing and holding these colonial areas, which in themselves prevent the accomplishment of what we said at San Francisco we were going to do?

Mr. JENNER. Apparently so. However, Mr. President, when mention is made of United States foreign policy, let me say that we do not have one, and we never have had one. If there is talk about the revival of our foreign policy, it is talk about reviving something that never existed in the first place. We have just been living on crises and propaganda, propaganda peddled by 30,000 propagandists of the New Deal. The sad thing about it is that the Republicans have fallen for the bipartisan booby trap, and have gone a long way down the road with it.

Mr. MALONE. Mr. President, will the Senator yield for a further question?

Mr. JENNER. I yield for a question.

Mr. MALONE. It is very interesting to me, and I have a further question in connection with the bipartisan foreign policy: Is it the understanding of the Senator from Indiana that under our Constitution our Government is composed of three equal divisions, namely, the judicial, the legislative, and the executive branches?

Mr. JENNER. That is my understanding; but it is not very popular any more in the United States to refer to a constitutional form of government, composed of three divisions. A person in this country is considered somewhat old-fashioned and something of a mossback

if he still believes in three equal divisions of government under the constitutional system.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. JENNER. I yield.

Mr. MALONE. Then any agreement made ahead of time, before a foreign policy is announced by the executive department—and of course the Constitution places upon the executive branch of Government the responsibility for fixing foreign policy.

Mr. JENNER. That is correct.

Mr. MALONE. Then does the Senator from Indiana agree and believe—as I do at the present time—that any understanding or agreement made ahead of time by the Senate, before it knew exactly what was going to be done, and before such announcement was made on the floor of the Senate, would be a technical violation or at least a violation of the spirit of the Constitution?

Mr. JENNER. Yes; and I say to the Senator from Nevada that I shall go into that matter further, a little later in my remarks; and I shall show how, by the so-called revival of the bipartisan foreign policy, a man by the name of Dulles, in New York, who represents a man who twice has been defeated for the Presidency of the United States—and Mr. Dulles himself was defeated by the people of his own State—has been selected by the present administration, and is supposed to represent the Republican Party in a bipartisan foreign policy, although he has not even been confirmed by the Senate. He has been selected by the President; the President has selected him, a lame duck, a defeated candidate; and he is going to revive the bipartisan foreign policy.

Mr. President, I should like to continue with my remarks. At their conclusion I shall be glad to yield further.

Mr. MALONE. Mr. President, will the Senator yield once more at this point?

Mr. JENNER. Yes, once more.

Mr. MALONE. For 30 or 35 years I have heard of the partisan activity of a political party in taking care of its own lame ducks; but this is the first time in the history of the United States Government, since I have been noticing it, that the party in power has taken care of the lame ducks of the opposing party.

Mr. JENNER. Mr. President, this bipartisan foreign policy is a wonderful thing. It is many things the Senator from Nevada has never heard of.

Mr. President, I repeat a little in quoting from my speech of March 14 and the points listed in it:

Yet, the plain fact is that every one of these principles has just been repudiated by the secret diplomacy of Tehran, Yalta, and Potsdam which changed what set out to be a war of limited objectives in Europe and Asia, into a world revolution.

Sixth, although the pro-Russian sell-out of our vital interests and security was finally forced into the open, every single principle on which our policies have been based since then has also collapsed.

On February 6, 1950, writing in the Washington Post, Joseph and Stewart Alsop admitted: "It begins to be possible to foresee a great event here in Washington—nothing less than a sharp change in the whole tempo, scope, and plan of basic American policy."

What has been happening in effect, is the rapid collapse of all the assumptions on which policy has been based since the 1943 election. There have been three of those assumptions: (1) That the Soviet Union wished to achieve its aims by the peaceful conquest of infiltration; (2) that the American monopoly on atomic weapons would continue to operate as a final safeguard against Soviet aggression; (3) that there was, therefore, all the time in the world to win the cold war."

Seventh, all of the ballyhoo about the United Nations being our only hope of peace now has been so completely exploded that the New York Times itself, admitted on February 11, 1950, "we see thorough sabotage of the diplomatic machinery of the whole world—in the UN, in the Far East, and southeast Asia, and in the European satellite countries. Diplomats are quarantined or expelled, visas are not granted, treaties and agreements are violated; in all ways the Soviet world is being cut off from the West."

Eighth, the North Atlantic Pact was based on the assumption that we alone had the atom bomb, and now the February 11 issue of the New York Times reveals that "many Frenchmen conclude, as did Gen. Pierre Belotte, Deputy Chief of Staff, that the Atlantic Pact has not solved any defense policies, and that the Truman doctrine and the Acheson policy offer little assurance of safety to western Europe."

I am quoting further: "The comment is made that it may also have rendered western Europe permanently defenseless—unless it acquired such bombs, which do not form a part of the military aid from the United States proffered as a consequence of the Atlantic Pact."

Ninth, the basis upon which the Marshall plan was framed is now disintegrating before our eyes and, as the Washington Post of February 10, 1950, admits, the second annual report of the Organization for European Economic Recovery reveals that "attempts to eliminate dollar deficits solely by increasing exports to dollar markets are simply out of the question by 1953, and for that matter, for the indefinite future."

I interrupt to say that the Marshall plan, of course, is supposed to end by 1952—is supposed to. Continuing the quotation:

Tenth, since the success of the Marshall plan was based upon continued access by the European nations to the rich raw materials, resources, and trade monopolies of their colonial possessions in the Far East, the expansion of communism in Asia is destroying any hope whatever of restoring European economic stability.

And now, Mr. President, I quote from George Sokolsky, March 29, 1950, listing the 13 major conferences which attempted to establish the peace on the basis of the principles which I have just enumerated:

Casablanca, January 14-24, 1943; First Quebec, August 17-24, 1943; Moscow, October 19-30, 1943; First UNRRA, November 10-December 1, 1943; First Cairo, November 22-26, 1943.

What a mess that was!

Tehran, November 28-December 1, 1943.

That was a quick one, but it did a vast amount of damage, which probably will not be repaired for hundreds of years.

Second Cairo, December 4-6, 1943; Bretton Woods, July 1-22, 1944; Dumbarton Oaks, August 21-October 7, 1944; Second Quebec, September 11-14, 1944; second UNRRA, September 15-27, 1944; Yalta, February 3-11, 1945.

The damage done at Yalta can never be told.

San Francisco, April 25-June 26, 1945.
I exclude Potsdam because it was merely an affirmation of Yalta.

The realization of how far reaching a defeat we confront has so alarmed the architects, the brain-trusters, and the supporters of our bipartisan foreign policy, they have broken ranks in the press—and that has been a rather united front—in the State Department, in the labor unions, in the Republican Party, and in the Democratic Party itself.

Mr. President, I do not want to burden my colleagues with a long recitation of the frightful warnings of an impending disaster from such ardent international commentators as Marquis Childs, Dorothy Thompson, Anne O'Hara McCormick, Walter Lippmann, Joseph Alsop, William Henry Chamberlain, David Lawrence, the New York Times, the Washington Post, and others, but their warnings are a matter of record, and there can be no mistaking their protests against those things to which the American people continue to be forced to be a party. So much for the press.

But, Mr. President, what is even more startling is the fact that the State Department itself has now broken ranks. I want to read into the RECORD a special dispatch to the New York Times of April 21, from Tokyo, by Burton Crane:

Discontent with the State Department has become widespread among Americans working in Asia. In a 3-month trip to Formosa and Hong Kong this correspondent found few compatriots who defended the American policies.

The virtually unanimous opinion is that the Asiatic situation has changed tremendously in the last 6 months and the State Department still is following policies that may have been valid a year ago but are not now. Even among foreign service officials there is a tendency to agree to the view that trying to check communism in the small southeast Asian countries will get nowhere and the best American bet is to help and use the reborn Nationalist Chinese Government as long as possible. It is the only force in Asia with a sizable anti-Communist army.

In justice it must be noted that many of the State Department's loudest critics are the same men who last autumn would have gone even farther in the other direction. Then they would have rushed to recognize Communist China in the hope that by working with Mao Tze-tung's government the United States could prevent it from orienting its foreign affairs exclusively to Moscow.

But, argue the critics, the situation has changed since then and the policy also should change. * * * Even among Foreign Service employees this correspondent found no supporters for the view aired by Prof. Owen Lattimore in a Johns Hopkins speech last week. Professor Lattimore proposed that the United States let the Nationalists lie, even hastening their fall on the theory after they had gone Mr. Mao would not be pressed so hard against Premier Stalin and the United States might be able to deal with him.

That is, with a Red Communist.

The President's bipartisan supporters also have broken ranks in the labor unions. The Washington Post carried a story March 23, 1950, from which I quote:

The Administration's move to lower tariffs so as to stimulate international trade and

help out the Marshall plan nations is running into the growing opposition of labor groups.

Yesterday, the newly formed National Labor-Management Council on Foreign Trade Policy issued a demand for "reasonable safeguards against unfair and deflationary foreign competition."

The Council, while numerically small, nonetheless includes 15 international and national affiliates of the American Federation of Labor which has been and is a champion of the Marshall plan.

And then, Mr. President, April 21, the New York Times revealed that—

Philip Murray, president of the Congress of Industrial Organizations, appealed to congressional leaders today for prompt aid to unemployed workers.

He said that unemployment was a serious problem in the larger cities. The national total is about 4,250,000. In addition, more than 8,000,000 persons were employed less than 35 hours a week and more than 2,000,000 of these were available for full-time work. * * *

"The CIO is increasingly concerned," Mr. Murray said, "about the serious proportions unemployment has reached in many geographical areas in the United States. There are over 40 areas in the United States in which unemployment has exceeded 12 percent of the labor force. In more than 80 cities and towns unemployment has reached between 7 and 12 percent of the labor force."

In other words, Mr. President, the "do-gooders" are not doing so good by American labor, and yet these Marshall plan directors have now launched an all-out assault on the American economic and labor markets to flood this country with slave-labor imports, which cannot help but force us into a disastrous depression.

Mr. KEM. Mr. President, will the Senator yield?

Mr. JENNER. I yield for a question.

Mr. KEM. Does the Senator from Indiana recall the testimony of Mr. Paul Hoffman before the Senate Appropriations Committee last year, in which he said to the Senator from Georgia [Mr. GEORGE], "Sir, I cannot tell you how little concerned I am about foreign competition?"

Mr. JENNER. Yes; I read that remark.

Mr. KEM. Does the Senator from Indiana know whether Mr. Paul Hoffman is still of the same frame of mind?

Mr. JENNER. I presume he is. I have never seen any retraction of the statement. His excuse naturally is that when American men are thrown out of their jobs, we will increase the unemployment compensation and will pick up those unemployed persons and their families and transport them somewhere else. He said, "We may have to reeducate a few of them and do something for industry." But, nevertheless, he does not care anything about Americans.

Mr. KEM. Am I right in my recollection that Mr. Hoffman recently said that in the case of unemployment or paralysis of American industry as a result of the operations of the ECA abroad we should extend direct relief to American industry?

Mr. JENNER. Yes; both to employees and to industry.

Mr. KEM. Does the Senator understand that he meant that American in-

dustry, driven out of business, should be subsidized?

Mr. JENNER. I would interpret it in that way; yes.

Mr. KEM. Where is the money to come from?

Mr. JENNER. Where does any Federal money come from? It comes from the people, through taxation.

Mr. KEM. So the people are being asked to pay money to build industry abroad and then to put up the money to relieve American industry which is put out of business by our operations abroad?

Mr. JENNER. That is exactly correct.

Mr. KEM. Does that impress itself on the Senator from Indiana as a sound, constructive program?

Mr. JENNER. It certainly does not, or the Senator from Indiana would not be standing here, as he has ever since he has been in this body, fighting this lonesome fight against a tragic policy which means the bankruptcy and destruction of the Nation.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. JENNER. I yield for a question.

Mr. MALONE. Does the Senator from Indiana recall that one of the remedies for unemployment which Mr. Hoffman offered before the Foreign Relations Committee of the Senate was that there is going to be some additional unemployment, but that we will have tutors to teach them new jobs?

Mr. JENNER. To reeducate them.

Mr. MALONE. And that we will have tutors to teach industrialists how to establish new industries after they have lost their stockholders' money. Does the Senator recall that?

Mr. JENNER. Yes.

Mr. MALONE. That was Mr. Paul Hoffman's thought; was it not?

Mr. JENNER. I recall it. I thank the distinguished Senator from Nevada.

Then, Mr. President, the record clearly shows the President's bipartisan supporters have broken ranks in both the Republican and Democratic parties. Such distinguished colleagues as the Senator from Virginia [Mr. BYRD], the Senator from Georgia [Mr. GEORGE], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Maryland [Mr. TYDINGS], the Senator from Connecticut [Mr. McMAHON], the Senator from Iowa [Mr. GILLETTE], the Senator from Florida [Mr. PEPPER], the junior Senator from New York [Mr. LEHMAN], the Senator from West Virginia [Mr. KILGORE], the senior Senator from New York [Mr. Ives], the junior Senator from New Jersey [Mr. HENDRICKSON], the Senator from California [Mr. KNOWLAND], and the senior Senator from New Jersey [Mr. SMITH], together with such men as Harold Stassen and others, have become completely unconvinced of the wisdom of the policies we are continuing to pursue and are alarmed at the inevitable consequences that lie ahead if these policies are not radically altered.

Why, Mr. President, none other than my colleague, the Senator from Massachusetts [Mr. LONGE], told W. John Kenney, ECA's Mission Chief to England,

during the hearings, in commenting on the trade practices which were being financed by the Marshall plan funds:

This situation at present is following blindly a policy of trade without regard to human consequences. You just cannot do that in a democratic form of government.

Here, then, Mr. President, is the background against which the requests for this third installment of the Marshall plan must be projected. Yet, in spite of these facts, President Truman has been carrying on in his own arrogant, self-sufficient way. Until just a few days ago he had not even stopped at calling honest critics, who were dealing in the realm of facts, agents of the Kremlin.

Then, suddenly, overnight, President Truman's bipartisanism broke out all over, like a rash. Overnight everything became bipartisan sweetness and light. Mr. Cooper and Mr. Dulles were appointed to positions as consultants in the State Department. Both of them were defeated by the people of their respective States. The President, Mr. Acheson, the Senator from Texas [Mr. CONNALLY], and the Senator from Michigan [Mr. VANDENBERG] have gone far out of their way to try and resurrect a bipartisan policy which never existed, in the first place. It may have existed in some parts of the world, but it never existed in the United States.

The American people are not fooled by these antics. They know when a President of the United States, overnight, stops shouting "S O B" and starts hollering "S O S," something really is wrong. Yet, the American people still do not know how wrong things really are.

For myself, I am convinced that this sudden outburst of bipartisan piety is merely a last-ditch desperate attempt to slam the bipartisan booby-trap door behind us and lock it for good. These same architects who have gotten us into this bipartisan debacle all over the world are now playing politics with a vengeance, and this time playing for keeps.

In the first place, Mr. President, on the very day the senior Senator on the Foreign Relations Committee [Mr. CONNALLY] asked the support of his colleagues for this third installment of the Marshall plan by telling them to put peace above politics, W. Averell Harriman, Ambassador at Large for ECA, spoke at a Democratic dinner in New York City, a speech described in the New York Herald Tribune April 21 as an aggressively bipartisan speech, in which he gave President Truman and the Fair Deal all credit for successful foreign and domestic policies. He attacked Gov. Thomas E. Dewey and other Republicans for timid and vacillating leadership in national affairs, saying the party was terrified of progress.

In the second place, Mr. President, on the same day, the New York Herald Tribune revealed that after all the bipartisan folderol Mr. Acheson had gone through, and in spite of almost unanimous Republican approval of the peril-point provisions of the reciprocal-trade agreements, Secretary Acheson went before a House committee and demanded that Congress ratify the charter

of the ITO, which is nothing but a complete sell-out of American interests.

In other words, after putting his bipartisan arm around the Republican Party again, his first official act is to slap the Republican Party in the face.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. JENNER. I yield for a question.

Mr. MALONE. Did not the Republican platform contain a plank specifically saying that foreign trade shall be developed on a basis of fair and reasonable competition, and did it not oppose the importation of the products of cheap labor and slave labor produced throughout the world, which would endanger the living standards of the American workman, farmer, and American industry?

Mr. JENNER. That is correct, and the ratification of the International Trade Organization would be a complete sell-out of every interest that is American.

Mr. MALONE. That is correct. Will the Senator yield further?

Mr. JENNER. I yield for a question.

Mr. MALONE. I ask the distinguished Senator from Indiana if Mr. Thorp, Under Secretary of State, did not testify specifically in January 1949, and reaffirmed his stand many times since, that the three parts of the program, which he outlined at that time, were dependent upon each other and were all parts of a whole? Did he not also say at that time that those three parts were first, the 1934 Trade Agreements Act; second, the ECA, and third, the International Trade Organization, which the distinguished Senator from Indiana has so adequately described? Did he not say that those three items were all parts of the program, and that each depended on the other?

Mr. JENNER. I do not recall his saying it.

Mr. MALONE. I assure the distinguished Senator from Indiana that he did say just that. I should like to ask the distinguished Senator one further question, if he will yield for that purpose.

Mr. JENNER. I yield for a question.

Mr. MALONE. If he did tie the three-part free-trade program together, and if that is the Democratic platform, which makes up the bipartisan foreign policy—and if the platform of the Republican Party adopted on February 6 of this year does include the plank described by the junior Senator from Nevada; I ask the Senator from Indiana how there can possibly be a bipartisan policy.

Mr. JENNER. There cannot be if we are to preserve our system of government. In the first place, there never has been, and I hope and pray to God there never will be.

In the third place, Mr. President, the administration continues to let the outrageous propaganda that was offered in support of the third installment of the Marshall plan stand as it is without making any effort, whatever, to tell the real truth.

Mr. President, I do not want to take the time now to go into this matter in detail, but I want to give just a few illustrations to my colleagues of how we have been duped.

Let us take the testimony of France, which was given by Barry Bingham, Chief of the ECA mission to France. I understand he has in his employ some 600 bureaucrats. On page 180 of the hearings, Mr. Bingham said, "Mr. Chairman, I have great hopes that France will be able to carry its own weight after 1952."

This was February 27, 1950. Yet, April 22, 1950, Mr. Bingham told the Society of Newspaper Editors in Washington:

These are the three alternatives for 1952. We can support the French with American tax money; or we can abandon the French, risking a Communist victory and loss of an important market for our farms and factories; or we can lower our tariff barriers to a reasonable degree and buy from France so that she in turn can buy what she wants and desperately needs from us. When I say France, I might just as well say western Europe. That is the shape and size of the problem.

What about England, Mr. President? The testimony of how Marshall plan aid has been spent in England has been shocking for it reveals we have been financing the nationalization of British industry, socialized medicine, and all of Britain's other socialistic schemes, up to the hilt. It reveals we are financing the British in their conclusion of American exports to foreign markets; that we are financing the modernization of industry to flood our domestic markets, and that we are financing the outrageous destruction of Germany's domestic market for European goods and the destruction of Germany's competitive industrial potential, thus making the recovery of Europe an absolute impossibility.

Furthermore, on April 4, 1950, Sir Stafford Cripps admitted the British gold reserve had reached \$1,984,000,000 in the first quarter of 1950. In addition, Mr. Cripps admitted Britain had also succeeded in balancing her internal budget with the profits from her sterling area trade. Meanwhile, we are going deeper into the red by every tick of the clock and it certainly does not seem out of place to ask the question in the light of these developments, who should be helping whom to balance their budgets?

And yet, we are continuing to pour out more money to perpetuate the very conditions which are defeating our basic objectives in Europe.

In other words, England's external and internal budgets are balanced, and she has a gold reserve of \$2,000,000,000, while our national debt is \$260,000,000,000, is going up \$7,000,000,000 more this year, perhaps will be \$10,000,000,000 more next year, and, if Truman and his Fair Dealers and "fair dealers" have their way, it will go up many more billions of dollars. Yet, Mr. President, England has asked us to pay off \$9,000,000,000 of her debt, and has asked us for another \$700,000,000 under the Marshall plan. Oh, what fools we are!

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. JENNER. I yield for a question.

Mr. MALONE. I should like to ask the Senator from Indiana if he has noticed the change in tactics of the representatives of ERP, as shown in an article in this morning's Times-Herald.

Mr. JENNER. I have not seen the article to which the Senator refers.

Mr. MALONE. I should like to ask the Senator if he understands what the switch in tactics and methods is all about. I quote from the article:

Truman's aides claim it's ERP or a depression.

It has reference to a depression for the United States, of course.

Administration leaders have told the House and Senate Foreign Affairs Committees in a secret session that foreign-aid spending must be continued unabated or the country faces the threat of a depression.

President Truman and his aides told the Congressmen that the European recovery program billions are all that is preventing an unmanageable surplus of farm products. Stop foreign aid spending, and our markets will be glutted, they maintained.

Mr. JENNER. Whose surplus products?

Mr. MALONE. Our own, of course.

Mr. JENNER. Our own?

Mr. MALONE. Yes.

Mr. JENNER. Why is it that in the last 2 years we have bought almost a half billion dollars' worth of wheat from Canada under the Marshall plan?

Mr. MALONE. We are probably eating Canada wheat, while we store our own wheat as a surplus crop.

Mr. JENNER. Then, why does the distinguished Senator from Texas [Mr. CONNALLY] raise question about foreign oils? Whose products are we using? We are using American dollars to finance these countries.

Mr. MALONE. Will the Senator yield further?

Mr. JENNER. I yield.

Mr. MALONE. Without a flexible-import fee, which would make up the differential in cost due to the difference in the wage-living standards between this country and the competitive nations, we are purchasing foreign products for domestic use and paying subsidies to American producers. In the case of dried eggs from China, we pay \$1.10 for dried eggs, leaving the Chinamen to starve and storing our own eggs in the Kansas cave.

Mr. JENNER. To starve people helps the Communist program. Apparently that is our objective.

Mr. MALONE. The distinguished Senator from Indiana has been very diligent in clearly stating the problem. At first, in 1948, it was said that our objective was to feed hungry people, stop communism, and to rehabilitate industry. In 1949 it was to lower the import fees and tariffs and promote the importation of foreign goods into the United States. In 1950 the ECA representatives say that we now must appropriate \$3,250,000,000 for Europe to purchase our products to prevent a depression.

Mr. JENNER. In order to close the dollar gap.

Mr. MALONE. In 1948, the avowed position was that the Marshall plan would furnish markets in Europe for American industrialists and American workmen. In 1949 we must import the surplus goods for Europe. Our objective now is said to be to prevent a depression here. Has the Senator noticed the two

switches from the initial objectives, and does he understand what it means?

Mr. JENNER. I understand it, because I understand we do not have a foreign policy. It changes as the wind changes.

Mr. MALONE. Will the Senator yield for one more question?

Mr. JENNER. I yield for a question.

Mr. MALONE. Does the distinguished Senator believe that the American people can be continually duped by the tons of propaganda emanating from the State Department every day?

Mr. JENNER. I am afraid they can. I hope they cannot, but I am afraid they can. I shall never stop trying to prevent it.

A third illustration, Mr. President. In February 1950, Mr. Paul Hoffman told Congress "the year-old Republic of Korea offers impressive proof that the Marshall plan is indeed a potent weapon for peace."

Yet on March 23, 1950, Mr. Hoffman wrote the Korean Premier that unless inflation was immediately controlled, "it is my real fear that the point will be reached in the not-too-distant future where our aid would make no further net contribution to the welfare of the people of Korea."

In other words, here is the head of the Marshall-plan administration in February saying that "the year-old Republic of Korea offers impressive proof that the Marshall plan is indeed a potent weapon for peace," and just a few days later saying, "It is my real fear that the point will be reached in the not-too-distant future where our aid would make no further net contribution to the welfare of the people of Korea."

Mr. President, the same kind of misleading information which covers so many other aspects of the Marshall plan convinces me this new effort to silence criticism and debate, and to reimpose once and for all the shackles of secret diplomacy from the top down on the members of both political parties and on the American people, is political from one end to the other.

The kind of bipartisanship which our so-called statesmen are now trying to force upon us permanently is clearly revealed in the President's speech to the United Nations Educational, Scientific and Culture Organizations, whose membership called on him at the White House, that—

We have another program coming up that will be somewhat similar to that of 1948.

We have given away in foreign aid a sum slightly in excess of a hundred billion dollars since 1914, more than \$35,000,000,000 of it since the end of the war. There have been the British loan, the Marshall plan, the North Atlantic Pact, the Export-Import Bank, the International Monetary Fund, and all the other schemes, but this is the President of the United States telling us what is to occur in the future under the bipartisan foreign policy. He said:

We have another program coming up that will be somewhat similar to that of 1948.

This time, we are trying to elect a Congress that believes in international cooperation, wholeheartedly—a Congress that believes the welfare of the United States de-

mands a continuing foreign policy that takes into consideration the whole globe, instead of just one country or one district or one State.

Mr. KEM. Mr. President, will the Senator yield?

Mr. JENNER. I yield for a question.

Mr. KEM. Are we to understand, from that, that Mr. Truman will support Republican Members of Congress for reelection who support his so-called bipartisan foreign policy?

Mr. JENNER. The Senator comes from Missouri, does he not, where the Pendergast gang operates? That is where the President got his training, so I will let the Senator draw his own conclusions.

And what about the attitude of our so-called Republican bipartisan representative, Mr. Dulles? Let us bring out both sides. Mr. Dulles has just published a new book called *War and Peace*, in which he clearly reveals what kind of bipartisanism he wants to anchor upon us. This is the same Dulles who was appointed Senator to fill an interim term. He was the man who attended one of the conferences in London under the bipartisan foreign policy, and said on the floor of the Senate that they debated whether or not they would tell the American people the truth, and he said he was glad to report that they decided to tell the American people the truth. Am I to take my bipartisan politics from a man who has to hold a discussion on whether or not the American people are entitled to be told the truth?

I now wish to read from Mr. Dulles' book, *War and Peace*, as to how he is going to deal with us if we are not bipartisans.

He says:

If the leaders of the opposition party refuse at this critical time, as a matter of partisan advantage, to accept a bona fide offer to make foreign policies cooperatively, so that those policies can command unity at home and attract adherence abroad, then those who take that position ought to be repudiated at the polls. Refusal by the Administration to make such a bona fide offer ought to insure a like fate.

Mr. President, there are those who continue to deride my position and to smear my efforts to bring these facts before the American people, and oftentimes I am pictured as a "lone wolf" going my own way, representing no one else's interests and ideas but own own, and I know of no better time than now to correct this illusion. All one needs to do is to visit my office and look over my correspondence to discover that I am speaking for the majority of people in my own home State of Indiana, and increasingly, as this bipartisan fund continues to be exposed, I find I also am speaking for vast numbers of my fellow Americans from such States as California, Washington, Illinois, Massachusetts, New York, and many others. And what is more, Mr. President, I am proud I have the privilege to fight for those whose allegiance to America still remains their primary duty and concern. I am also willing, Mr. President, to pay whatever price is necessary to continue to represent these folks, even to the extent of being purged by Mr. Dulles.

Think of it, Mr. President, think of the utter hypocrisy of Mr. Dulles, who was repudiated at the polls, double-crossed by his so-called bipartisan partners, who has been appointed as policy maker in the State Department without any need of confirmation by the Senate and who now orders from his ivory tower a purge of the opposition.

Mr. President, is this not sufficient proof to shock the American people into a realization of the fact that this last-ditch bipartisan appeal of desperation is designed to cover up all that has happened to America and to force us into line as "goose steppers" in thought and practice, behind the procession of internationalist schemes that are leading to our suicide.

Because this is my conviction I shall consider these remarks as merely preliminary to my discussion of how ECA originated, what it has done and continues to do, and where it is leading us.

Mr. FULBRIGHT. Mr. President, I desire to speak briefly in support of the pending measure, the Economic Cooperation Act of 1950. A few days ago the senior Senator from Texas [Mr. CONNALLY], the distinguished chairman of the Committee on Foreign Relations, stated the case of the ECA thoroughly and adequately. As the Senate well knows, this is the third time in 3 years this matter has been before the Senate, and the factual background and the reasons for it I think have been presented and discussed at great length. I wish to take only a few moments to make a few observations about it, and not to reiterate the facts, or accomplishments, or the major arguments supporting the program.

In certain important aspects the Economic Cooperation Act has been very successful. So far as industrial production is concerned, the results may well be characterized, as Mr. Hoffman said, as "a near miracle." The figures on agricultural production are impressive, and the internal financial stability of the participating countries has improved. In most of the countries inflation has been slowed down, if not eliminated. Exports have gone up, and the dollar earnings of the countries have risen very substantially.

I was interested in the remarks of the Senator from Indiana [Mr. JENNER] with regard to the present status of Great Britain. If I recall correctly, he opposed the ECA when the gold reserves of Great Britain were not so great as they are today, and when her economic condition was not nearly so prosperous as it is today. I think there is much remaining to be done to bring it back to a really prosperous state.

But I am somewhat confused over the Senator's reasoning. It seems to me the fact that Britain has made some progress in balancing her internal budget, in reestablishing a relatively small gold reserve, would be an accomplishment in which we could take great encouragement. It certainly should not now be interpreted in itself as a reason for condemning this program. I take great pride and great pleasure and some encouragement from the fact that Britain

has made progress. Certainly we should not proceed on the basic assumption that whenever a country begins to make progress, therefore we ought to punish it by removing what little assistance is being offered to it through the ECA program.

While it is true that six-hundred-odd million dollars is a large sum of money from one point of view, it is not such a great sum from the point of view of a whole national economy. It does furnish certain foreign exchange—that is dollars—which is extremely important to their balance of payments.

The Senator from Indiana, of course, is very vigorous in his expression. He said he was regarded as a lone wolf. When I observe the vigor of his expression and vitality, while I agree that he is a wolf, I do not know how lonely he is. He is more wolfish than he is lonely, I think.

As a result of these developments in the foreign countries, the living standards of the western European participants have risen and have served to halt, at least temporarily, the progress of communism in that area. Mr. Hoffman has said that to stop dollar aid at this time would mean catastrophe in Europe and severe dislocations for the United States. One can agree with this conclusion, as I do, and support the extension of the ECA, and I express disappointment that this program has not been more successful toward the achievement of a proper long-term goal.

I supported this program in 1948 with genuine enthusiasm, because at that time I believed that the Europeans, with some leadership from our Government, had a unique opportunity to create a unified, strong Europe out of the chaos following the war. I believed then, as I believe now, that if we had made the federation of western European states the principal objective of our policy in Europe, we would today be on our way to its achievement.

As the Members of this body are well aware, I attempted in 1948, and again in 1949, to persuade the Senate to adopt a statement of policy in this legislation supporting the political and economic unification of Europe. This body, influenced to a great degree I believe by the attitude of the Department of State, refused to accept this declaration of policy. Today, the success of the ECA in raising the living standards of western Europe has, to a large degree, removed the compelling incentives toward European unification, although paradoxically the ECA now recognizes the necessity for unification.

The ECA, particularly Mr. Hoffman, now recognize the necessity for unification. My criticism on that point at this time is not toward Mr. Hoffman's present attitude with respect to it, but as to the timing of his conversion. While I am still strongly for federation of Europe, regretfully I must say that I think when the patients were sick, that is, 2 or 3 years ago, was the time when there was a unique opportunity to persuade them to move toward the federation of Europe. They were then receptive, and the necessity was much

greater at that time than it is now. The very fact that, as Mr. Hoffman has said, this "near miracle" has occurred with regard to their economic improvement, their success, has removed the principal incentive toward the long-term solution of their problem, which I still believe permanently lies along the road of the federation of these states. I simply am more persuaded than ever that that is the true policy and the true objective the European states should seek to achieve.

This year in the committee I offered and the committee adopted an amendment providing for the utilization of as much as possible of the counterpart funds for the promotion of transferability of currencies and the economic integration of the European participants. I may again observe that last year one amendment I offered was precisely for that purpose, but it was rejected. I think at that time we could have achieved much more, because we had at that time more money to dispose of, and the pattern in the trade and political fields in Europe was not so firm as it now is.

In trying to assess this program, I doubt that it can be said that we have done more in the expenditure of approximately \$10,000,000,000 than to buy time. I do not minimize, of course, the importance of the time we have bought. It may well be that it is worth the cost, and having entered upon this program we cannot afford at this time to abandon it. We cannot afford to abandon it now because we have as yet developed no effective alternative.

Members of this body, within the last day or so, have complained about the lack of attention in the debates on this bill. I feel that that indifference results from the fact that no one really believes that the limited objectives of the present legislation hold any hope for a real solution to the problems of Europe, together with the fact that existing legislation, practically the same legislation, has been discussed before at great length in the past years.

Mr. President, I should like to suggest that as one alternative the Committee on Foreign Relations give serious consideration immediately to the passage of Senate Concurrent Resolution 57. This resolution simply calls for a convention of the democratic countries of the Atlantic area to explore the possibilities of developing a closer association of their respective countries. I feel that such an investigation and discussion would arouse the interest and enthusiasm of these countries and help develop a much sounder basis for our continued cooperation.

I am unable to understand why our country, which has benefited so enormously from the practical application of the federal principle of government, should be so reluctant either to urge it upon the Europeans, who need it so badly, or to explore the possibility of applying the principle on a broader basis in the Atlantic area with our own participation.

A further suggestion that I feel is worthy of serious consideration by the

Senate is the enlargement and strengthening of our program of information. I joined our colleague the junior Senator from Connecticut [Mr. BENTON] in the submission of a resolution a short time ago on this subject. I am in thorough accord with the idea that our whole information program is deficient in every respect. I have noticed, however, that, instead of increasing the appropriation for this program, the committee in the House of Representatives has recently cut the appropriation by almost 10 percent, reducing it to approximately \$34,000,000. When this sum is compared to that which we spend on the armed forces or in the economic-assistance program, it seems to me obvious that it is much too small.

There is one particular activity within this program which I believe should be strengthened. I refer to the exchange-of-persons program. This program, I believe, over a long period, can contribute enormously to the understanding and better relations among the 17 participating countries. I may say that among those 17 countries are all the Marshall plan countries, I believe, with two exceptions. Such a program would be valuable even though we had enough vision and intelligence to develop an effective United Nations or an effective Atlantic Union. But since we have made so little progress toward the development of governmental machinery in the international field, I think it is all the more important that we stress programs which may bring about better relations through the individual contacts of the citizens of the respective countries. It may well be that this approach is a necessary precedent to the development of an effective United Nations or Atlantic Union.

I wish to remind the Senate that this program was authorized in 1946; and in the last academic year, beginning in September and October of 1949, it already has resulted in over 1,800 exchanges of students. More than 800 of them were American young men and women, among them some of the finest we have—in fact, I think the cream of the crop—who visited various foreign countries. Moreover, approximately 600 foreigners have come to this country, and about 600 other foreigners are attending American schools abroad. That is merely the beginning of the program, in its first year.

In connection with that program we are utilizing foreign credits from the sale abroad of surplus United States property which cannot be converted into dollars. Assuming that such credits could be converted into dollars—although of course they cannot be—they are the equivalent of \$7,000,000. However, it costs the United States Treasury, in terms of dollars, only approximately \$600,000 for the payment of supplementary funds for this program for the coming year. When this program is compared with the various other programs, even the ECA program, now under consideration by the Senate, I can think of no other program of equal possibilities in this field which could be carried on at so small a cost to American taxpayers.

After all, Mr. President, the ultimate objective of the ECA is a better world and a more stable family of nations who will be better able to protect and defend themselves. So the objective of the ECA program of \$3,000,000,000-plus is exactly the same as the objective of this program for the exchange of persons. I venture the statement, in accordance with my belief, that by means of this exchange-of-persons program there is more hope for improvement in international relations and in the international situation than there is in connection with or under any other program we have undertaken.

In any case, Mr. President, we do know that efforts toward international organizations have not been successful. I think it cannot be denied that a large-scale exchange of students, professors, and technical persons will contribute to the basic understanding and friendship which is all-important to a peaceful world. Mr. President, I would go so far as to say that I believe that a small part of the funds we are authorizing under the present ECA bill could well be spent, and would more effectively be spent, in increasing the flow of students, professors, and research scholars among the several nations.

Of course, in this measure we are authorizing supplemental funds under what is known as the point 4 program, which also has precisely the same objective as the program regarding the exchange of such persons.

Mr. President, I have prepared a statement with regard to a suggestion which does not directly concern the authorization under the pending ECA bill, but it is an extremely important consideration for the ECA, with regard to assisting the foreign countries to improve their dollar balances. It is a discussion of the possibilities of increasing tourism through the use of counterpart funds in the various foreign countries.

In my own travels—and I also have noticed this in talking with others who have traveled—one of the principal bottlenecks in this field is the lack of adequate accommodations for American tourists in many of the foreign countries. I speak particularly, for instance, of a great city such as Istanbul, which could be an enormous source of dollar earnings if there were adequate hotel facilities there. However, there is only one small hotel there which is considered first rate, sufficiently clean, and otherwise suitable; in all that huge city there is only one small hotel which is available to transients who visit that city, and it is extremely difficult for them to obtain reservations in that hotel. So, I think a great opportunity to use counterpart funds—that is, foreign currency or local currency funds which result from the spending of American dollars in the first place—has been overlooked. In my opinion, this field already is the largest single source of dollar earnings for foreign countries. Certainly it is the easiest one to use and the one which least depletes the resources of those countries. Altogether, and all in all, I think it is a particularly important aspect of the program which should be emphasized.

Therefore, Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD a statement on this subject, which I believe would be very useful if the ECA would study it and take it to heart; and also it will be very informative to all Members of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The statement appears in the Appendix of the RECORD, under the appropriate heading.)

Mr. FULBRIGHT. Of course, Mr. President, I feel that certainly the Senate will not at this late date in any manner abandon the program authorized by the existing ECA legislation. I also hope the Senate will not adopt any amendments which will seriously reduce the amounts proposed to be authorized.

FIFTH ANNIVERSARY OF SAN FRANCISCO CONFERENCE

Mr. FERGUSON. Mr. President, I regret exceedingly that it was necessary for me to leave the floor yesterday before I had an opportunity to comment upon a most important event which occurred just 5 years before.

April 25 is a date which I hope in time to come will be considered one of the most significant in world history. It is the anniversary of the convening at San Francisco, in 1945, of the conference to establish a United Nations Organization.

It is not necessary at this time to recount the heartfelt optimism which surrounded that occasion, or the disappointments which have been felt since that time.

There are many who will say that today the United Nations is at its lowest ebb. There is some reason for that view, for major activities of the United Nations are at a virtual standstill as the result of an obstructionist boycott by one of the major powers.

I hope the present fortunes of the United Nations will not lead any of us to discouragement which may cause us to abandon that Organization, which was conceived in hope and dedicated to man's noble aspirations for a world of peace and security.

I firmly believe the United Nations is our one best hope for peace. I believe it must be the cornerstone of our foreign policy, just as it must be built upon as the cornerstone for world peace.

Our disappointments of the past 5 years have been great, but they have been great only in proportion to the optimism we felt 5 years ago this week.

Our experiences have been bitter, but they have not been fruitless.

We have learned that the peace-loving and peace-loving nations of the world are in the majority.

We have learned who our friends are, and we have learned who are our enemies. We have come to know, and I hope to deal with, the problems of the peace.

We have observed that where given a decent chance, the United Nations can succeed. From personal observations around the world—in Iran and in Pakistan, for example—I can say that where the United Nations has been given a chance to function, it has worked well.

We must now renew our dedication and our efforts to make the United Nations

work, to make it the effective instrument for world peace and security that we foresaw 5 years ago at San Francisco.

It will take tireless effort, and firm and patient negotiation. I urge that patience and that effort upon the people of the world. I urge it particularly upon the people of the United States, who have been assigned by history a tremendous responsibility for leadership. The prize will be worth the price.

As a concrete program looking forward to strengthening the United Nations I have submitted a concurrent resolution, in company with the junior Senator from North Carolina [Mr. GRAHAM] and the junior Senator from Tennessee [Mr. KEFAUVER].

Ours is not a sensational proposal. It offers no panaceas. It is a simple spelling out of concrete steps which this Nation may take in order to strengthen the United Nations within its present framework. It is evolutionary, rather than revolutionary.

When President Roosevelt announced the United Nations Conference to the Congress and the American people in March of 1945 he predicted that the organization then gestating would not be perfect and that its Charter would be subject to revision and amendment, just as was our Constitution. The delegates at San Francisco wisely made provision in the United Nations Charter for a charter revision conference after 10 years of operation. My colleague, the distinguished senior Senator from Michigan, was one of the principal delegates at San Francisco. We regret that he is unable to be on the floor with us at this time, by reason of his illness. We all hope that he may return at a very early date.

We are now midway in that 10-year period. We have the opportunity to review 5 years of experience, and we have the opportunity of working faithfully toward our goal in the next 5 years, at which time such basic reforms as may be justified can be considered.

For the present, it is our responsibility to serve, as patiently and as firmly as we can, the hopes that were born 5 years ago at San Francisco.

Mr. President, the Foreign Relations Committee has conducted hearings on the concurrent resolution of which I have spoken. I am pleased to say that in those hearings the resolution received the official endorsement of the Department of State, which speaks strongly for our hopes that the United Nations may be in reality, as it is in the wishes of millions of Americans, the shining cornerstone of our foreign policy.

I ask unanimous consent that Senate Concurrent Resolution 72, submitted February 7 for myself, and on behalf of the Senator from North Carolina [Mr. GRAHAM] and the Senator from Tennessee [Mr. KEFAUVER], may be printed at this point in the RECORD.

There being no objection, the concurrent resolution (S. Con. Res. 72) was ordered to be printed in the RECORD, as follows:

Whereas the United Nations is the world's best hope for the maintenance of international peace, security, and justice; and

Whereas in the 4 years of its experience the United Nations has both demonstrated strength and revealed weaknesses; and

Whereas in the light of this experience the United Nations can be made stronger by development of its powers, its procedures, its facilities, and policies of its members: Therefore be it

Resolved by the Senate (the House of Representatives concurring), 1. That the Congress reaffirms its faith in the United Nations as the cornerstone of the international policy of the United States, and that the President be advised that it is the sense of the Congress that the United States should cooperate with other governments for the strengthening of the United Nations, by interpretation of the Charter, by action taken or usages developed under the Charter, by supplementary agreements among nations who desire thus to further the purposes of the Charter, or ultimately, if necessary, by amendment of the Charter.

2. That it is the sense of the Congress that the United States should cooperate with other governments in steps for the strengthening of the United Nations, in particular—

(a) "voluntary agreement to remove the veto from all questions involving pacific settlements of international disputes and situations, and from the admission of new members," Senate Resolution 239, June 11, 1948;

(b) effort to achieve immediate membership of all states qualified for membership under article 4 of the Charter, to the end of making the United Nations universal;

(c) elimination of the reservations made by the United States to its acceptance of the optional clause of the Statute of the International Court of Justice; and acceptance by all states of the optional clause without reservations, so as to give the Court compulsory jurisdiction in legal disputes as defined in article 36 of the statute;

(d) further development of the armed guard force and field service under the Secretary-General in order to assure adequate protection and assistance to missions of the United Nations in the normal course of their operations;

(e) renewed efforts, at a political level, to secure agreements for the contribution of forces and assistance under the provisions of article 43 of the Charter;

(f) utilization by all members of the United Nations of suitable measures for collective self-defense under article 51 of the Charter as necessary to maintain peace and security;

(g) direct administration by the United Nations of certain disputed areas where such direct administration would contribute to the peace of the world;

(h) passage of appropriate legislation to facilitate the provision of independent sources of revenue for the United Nations in addition to the revenue provided by contributions made by members;

(i) support the principles of the United Nations Charter respecting fundamental freedoms;

(j) preparation by the International Law Commission of the United Nations of an international criminal code and of a statute for an international criminal court;

(k) carry out as far as possible, through the United Nations, the program of technical assistance to underdeveloped countries.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. LANGER obtained the floor.

Mr. MCCARRAN. Mr. President, will the Senator yield to permit me to suggest the absence of a quorum?

Mr. LANGER. I do not yield for that purpose.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. LANGER. I yield.

Mr. WHERRY. I desire to ask the distinguished Senator from Nevada whether he is interested in presenting a unanimous-consent request to fix a time for voting on the Spanish amendment?

Mr. McCARRAN. I am.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. Is a quorum call necessary preceding a unanimous-consent order fixing the time for voting on an amendment to the bill?

The PRESIDING OFFICER. The Chair states that the Parliamentarian advises it is not.

Mr. WHERRY. Mr. President, I am not advising the distinguished Senator from Nevada what to do, of course, but, so far as the junior Senator from Nebraska is concerned, I have canvassed the situation. Mr. President, will the Senator from North Dakota yield, that I may make an observation?

Mr. LANGER. I yield to the Senator from Nebraska, if I have unanimous consent that by so doing I shall not lose the floor. I do not yield for the purpose of suggesting the absence of a quorum.

Mr. WHERRY. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. LANGER. I yield for that purpose.

Mr. WHERRY. Mr. President, I may suggest to the distinguished Senator from Nevada that in view of the fact that the rules do not require a quorum call in this instance, in connection with fixing a time for voting on the amendment, if the Senator would propose a unanimous-consent request, with the understanding that the Senator from North Dakota would not lose the floor, and if the unanimous-consent request were along the line suggested, I am not sure but that it would be agreed to, and might facilitate at least the obtaining of an early vote on one of the amendments to the bill.

Mr. McCARRAN. Mr. President, will the Senator from North Dakota yield to me, that I may make such unanimous-consent request?

Mr. LANGER. I yield, with the same understanding.

Mr. McCARRAN. Mr. President, I propose a unanimous-consent agreement, as follows:

Ordered, by unanimous consent, That on the calendar day of Thursday, April 27, 1950, at the hour of 2 o'clock p. m., the Senate will proceed to vote without further debate upon the amendment proposed to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, by Mr. McCARRAN (for himself and Mr. BREWSTER) providing for aid to Spain, and upon any amendment that may be pending or proposed thereto, including any motion in connection with the said amendment: Provided, That no amendment that is not germane to the subject matter of the said amendment shall be received.

Ordered further, That the time between 12 o'clock noon and 2 p. m. on said day

shall be equally divided between those favoring and those opposed to the amendment and controlled, respectively, by Mr. McCARRAN and Mr. CONNALLY.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. McCARRAN. I thank the Senator from North Dakota.

Mr. KEFAUVER. Mr. President, will the Senator yield for an inquiry?

Mr. LANGER. I yield for a question.

Mr. KEFAUVER. I should like to inquire of the chairman of the Committee on Foreign Relations, since there apparently will not be many more speeches this afternoon or tomorrow, whether it may be possible to have considered a resolution I have been interested in, namely, Senate Resolution 202.

Mr. CONNALLY. Mr. President, I am very sorry to say to the Senator that that would be wholly impracticable. We are busily engaged in the consideration of the pending bill, and we are trying to rush it along. It is a bill of the highest importance. I am sure the Senator from Tennessee will have an opportunity to call up his resolution, when we finish with the pending bill.

Mr. KEFAUVER. I merely suggested it, in the case the debate ran out and time afforded.

Mr. CONNALLY. It will not run out, if I can head it off.

FLOODS IN NORTH DAKOTA

Mr. LANGER. Mr. President, I desire to bring to the attention of the Senate an unprecedented situation in the State of North Dakota. In that State, for the first time, we have unprecedented floods. For the first time we have more floods and more water than we have ever had before at any one time, in all the history of the State.

I have here the Fargo Forum, published Saturday morning, April 15, 1950, on the first page of which there is the headline: "Sheyenne threatens valley city; Red still going up in north."

For the purpose of showing exactly what the situation is, not only in North Dakota but in the neighboring State of Minnesota, I ask unanimous consent that this article be printed in full at this point in my remarks. I also ask unanimous consent that the article be not clipped from the newspaper, but that the entire newspaper, together with the photographs, be referred to the appropriate committee.

The PRESIDING OFFICER. Without objection, the article will be printed in the Record, and will be referred to the Committee on Public Works.

The article is as follows:

[From the Fargo Forum of April 15, 1950]

SHEYENNE THREATENS VALLEY CITY, RED STILL GOING UP IN NORTH

The flooding Sheyenne River was causing concern at Valley City yesterday as the Red River and its tributaries continued to rise in the northern Red River Valley.

The return of warm weather yesterday hastened the run-off of recent snows. The Fargo-Moorhead temperature reached 43 and highs of 45 to 55 are predicted for the valley today, with south and southeast winds.

Col. L. G. Yoder of the St. Paul district, Corps of Engineers, yesterday inspected the Sheyenne River and Baldhill Dam area near

Valley City. If the river should rise another 18 inches, the Valley City municipal power plant would be threatened. However, the river stage has been nearly stationary the last 3 days.

W. C. Lincoln of Fargo, resident engineer during construction of Baldhill Dam, will go to Valley City today to remain there until threat of flood to Valley City is ended.

Colonel Yoder conferred with Valley City officials, at the request of Gov. Fred G. Aandahl, on the possibility of partially closing the Baldhill Dam gates to hold back any sudden run-off of water which would threaten the power plant or other sections of Valley City.

It had not been planned to close the gates at all this year, because the Corps of Engineers has not taken title to all the land which would be inundated should the pool level behind the dam rise much above the present level. The level could be raised a few feet, however, without endangering any buildings.

Valley City officials were ready to aid negotiations for permission to temporarily flood affected farm land not yet owned by the Government in order to protect the city proper, should the need arise.

Gov. Luther Youngdahl of Minnesota Friday asked President Truman to allocate \$25,000 for flood-control measures in the East Grand Forks, Minn., area.

Mayor Earl Enright of East Grand Forks said the money would be used to enlarge a dike to prevent present and future flooding.

(In Washington last night, Pere F. Seward of the General Services Administration indicated money from the disaster fund cannot be used for such a purpose but is restricted to relief of distress and suffering.)

The reading in Grand Forks, N. Dak., Friday evening was 34.8 feet, with a flood stage of 30 feet.

At Oslo, Minn., in Marshall County, the river was within 1 foot of the top of the dike Thursday and sandbagging cannot be done because of the flat country. Frank Forbes, disaster chairman of the Marshall County Red Cross chapter, reported warnings have been issued to all people who might be affected.

In Oslo, a community of about 500, residents who remain in their homes will have to use boats to get supplies. If the river rises two feet higher, the entire community may have to be evacuated.

Napoleon, in Logan County, where an overflowing drainage ditch caused considerable damage a week ago, was in trouble again last night as snow, melting rapidly in the warm weather, sent the ditch over its banks.

Overflowing about 8:30 p. m., in 2 hours the water had covered Highways Nos. 3 and 34, and surrounded several homes and business places.

The ditch, three to four feet deep and 10 to 25 feet wide, drains an area 10 to 15 miles wide. It empties into a lake a mile west of the town.

About 11 p. m., however, the water began to recede.

At Bismarck, Frank J. Bavendick, Federal meteorologist, said the Missouri River had risen to 16 feet there last night, but the ice cap was holding from a point near Williston to about Fort Yates in the southern portion of the State.

Flood stage, he said, was 19 feet at Bismarck and he explained we are approaching the critical point. Western North Dakota has had excessive snow, and high temperatures will bring a rapid run-off.

The ice has moved out of the Yellowstone River, 20 miles west of Williston at the confluence of the two rivers.

However, Bavendick said only shore ice was heaving on the Missouri at Bismarck and it was about 2½ feet thick. He believes channel ice is considerably thinner after having "rotted" by higher temperatures and scoured away by the rushing current.

The VICE PRESIDENT. Without objection, the bill will be received and referred as requested.

The bill (S. 1134) to amend section 5 of the Flood Control Act, approved August 18, 1941, was received, read twice by its title, and referred to the Committee on Commerce.

AMENDMENT OF DISTRICT LIFE INSURANCE ACT—REGULATION OF LIFE INSURANCE BUSINESS—MOTION TO RECONSIDER

Mr. LANGER. Mr. President, I wish to take up another matter. When the calendar was called a few days ago, I objected to the consideration of the bill (H. R. 4393) to amend the Life Insurance Act of the District of Columbia, and also to the bill (H. R. 4394) to amend sections 10, 11, and 12 of chapter V of the act of June 19, 1934, as amended. At that time I did know how imperative it was that House bill 4393 be passed. Since then I have been informed that, unless the bill is passed, a large amount of accrued group insurance is either not going to be entered into at all or some of it may be entirely vitiated. Therefore, I should like to withdraw my objection to that bill. I was the only Senator who objected.

Mr. KNOWLAND. Mr. President, reserving the right to object, in many cases when measures are called on the calendar, perhaps other Senators would raise some point if objection were not made and the bill passed over. Certainly without a quorum call, and occupying temporarily the seat of the minority leader, I would not feel that I could agree to a unanimous-consent request which would in effect pass bills which had been objected to the other day.

The VICE PRESIDENT. The Chair is advised that the bills H. R. 4393 and H. R. 4394 were passed, but that motions have been entered for their reconsideration.

Mr. KNOWLAND. Do I correctly understand that the bills were passed?

The VICE PRESIDENT. The bills were passed. Motions to reconsider are now pending.

Mr. KNOWLAND. The Senator from North Dakota had previously entered a motion to reconsider the bill to which he now refers? Is that the parliamentary situation?

The VICE PRESIDENT. That is correct. Does the Senator from North Dakota wish to withdraw his motion to reconsider?

Mr. LANGER. I am the only Senator who objected. If the bill is not passed, many poor people will be hurt.

Mr. HUMPHREY. Do I correctly understand that if the Senator from North Dakota withdraws his motion to reconsider the vote by which the bill was passed, the bill goes to the House?

Mr. LANGER. I withdraw my motion to reconsider.

The VICE PRESIDENT. The Senator from North Dakota withdraws his motion to reconsider.

Mr. LANGER. I withdraw my motion to reconsider House bill 4393, Calendar 1291.

The VICE PRESIDENT. The motion to reconsider is withdrawn as to House bill 4393, and the bill stands passed.

Mr. LANGER. My motion to reconsider will stand as to House bill 4394, Calendar 1292.

The VICE PRESIDENT. Yes; that bill is still pending.

Mr. LANGER. Mr. President, I yield the floor.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. MALONE. Mr. President, will the Senator from North Dakota yield to me so I may submit four amendments, and make a short statement in connection therewith?

Mr. LANGER. Mr. President, I ask unanimous consent that I may yield to the Senator from Nevada [Mr. MALONE] for the purpose he has stated, without losing the floor, and that his remarks may appear at the end of my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none and it is so ordered.

Mr. MALONE. Mr. President, it was held forth in 1943 that the Marshall plan was to aid countries of Europe by means of establishing a market for the goods produced by the American working men and the American investors. In 1949 it was said that the purpose of the ECA was to produce goods in Europe to sell on our markets to make up for the dollar balance. Mr. President, today, in 1950, the ECA representatives are saying, in secret sessions of the Senate Foreign Relations Committee, according to a dispatch appearing in the Washington Times-Herald this morning, that either we must appropriate the full amount, practically three and a quarter billion dollars, to send to Europe to buy our goods, or we will have a severe depression in the United States.

Mr. President, I ask unanimous consent to have the article to which I referred published in the Times-Herald of today under the heading "Truman's Aides Claim It's ERP or a Depression," published in the RECORD, at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TRUMAN'S AIDES CLAIM IT'S ERP OR A DEPRESSION

(By Philip Warden)

Administration leaders have told the House and Senate Foreign Affairs Committees in a secret session that foreign aid spending must be continued unabated or the country faces the threat of a depression.

President Truman and his aides told the Congressmen that the European recovery program billions are all that is preventing an unmanageable surplus of farm products. Stop foreign aid spending, and our markets will be glutted, they maintained.

EMPLOYMENT PERILED

Administration leaders also declared that the Marshall plan dollars are being spent in industries where widespread unemployment would develop at once if the aid program were curtailed. They asserted unemployment would spread quickly to other industries.

The administration has decided to put all its emphasis on the depression threat at home in its campaign to sell the Marshall plan to Congress for another year, rather than on Europe's economic requirements.

The Senate is considering the administration bill to authorize three billion four hun-

dred million for aid to Europe for another year. The bill has been passed by the House.

PRODUCTION RECOVERED

Administrator Hoffman of the Marshall plan said yesterday that Europe's industrial production is 20 percent higher than before the war, her food production is back to prewar levels, and her export trade is above prewar.

Asked if he felt that we should continue giving money under these conditions, Hoffman replied:

"The real problem in Europe today, which must be solved or both Europe and America will suffer, is to build up Europe's dollar earnings.

"Europe needs our goods, not our dollars. That is what we are giving them—the goods they can get nowhere but here. Europe could triple her production and still not have enough dollars to buy what she needs from us."

COTTON GIFTS CITED

"For example, Europe does not have enough dollars to buy the cotton she needs. We have been giving her the cotton. If we stop giving her cotton, her mills will close, unemployment will spread, and she will be right back where she was when the war ended."

The administration will rely upon the aid program to prevent the stock piles of surplus food from getting much larger, rather than revise farm supports along realistic lines.

Democrats from industrial areas are being told that they must vote for the aid program or the industries in their areas are likely to suffer and unemployment follow.

Mr. MALONE. Mr. President, on April 10, 1950, there was published in the New York Journal of Commerce a dispatch headed "ECA sets up unit to push imports. Hoffman minimizes effect of such goods on United States economy." I ask unanimous consent that the dispatch, as marked, may be printed in the RECORD at this point.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

ECA SETS UP UNIT TO PUSH IMPORTS—HOFFMAN MINIMIZES EFFECT OF SUCH GOODS ON UNITED STATES ECONOMY

WASHINGTON, April 9.—Establishment of an international trade promotion division to help Marshall plan nations earn more dollars by exporting more to the United States, was announced over the week-end by the Economic Cooperation Administration.

In announcing the new unit, the aid agency declared Europeans must take far more vigorous steps to sell the United States market. This country, ECA continued, must refrain from blocking those efforts by means of tariff, customs procedure, and similar barriers.

As a major activity in the foreign liaison field, ECA will send abroad a number of trade promotion experts to work closely with regular commercial attachés now in the field, but who will have the sole function of assisting in stimulating European exports to the United States. It will also maintain close contact with the Washington embassies and legations on all questions relating to imports and advise various United States organizations on their relations with the U. K.'s dollar export board and other similar bodies.

In the trade promotion field, the new division will concern itself with the elimination of trade barriers and with the development of plans to bring together the European seller and the American buyer.

The new ECA unit will also be concerned with international trade fairs, special ex-

hibits of foreign merchandise, foreign trade zones, department store merchandising of imported goods, import credit facilities, and general consultation.

Mr. MALONE. Mr. President, we create our own dangerous condition through the free-trade policy of the Administration, through the 1934 Trade Agreements Act, by transferring the constitutional responsibility of Congress to regulate the national economy through the regulation of imports, to the executive branch of the Government, which means the State Department. Then furnishing the money and industrial equipment to the ECA nations to manufacture goods to sell to us, which we do not need, but which, according to the ECA officials, we must buy to close the so-called dollar gap.

Now they say we must continue to appropriate money and send it to the 16 European countries to buy our surplus products, so that these nations may buy our surpluses with the money we are about to appropriate to send to them, our surpluses being caused largely because of imported goods from Europe. In other words, we import the goods for which we previously furnished the money and industrial machinery for them to produce to close the dollar gap, and then we appropriate more money for them to buy our goods to prevent a depression here. It is just a little complicated and difficult to follow the ECA representatives in their changing positions.

Mr. President, this is a great method of operation. We appropriate money to give to them to buy our products. We appropriate money to set up an ECA branch to sell more of the European goods to us in this country, so we can have more surplus, so we can appropriate more money for Europe to buy our growing surplus.

Mr. President, I wish to submit four amendments at this time, which I ask to have printed and lie on the table, and also to have printed in the RECORD at this point. The first amendment is to assure the integrity of private investments in the 16 European nations on the penalty of stopping any further aid to them through the ECA or from any other source.

The amendment was received, ordered to be printed and to lie on the table, and to be printed in the RECORD, as follows:

One page 7, between lines 3 and 4, insert the following:

"TERMINATION OF ASSISTANCE

"SEC. . Section 118 of such Act is amended by adding at the end thereof the following new sentence: 'The Administrator shall terminate the provision of assistance under this title to any participating country if the government of such country, or any agency or subdivision thereof, shall, after the date of enactment of the Economic Cooperation Act of 1950 (1) acquire or operate, in whole or in part any basic industry thereof, other than industries the acquisition of which was completed prior to such date of enactment; or (2) seize, confiscate, or destroy any private property of any citizen of the United States, or by any law, ordinance, regulation, decree, or administrative action prevent the transaction of busi-

ness in connection with a business or industrial property in such country owned or controlled by a citizen of the United States.'

Mr. MALONE. Mr. President, the second amendment provides that the Administrator shall terminate the provisions of assistance to any participating countries who have set up barriers between their own nation and other nations against trade, in the form of embargoes, quotas, specifications, and built their 100-year-old wall higher and higher, by reason of the fact that they have our money to support themselves, and have our encouragement to sell their goods to us instead of to each other.

The amendment was received, ordered to be printed and to lie on the table, and to be printed in the RECORD, as follows:

On page 7, between lines 3 and 4, insert the following:

"TERMINATION OF ASSISTANCE

"SEC. —. Section 118 of such act is amended by adding at the end thereof the following new sentence: 'The Administrator shall terminate the provision of assistance under this title to any participating country (including the zones of occupation of Germany) if such country refuses to join, within 30 days after the date of enactment of the Economic Cooperation Act of 1950, in a concerted effort with the other participating countries (including the zones of occupation of Germany) to form a Federation, a United States of Europe, under a constitution which would vest in the Federation all power relating to (1) tariffs, trade, and currency within and among such countries or states and between such countries or states and countries which are not members of the Federation' and (2) the defense of the Federation."

Mr. MALONE. Mr. President, the third amendment provides that any further aid to Europe shall be predicated on the free convertibility of the currencies of those European countries in terms of their own currencies and of the dollar. The so-called dollar shortage is the greatest hoax which ever has been perpetrated on the American people. The so-called shortage is because the manipulated prices which have been fixed on foreign currencies in terms of exchange for United States dollars have been such that no one would pay them. At first the rate of exchange was \$4.03 for the pound, but no one would pay that much for a pound. Now it is \$2.80 for the pound, but no one will pay that. If there were free convertibility between the currencies of those nations and United States dollars, there would be no shortage of dollars in those countries, because they could spend their own money in this country through the free convertibility.

Mr. President, I now submit and ask to have printed, lie on the table, and be printed in the RECORD, my third amendment.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment submitted by Mr. MALONE is as follows:

On page 7, between lines 3 and 4, insert the following:

"TERMINATION OF ASSISTANCE

"SEC. —. Section 118 of such act is amended by adding at the end thereof the following new sentence: 'The Administrator shall terminate the provision of assistance under

this title on June 30, 1950, to any participating country unless, on or before such date, such country (1) has eliminated any currency controls imposed by it that prevent its currency from reflecting its actual purchasing power in terms of the United States dollar on the free monetary markets of the world, and (2) enters into an agreement with the United States that it will not reimpose any such currency controls prior to July 1, 1952.'

Mr. MALONE. Mr. President, the fourth amendment provides that instead of giving ECA funds to the ECA countries' governments, for them to spend as they wish, to keep themselves in power, and to nationalize their industries, and to support almost every other trick of manipulation they can think of, further aid to Europe will be in the nature of loans to private industries.

In the same way that our RFC loans money to private industries in this country in times of stress, and today is lending money to industries in this country, under the amendment, the loans would be made on the basis of proper security; and the loans would be made to private industries, already in existence or to be established, which have the probability of success and liquidating the loans if the industry proves to be a mistake. That procedure is necessary; because if such an industry can be operated only by means of continual government help and aid, it cannot survive indefinitely.

Mr. President, I now ask unanimous consent to submit that amendment, to be printed and lie on the table, and to be printed at this point in the RECORD.

The VICE PRESIDENT. Without objection it is so ordered.

The amendment submitted by Mr. MALONE is as follows:

At the end of the bill, insert the following new section:

"SEC. —. (a) Notwithstanding any other provision of the Economic Cooperation Act of 1948, as amended, assistance rendered under such act to any participating country after the date of enactment of this act shall be on the basis of loans only; except that this subsection shall not apply to assistance rendered in the form of food or medicines for the relief of human suffering in a participating country if the Administrator finds, and the President approves such finding, that due to temporary conditions an emergency exists in such country which the government thereof is unable to meet.

"(b) All such loans shall be fully and adequately secured. The Administrator, under such terms and conditions as he shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by him as security for such loans. Such loans may be made directly upon promissory notes or by way of discount or rediscount of obligations tendered for the purpose, or otherwise, in such form and in such amount and at such interest or discount rates as the Administrator may approve. Each such loan may be made for a period not exceeding 3 years, and the Administrator may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond 10 years from the date upon which such loan was made originally. Such loans may be made either directly or in cooperation with the banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise."

Mr. MALONE. Mr. President, in closing let me say that I did have a fifth amendment, which corresponds with the amendment submitted yesterday by the distinguished Senator from Missouri [Mr. KEM]. In January I introduced that amendment in the form of a joint resolution providing for the cessation of all payments of funds and all assistance of any kind whatever to any nation which is assisting Communist areas. At that time—on January 24, 1950—I submitted for printing in the CONGRESSIONAL RECORD a list of 95 trade treaties which the 16 Marshall plan countries already have made since the end of the Second World War. Those trade treaties are in good standing; and by means of them those nations have shipped, and up to this day are shipping, to Russia and the iron-curtain countries almost every conceivable type of commodity—including tool

steel; ball bearings; heavy construction equipment, heavy farm machinery, and heavy road-making equipment; freight cars; locomotives—and in fact practically everything those nations need to wage a world war III on us and to consolidate their gains in eastern Europe and in China. It is well known that Britain, India, and several of the other sterling-bloc nations almost immediately recognized Communist China; and that the trade through Hong Kong, controlled by the British, is increasing day by day, with the result that there is being sent into Communist China practically every type of material and equipment that are needed to enable the Chinese Communists to consolidate their positions there.

Mr. President, in view of the submission of the amendment of the Senator from Missouri, I shall not submit my fifth amendment in connection with this measure; but I intend to support the

amendment of the Senator from Missouri, in lieu of my own.

I thank the Senator from North Dakota for yielding to me.

RECESS

Mr. HUMPHREY. I move that the Senate take a recess until noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 7 minutes p. m.) the Senate took a recess until tomorrow, Thursday, April 27, 1950, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate April 26 (legislative day of March 29), 1950:

COAST AND GEODETIC SURVEY

Robert F. A. Studds, of Washington, D. C., to the position of Director of the Coast and Geodetic Survey.

81ST CONGRESS
2D SESSION

S. 3304

IN THE SENATE OF THE UNITED STATES

APRIL 26 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MALONE to the bill (S. 3304)
to amend the Economic Cooperation Act of 1948, as
amended, viz: At the end of the bill insert the following
new section:

1 SEC. . (a) Notwithstanding any other provision of
2 the Economic Cooperation Act of 1948, as amended, as-
3 sistance rendered under such Act to any participating
4 country after the date of enactment of this Act shall be on
5 the basis of loans only; except that this subsection shall
6 not apply to assistance rendered in the form of food or
7 medicines for the relief of human suffering in a participating
8 country if the Administrator finds, and the President ap-
9 proves such finding, that due to temporary conditions an

1 emergency exists in such country which the government
2 thereof is unable to meet.

3 (b) All such loans shall be fully and adequately secured.
4 The Administrator, under such terms and conditions as he
5 shall prescribe, may take over or provide for the adminis-
6 tration and liquidation of any collateral accepted by him as
7 security for such loans. Such loans may be made directly
8 upon promissory notes or by way of discount or rediscount
9 of obligations tendered for the purpose, or otherwise, in
10 such form and in such amount and at such interest or dis-
11 count rates as the Administrator may approve. Each such
12 loan may be made for a period not exceeding three years,
13 and the Administrator may from time to time extend the
14 time of payment of any such loan, through renewal, sub-
15 stitution of new obligations, or otherwise, but the time for
16 such payment shall not be extended beyond ten years from
17 the date upon which such loan was made originally. Such
18 loans may be made either directly or in cooperation with
19 banks or other lending institutions through agreements to
20 participate or by the purchase of participations, or otherwise.

81ST CONGRESS
2D Session

S. 3304

AMENDMENT

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APRIL 26 (legislative day, MARCH 29), 1950
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IN THE SENATE OF THE UNITED STATES

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to amend the Economic Cooperation Act of 1948, as
amended, viz: On page 7, between lines 3 and 4, insert
the following:

1 TERMINATION OF ASSISTANCE

2 SEC. . Section 118 of such Act is amended by add-
3 ing at the end thereof the following new sentence: "The
4 Administrator shall terminate the provision of assistance
5 under this title to any participating country if the govern-
6 ment of such country, or any agency or subdivision thereof,
7 shall, after the date of enactment of the Economic Coop-
8 eration Act of 1950, (1) acquire or operate, in whole or in
9 part, any basic industry thereof, other than industries the
10 acquisition of which was completed prior to such date of

1 enactment; or (2) seize, confiscate, or destroy any private
2 property of any citizen of the United States, or by any law,
3 ordinance, regulation, decree, or administrative action pre-
4 vent the transaction of business in connection with a busi-
5 ness or industrial property in such country owned or con-
6 trolled by a citizen of the United States.”

81ST CONGRESS
2^D SESSION

S. 3304

AMENDMENT

Intended to be proposed by Mr. MALONE to the
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eration Act of 1948, as amended.

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S. 3304

IN THE SENATE OF THE UNITED STATES

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2 SEC. . Section 118 of such Act is amended by adding
3 at the end thereof the following new sentence: "The Admin-
4 istrator shall terminate the provision of assistance under this
5 title to any participating country (including the zones of
6 occupation of Germany) if such country refuses to join,
7 within thirty days after the date of enactment of the Eco-
8 nomic Cooperation Act of 1950, in a concerted effort with
9 the other participating countries (including the zones of
10 occupation of Germany) to form a Federation of a United

1 States of Europe, under a constitution which would vest in
 2 the Federation all power relating to (1) tariffs, trade, and
 3 currency within and among such countries or states and be-
 4 tween such countries or states and countries which are not
 5 members of the Federation; and (2) the defense of the
 6 Federation.

81ST CONGRESS
 2^D SESSION

S. 3304

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amended, viz: On page 7, between lines 3 and 4, insert the
following:

1 TERMINATION OF ASSISTANCE

2 SEC. . Section 118 of such Act is amended by adding
3 at the end thereof the following new sentence: "The Ad-
4 ministrator shall terminate the provision of assistance under
5 this title on June 30, 1950, to any participating country
6 unless, on or before such date, such country (1) has elimi-
7 nated any currency controls imposed by it that prevent its
8 currency from reflecting its actual purchasing power in
9 terms of the United States dollar on the free monetary

1 markets of the world, and (2) enters into an agreement with
 2 the United States that it will not reimpose any such cur-
 3 rency controls prior to July 1, 1952.”

81ST CONGRESS
 2D SESSION

S. 3304

AMENDMENT

Intended to be proposed by Mr. MALONE to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

APRIL 26 (legislative day, MARCH 29), 1950
 Ordered to lie on the table and to be printed

S. 3304

IN THE SENATE OF THE UNITED STATES

APRIL 26 (legislative day, MARCH 29), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. HICKENLOOPER to the bill
(S. 3304) to amend the Economic Cooperation Act of 1948,
as amended, viz:

1 On page 7, line 3, strike out the quotation marks.

2 On page 7, after line 3, add the following:

3 “(1) None of the local currencies required by subsection
4 (b) (6) to be deposited in local currency accounts, shall
5 be made available for expenditure by any recipient country
6 so long as any dependent area of such country fails to comply
7 with any treaty between the United States and the said
8 dependent area.”

9 On page , after line , add the following:

10 “SEC. 107. Title I of such Act is amended by the addi-
11 tion of a new section as follows:

“TREATIES

1

2 “126. The terms of any treaty to which the United
3 States and any participating country are parties shall remain
4 in full force and effect until superseded by a new treaty
5 ratified by the Senate unless, prior thereto, it expires by its
6 own terms.’”

AMENDMENTS

Intended to be proposed by Mr. HICKENLOOPER
to the bill (S. 3304) to amend the Economic
Cooperation Act of 1948, as amended.

APRIL 26 (legislative day, MARCH 29), 1950
Ordered to lie on the table and to be printed



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Vol. 96

WASHINGTON, THURSDAY, APRIL 27, 1950

No. 83

Senate

(Legislative day of Wednesday, March 29, 1950)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, through the lowly gateway of penitence we would enter the inner chamber of peace where the harsh noises of the clamorous world are hushed and in quietness of spirit we face ourselves and Thee. Take us as we are, with impulses, strivings, longings, so often frustrated and thwarted, and even with what is broken and imperfect make Thy dreams for Thy children come true. In the midst of confusions and perplexities of these days in which we are called to serve, help us to be—

"True to all truth the world denies,
Not tongue-tied by its gilded lies,
Not always right in all men's eyes;
But faithful to the light within."

We ask it in the Redeemer's name.
Amen.

THE JOURNAL

On request of Mr. THOMAS of Utah, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, April 26, 1950, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 1861. An act for the relief of Elizabeth and Lawrence Wong;

H. R. 1862. An act for the relief of Mrs. Walter K. Miyamoto (formerly Miyoko Takahashi);

H. R. 2895. An act to authorize the sale of select base material, at the Fort Benning Military Reservation, to Muscogee County, State of Georgia, for use on county roads;

H. R. 4080. An act to unify, consolidate, revise, and codify the Articles of War, the Articles for the Government of the Navy, and the disciplinary laws of the Coast Guard,

and to enact and establish a Uniform Code of Military Justice;

H. R. 4393. An act to amend the Life Insurance Act of the District of Columbia;

H. R. 4857. An act for the relief of Mrs. Katsuko Nakahara Huntley; and

H. R. 5580. An act for the relief of Mrs. Tsuneko Shimokawa Guenther.

LEAVE OF ABSENCE

On his own request, and by unanimous consent, Mr. KEM was excused from attendance on the sessions of the Senate until Monday, May 1, 1950.

MEETINGS OF COMMITTEES DURING SENATE SESSION

On request of Mr. McMAHON (on behalf of Mr. NEELY), and by unanimous consent, the Committee on the District of Columbia was authorized to meet this afternoon during the session of the Senate.

On request of Mr. MAGNUSON, and by unanimous consent, the Merchant Marine and Fisheries Subcommittee of the Committee on Interstate and Foreign Commerce was authorized to meet this afternoon during the session of the Senate.

REPORT ON LEND-LEASE OPERATIONS—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 676)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Foreign Relations:

To the Congress of the United States:

I am transmitting herewith the Thirtieth Report to Congress on Lend-Lease Operations, for the period ending December 31, 1949.

HARRY S. TRUMAN.

THE WHITE HOUSE, April 27, 1950.

(Enclosure: Thirtieth Report to Congress on Lend-Lease Operations.)

CALL OF THE ROLL

Mr. THOMAS of Utah. Mr. President, since we are operating under a unanimous-consent agreement, I should like to inquire whether the Senator from Texas [Mr. CONNALLY] or the Senator from Nevada [Mr. McCARRAN] desire to have a quorum call.

Mr. CONNALLY. I am not disposed to insist on a quorum call because the time consumed would necessarily come out of the time allotted for debate on the McCarran amendment between now and 2 o'clock.

Mr. BRIDGES. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BRIDGES. Will Senators be granted opportunity to make insertions in the Record?

Mr. CONNALLY. No. Let us postpone routine matters until after the vote at 2 o'clock.

Mr. THOMAS of Utah. It would be contrary to the terms of the unanimous-consent agreement to have routine business transacted at this time.

Mr. McCARRAN. I should like to have a quorum call.

Mr. CONNALLY. If the Senator from Nevada insists on a quorum call, he will cut down his own time, because the time taken for a roll call will be taken out of the Senator's time if he has the floor.

Mr. McCARRAN. Nevertheless, I wish to have a quorum present so that Senators may hear what we have to say on the pending amendment.

Mr. THOMAS of Utah. Mr. President, since the Senator from Nevada insists on a roll call, I suggest the absence of a quorum, the time consumed to be taken out of the time of the Senator from Nevada.

The PRESIDENT pro tempore. Without objection, it is so ordered, and the clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Ferguson	Kem
Benton	Flanders	Kilgore
Brewster	Frear	Knowland
Bricker	George	Langer
Bridges	Green	Leahy
Butler	Gurney	Lehman
Cain	Hayden	Lodge
Capehart	Hendrickson	Long
Chapman	Hickenlooper	Lucas
Chavez	Hill	McCarran
Connally	Holland	McCarthy
Cordon	Humphrey	McClellan
Darby	Hunt	McFarland
Donnell	Ives	McKellar
Douglas	Jenner	McMahon
Dworshak	Johnson, Colo.	Magnuson
Eastland	Johnson, Tex.	Malone
Eaton	Johnston, S. C.	Martin
Ellender	Kefauver	Maybank

Mullikin
Mundt
Neely
O'Connor
Robertson
Russell
Saltonstall
Schoeppel

Smith, Maine
Sparkman
Stennis
Taft
Taylor
Thomas, Okla.
Thomas, Utah
Thye

Tobey
Tydings
Wherry
Wiley
Williams
Withers
Young

Mr. LUCAS. I announce that the Senator from Virginia [Mr. BYRD] and the Senator from Oklahoma [Mr. KERR] are absent on official business.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Wyoming [Mr. O'MAHONEY] are necessarily absent.

The Senators from North Carolina [Mr. GRAHAM and Mr. HOEY], the Senator from Pennsylvania [Mr. MYERS], and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Montana [Mr. MURRAY] is absent because of illness in his family.

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. ARKEN], the Senator from Oregon [Mr. MORSE], the Senator from New Jersey [Mr. SMITH], and the Senator from Utah [Mr. WATKINS] are absent by leave of the Senate.

The Senator from Michigan [Mr. VANDENBERG] is necessarily absent.

The PRESIDENT pro tempore. A quorum is present.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Nevada [Mr. McCARRAN] for himself and the Senator from Maine [Mr. BREWSTER] to Senate bill 3304.

Mr. McCARRAN. Mr. President, under the agreement the time remaining between now and 2 o'clock is divided equally between the proponents and opponents of the amendment. The time is controlled by the Senator from Texas [Mr. CONNALLY] and myself. I assign 20 minutes to the Senator from Maine [Mr. BREWSTER].

Mr. BREWSTER. Mr. President, the pending amendment to Senate bill 3304, offered by the Senator from Nevada and myself, provides for the insertion of a new title which may be cited as the "Spanish Aid Act of 1950." I call attention to the fact that in the pending bill, Senate bill 3304, there are supplemental titles, one of which may be cited as the "Korea Aid Act of 1950," providing for special aid to Korea; another is title III, which may be cited as the "China Area Aid Act of 1950"; and the next is title IV, which may be cited as the "United Nations Palestine Refugee Aid Act of 1950."

I mention that in order to show there are provisions of this character included in the pending legislation. Our amendment proposes to add another title to be known as the "Spanish Aid Act of 1950."

Under the first paragraph of section 202 of our amendment—

The Administrator for Economic Cooperation is hereby authorized to furnish assistance to the Spanish state in conformity with—

(a) the provisions of the Economic Cooperation Act of 1948, as amended, wherever such provisions are applicable.

Mr. President, I ask unanimous consent that the amendment offered by the Senator from Nevada and myself may be printed at this point in the RECORD as a part of my remarks.

There being no objection, the amendment offered by Mr. McCARRAN (for himself and Mr. BREWSTER) was ordered to be printed in the RECORD, as follows:

On page 7, after line 4, insert the following:

"AID TO SPAIN"

"SEC. 201. This title may be cited as the 'Spanish Aid Act of 1950.'

"NATURE OF ASSISTANCE"

"SEC. 202. The Administrator for Economic Cooperation is hereby authorized to furnish assistance to the Spanish state in conformity with—

"(a) the provisions of the Economic Cooperation Act of 1948, as amended, wherever such provisions are applicable and not inconsistent with the intent and purposes of this title; and

"(b) the administrator is authorized to issue notes from time to time during the fiscal year 1951 for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$100,000,000 for the purpose of allocating funds during such fiscal year to the Export-Import Bank of Washington for assistance to Spain on credit terms under the provisions of paragraph 2 of section 111 (c) of the Economic Cooperation Act of 1948, as amended, to the extent applicable."

Mr. BREWSTER. Paragraph (b) of the amendment provides that—

the administrator is authorized to issue notes from time to time during the fiscal year 1951 * * * in an amount not exceeding in the aggregate \$100,000,000 for the purpose of allocating funds during such fiscal year to the Export-Import Bank of Washington for assistance to Spain on credit terms—

I emphasize that aspect of the matter, as I think the Spanish Government and the Spanish people have one of the best records, so far as credit is concerned, of any of the existing governments of the world. Therefore, I think they are entitled to consideration when the question of credit is involved. Paragraph (b) continues—

under the provisions of paragraph 2 of section 111 (c) of the Economic Cooperation Act of 1948, as amended, to the extent applicable.

Mr. President, I ask unanimous consent that the provisions of section 111 (c) of the Economic Cooperation Act of 1948, as amended, may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the provisions were ordered to be printed in the RECORD, as follows:

(c) (1) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in subsections (a) and (b), respectively, of this section, through grants or upon payment in cash, or on credit terms, or on such other terms of payment as he may find appropriate, including payment by the transfer to the United States (under such terms and in such quantities as may be agreed to between

the Administrator and the participating country) of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. In determining whether such assistance shall be through grants or upon terms of payment, and in determining the terms of payment, he shall act in consultation with the National Advisory Council on International Monetary and Financial Problems, and the determination whether or not a participating country should be required to make payment for any assistance furnished to such country in furtherance of the purposes of this title, and the terms of such payment, if required, shall depend upon the character and purpose of the assistance and upon whether there is reasonable assurance of repayment considering the capacity of such country to make such payments without jeopardizing the accomplishment of the purposes of this title.

(2) When it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Administrator is authorized to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$1,000,000,000 (i) for the purpose of allocating funds to the Export-Import Bank of Washington under this paragraph during the period of 1 year following the date of enactment of this act and (ii) for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section until all liabilities arising under guaranties made pursuant to such paragraph (3) have expired or have been discharged. Such notes shall be redeemable at the option of the Administrator before maturity in such manner as may be stipulated in such notes and shall have such maturity as may be determined by the Administrator with the approval of the Secretary of the Treasury. Each such note shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the note. Payment under this paragraph of the purchase price of such notes and repayments thereof by the Administrator shall be treated as public-debt transactions of the United States. In allocating funds to the Export-Import Bank of Washington under this paragraph, the Administrator shall first utilize such funds realized from the sale of notes authorized by this paragraph as he determines to be available for this purpose, and when such funds are exhausted, or after the end of 1 year from the date of enactment of this act, whichever is earlier, he shall utilize any funds appropriated under this title. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any credits made under this paragraph shall be deposited into miscellaneous receipts of the Treasury: *Provided*, That, to the extent required for such purpose, amounts received in repayment of prin-

cial and interest on any credits made out of funds realized from the sale of notes authorized under this paragraph shall be deposited into the Treasury for the purpose of the retirement of such notes.

Mr. BREWSTER. Under the provisions of section 111 (c) of the act, the Administrator is authorized to proceed in this fashion for the assistance of countries for whom it was authorized, by the issuance of notes in an amount not exceeding \$1,000,000,000. Our amendment would simply provide for a portion of that allocation, in the amount of \$100,000,000, which might be used for the purpose of loans by the Export-Import Bank, on proper credit terms and security, to the Spanish Government or its designated nominee. I emphasize that because it does not have an impact upon the appropriation of funds under the bill. In other words, the amount authorized by the bill for the appropriation of funds is in no way affected by the proposed authorization. It does not subtract from or add to the amount of that authorization contained in the bill, and will not affect any increases or reductions which may be made in the amount of the proposed aid, nor will the other interested countries be concerned or affected in any way. The language of the amendment was drawn in such way as to meet that problem.

It may well be asked, Why should consideration be given to Spain at this time? It is my information that our military authorities are entirely agreed upon the proposition that the Spanish peninsula—the Iberian Peninsula, as it is commonly known—is one of the more vital and critical areas of the world; and that in the event of any difficulties with any other power, such as now are freely being discussed, it might well be one of the strategic spots in the world not only because of the fact that behind the Pyrenees there is the possibility of retaining control for some time, but also because the Iberian Peninsula is obviously—even to the layman, I think—recognized as the key to the Mediterranean. All our vast interests in Greece and Turkey, which have been recognized by the Greek and Turkish loans, and the vast ramifications of those interests in relation to the Mediterranean littoral generally, obviously revolve around control of the Mediterranean, which clearly would be dominated from the Spanish territory.

I do not suggest that the pending proposal involves any aspect of an arrangement or understanding in that respect. It simply puts the Spanish people in somewhat of a posture for recognizing that we are concerned with their problems, as we are concerned with the problems of the people of many other areas of the world.

Certainly it is not only good business but good judgment, and very much involved with the vital interests of the United States of America, that we should have with Spain the cordial relationships which might well be calculated to be assisted by an action and a gesture of this character at this time.

The history of the dealings of the United States with Spain has not been

happy. Without undertaking to apportion the responsibility for that situation, it is regrettable that in the initial instance the normal diplomatic relations which long had prevailed were severed because of action in the United Nations; and that when the time came, a year ago, to consider whether or not the normal relations should be resumed, the United States refrained from expressing an opinion. We had been assured that it was the idea of the United States that we would normalize relations. Yet when the fateful hour arrived in the United Nations, our representatives stood mute; they neither voted "aye" or "no." That was the action of our representatives there, those who represented the United States, the leader of world opinion, as we proudly like to call ourselves, and which, we think, in resources and in responsibility for world leadership is vitally concerned with so directing its course that it shall earn the confidence of all peoples who may be prepared not to submit to the dictatorship of Moscow. Yes, Mr. President, at that time our representatives in the United Nations stood mute. Certainly that was not exactly an heroic posture for a great nation which boasts of its responsibilities for world leadership. That action had most unfortunate implications.

Since that time, to the very great gratification of those of us who long have felt that, from every aspect, the normalization of our relations with Spain was a well-warranted course in our own interest, our State Department, through the Secretary of State, announced in January of this year that the United States was then prepared to support the normalization of diplomatic relations with Spain. The Secretary of State was frank enough in that statement to say that he recognized that the initial action of severing some portion of our diplomatic relations with Spain, by withdrawing our Ambassador, under the urging of the United Nations, was not wise, but was a mistake; that it was entered into with the idea that it might lead to a better state of things, whereas the action had had the reverse effect, and had led, rather, to consolidating a position with which at that time our State Department and our Government were not in sympathy; and that it was high time that a change was made. The Secretary of State announced very definitely that at the next meeting of the United Nations, the Government of the United States were prepared to urge, sponsor, and support a resolution for the normalization of our diplomatic relations with Spain.

Mr. President, it is a matter of very profound regret that in the very critical period in which we live, the gesture which we are now prepared to make has been so long delayed. The world is moving very rapidly. Time marches on. The entire situation in the world is deteriorating with a rapidity which certainly is a matter of vital concern to every American, as we are repeatedly assured. Here is a simple and definite step which involves as good a credit risk as any we have undertaken in the case of any of the other countries with

whom we have had dealings. Certainly it does not involve any disparagement of our relations with any of our allies.

Mr. President, we are aiding other European countries to the tune of many billion dollars, in total amount; and there is indication that we may increase to \$15,000,000,000 the assistance going to them from us. Furthermore, during the war we gave them between \$30,000,000,000 and \$40,000,000,000, and since the war we have furnished to various countries around the world from \$20,000,000,000 to \$30,000,000,000. So it seems to me rather indelicate that the suggestion should be made that some of those beneficiaries of our aid object to having us assist Spain. I had supposed that the orientation of our policy would at least permit us to do the things which in our judgment seemed best calculated to serve our interests and, as I conceive, the interests of the entire freedom-loving world, as well.

This amendment does not involve any conclusions as to the character of any governments upon the earth. We have an Ambassador in Moscow; we have ambassadors in the countries behind the iron curtain; we are carrying on relations with Tito. I am sure there is some query as to the character of the governments which prevail in many of those countries.

This amendment involves no historic determination as to whether we do or do not approve of all the acts—past, present, or prospective—of the government with whom we deal. To the contrary, we simply ask the single question, Is this action calculated to help us achieve the great objective we have in mind, namely, some measure of success in fortifying the countries against the menace of communistic atheism which is threatening to engulf the world?

The one thing upon which I think all of us can agree is that the Spanish Government has eliminated the Communist menace from its land. Without entering into a discussion of how that has been done, the fact is that it has been achieved. That is the objective of our country, in turn. I am sure the one thing of which we can be perfectly certain is that the Spanish Government is not likely to be an ally of a Soviet-dominated government unless the development of world events should make no other course possible. The Spaniards have endured many things.

At this time their interests lie entirely in this direction.

It seems to me that, as we consider the matter of foreign aid and the possible granting of \$3,000,000,000, which probably never will be returned, and as we consider the granting of aid to Korea, China, and Palestine, the proposed action of the Senate in recognizing the advisability of making a credit loan—that is all this amendment involves—to the Spanish Government at this time cannot be calculated to do other than to serve the major interests of the United States of America. It is upon that basis that I hope the Senate will give consideration to this matter, and will be disposed to support this amendment, which will simply provide that up to \$100,000,000 of

credit by the Export-Import Bank may be extended to the Spanish Government under the direction of the Administrator of the European cooperation program.

I shall not undertake, in the limited time which we have at our disposal, to discuss all aspects of this matter. Along with other Members of the Senate and House, during the past 2 years I have twice visited Spain to observe conditions at first hand. I have seen the very great need they have of some of the raw materials which are in such abundant supply here and which are so needed there. I went through the cotton mills at Barcelona, which are crying out for assistance of this character. If an adequate amount of cotton were furnished, it would rehabilitate the entire economy of Spain, and would enable its people to establish themselves on a self-supporting and self-respecting basis. I am sure that such action cannot be calculated other than to serve the interests not only of America, but of the entire world. One-third of the cotton we might supply them would, after it had been processed, serve to pay for the supplies we should furnish. The remaining two-thirds could be used in clothing the Spanish people. Certainly when we have vast supplies of cotton in our storehouses and know not what market we shall use, this proposal is not only a matter of good business, but is calculated to advance the interests of the United States in cultivating that greater cordiality of relationship which is implicit in the statement of our Secretary of State that he is prepared now to recognize the error on our part and to support the normalizing of diplomatic relations with Spain.

Nothing could be more helpful at this time, pending the meeting of the United Nations, than to say to the Spanish people and the world that we are prepared to deal with them upon a responsible credit basis in order that their economy may become better established, in order that we may lay the foundation for other relationships which may well be calculated to serve the vital interests of this country, if we are really in earnest in believing that we are in danger of difficulty with the Soviet Republics and their associated powers.

It is upon those grounds that I hope the Senate will give favorable consideration to the proposal of the Senator from Nevada and myself. I yield the remainder of my time.

Mr. CONNALLY. Mr. President, I yield 10 minutes to the Senator from Virginia [Mr. ROBERTSON].

The PRESIDENT pro tempore. The Senator from Virginia is recognized for 10 minutes.

Mr. ROBERTSON. Mr. President, in view of the fact that I am in sympathy with giving some type of aid to Spain, I regret to find myself in opposition to this particular plan for aiding her. Like the senior Senator from Maine [Mr. BREWSTER], I visited Spain last fall. While in Madrid, I made a point of discussing the needs of Spain, first with the Minister of the Interior, and then with the Prime Minister. The Minister of the Interior explained to me their need of wheat, cotton, and machinery. There

is no doubt about the fact that they need those materials, of which we have a surplus.

I asked him, in the event we worked out some plan of rendering financial aid, whether the Spanish Government would be willing for us to exercise the same measure of inspection, direction, and control which was granted to us by the members of the OEEC in western Europe. He said it would. Feeling that perhaps he did not have authority to speak for his Government, the following day, in a rather large group, with two newspapermen present, I made the same proposal to the Prime Minister. He publicly said it was correct that his Government would in return for financial aid permit us to be assured that the aid would go where we intended it to go, for the industrial rehabilitation of Spain and for the relief of poverty and actual suffering among the poor people of Spain, of whom, unfortunately, there are entirely too many.

Mr. President, I feel that we were led into an error in agreeing to the resolution adopted several years ago by the United Nations, refusing official recognition to the Spanish Government. Consequently, when our last Ambassador left Madrid, we did not replace him, although we have 92 members of our chancellery in Madrid, with no operating head. Presumably, we are conducting normal trade and political relations with the Franco Government. But we do not have in our legation at Madrid a man who can discuss our viewpoint at the same level with the Spanish official who would handle it on the part of his government. That, of course, is an unsatisfactory, unnecessary arrangement.

I was very much pleased to hear our distinguished Secretary of State say, not very long ago, that he favored sending an Ambassador to Spain. While I do not know what steps have been taken in the meantime to that end, I understand that the matter is being considered by the President, who is in charge of our foreign policy, and who has a perfect right, regardless of the resolution adopted by the United Nations, to send an Ambassador. I have even heard mentioned the names of one or two men who were under consideration for that post.

Mr. BREWSTER. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Virginia yield to the Senator from Maine?

Mr. ROBERTSON. Very briefly. I have but a few moments.

Mr. BREWSTER. Does the Senator understand that the Secretary of State acted at the direction of the President in making his statement about normalizing diplomatic relations with Spain and sending an Ambassador?

Mr. ROBERTSON. I think that is correct. I also want to say that if our aid to western Europe is designed in part to stem the tide of communism, certainly there is no country on the map as displayed at the rear of the Senate Chamber which shows the countries we are aiding and where the main pressure of communism is felt, that is opposed any more strongly to communism than is

Spain. The Spanish Government now has an army of 300,000 well-trained, well-equipped troops. I understand that, with adequate equipment, it could easily raise an army of a million troops. If we should be so unfortunate—which God forbid—as to get into an armed conflict, it is certainly my honest opinion that the Spaniards would fight to the last drop of blood in defense of their country.

I should like to say further, Mr. President, that while Spain is relatively a poor country, the Spanish people have a very ancient and proud tradition. They are a proud people. They are a friendly people. They are a people of ancient skills. I learned when in Spain that the steel at Toledo is the equal of Damascus steel, famed through the centuries as the finest in the world.

Those are preliminary observations that I wished to make.

When I returned to Washington last January, I started to make some investigations with reference to how we could best render aid to a nation which is unusually friendly to us because of the kind treatment we extended to Spanish soldiers at the end of the Spanish-American War. The Spanish people have not forgotten that. They feel very friendly to us. I hold no brief for any dictator; I do not believe in dictatorships. I am not sponsoring the Franco regime by any stretch of the imagination. But it is quite inconsistent to send an ambassador to Moscow or to any of the satellite countries, and then take the position that we cannot send one to another dictator country. I do not like dictatorships, but, after all, it has been our foreign policy that we shall not try to dictate the politics of any other nation. We leave it to the people of the nations to choose the kind of government they prefer.

Returning to what I did during the past winter and spring, I had some conferences with representatives of the State Department, and I found them sympathetic. On the 14th of March I wrote a letter to the Assistant Secretary of State, Mr. Jack K. McFall, regarding some plans to aid Spain, and on March 22, 1950, I received the following letter from Mr. McFall:

MARCH 22, 1950.

The Honorable A. WILLIS ROBERTSON,
United States Senate.

DEAR SENATOR ROBERTSON: Thank you for your letter of March 14 setting forth your views on our Spanish policy. I was very glad to have your opinions on the subject and have passed your letter on to other interested officers of the Department.

There are two points I should like to clear up in connection with your letter, since our economic policy may not have been perfectly clear to you. First, Spain is entirely free to apply to the Export-Import Bank, the normal channel for credit from the United States Government. Spanish applications for credit for specific projects will be considered in accordance with the bank's normal procedures and on the same basis as those from any other country. Although Spaniards have talked with the bank and the procedure for project presentation has been explained to them, the Spanish Government has not yet availed itself of these facilities by presenting applications to the bank.

Secondly, our economic policy is directed toward the positive objective of developing

mutually beneficial economic relations between the United States and Spain, and we believe that private business and banking arrangements and trade activities with Spain should be conducted on a free and normal basis.

I have also received and read with interest your letter of March 15 suggesting that we exchange supplies from our surplus commodity stocks for Spanish strategic materials to be placed in our military stock pile. You will be interested to know that the Spaniards have, in the past, discussed the sale of strategic commodities with the stock-pile authorities. It has not proved possible, however, to purchase Spanish materials since they have either failed to meet the specifications of the Federal Supply Service or they have been priced above the level at which the FSS is authorized to purchase. Spanish export prices are often substantially above competitive world market prices, because the Spanish peseta is pegged above its free market value, a problem to which you will have seen reference in the closing paragraph of the Secretary's letter. A further difficulty is that the amount of strategic materials which Spain might be able to send us would probably be very small in relation to Spanish needs for wheat and cotton. I have, nevertheless, asked our technical people to make a careful study of the possibilities of doing something along the lines you suggest.

With best regards, I am,
Sincerely yours,

JACK K. MCFALL,
Assistant Secretary.

The PRESIDENT pro tempore. The time of the Senator from Virginia has expired.

Mr. CONNALLY. I yield five additional minutes to the Senator from Virginia.

Mr. ROBERTSON. I thank the Senator from Texas. I did not know that the letter would take so long to read.

I received another letter, which is very pertinent, I think. It is dated April 21, 1950, and reads as follows:

APRIL 21, 1950.

The Honorable A. WILLIS ROBERTSON,
United States Senate.

DEAR SENATOR ROBERTSON: The Department has received a reply from the Department of Agriculture with regard to the proposal for an exchange of Spanish strategic materials and American surplus agricultural commodities, about which I wrote you most recently on April 7, 1950.

The Price Support and Foreign Supply Branch, Production and Marketing Administration, Department of Agriculture, the agency responsible for negotiating such exchanges, has indicated that careful consideration will be given to any proposal directed toward such an exchange, whether it be presented by United States private entities representing foreign commercial interests or by a foreign government. It also pointed out that a list of strategic materials currently being purchased, which is subject to continual change, may be obtained from the Strategic Materials Purchase Division of the Federal Supply Service.

In the light of the foregoing, it appears that aside from business considerations such as price, specifications, and availability of materials, which presumably would have to be discussed by the entities handling the details of a specific exchange proposal, there are no obstacles to the formulation of specific plans for a commodity interchange by appropriate official agencies or private concerns.

With best regards, I am,
Sincerely yours,

JACK K. MCFALL,
Assistant Secretary.

Mr. President, that correspondence shows that I have been at work both on an Export-Import Bank loan and a change in our stock-piling program for the exchange of surplus agricultural products for strategic materials which we could get from Spain and put into our stock pile.

I must say, Mr. President, that I think this proposal to amend the pending ECA bill is ill-advised. It requires taking away from western Europe \$100,000,000, which has already been budgeted, because I see nothing in the amendment which provides for a supplemental fund.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. ROBERTSON. For 20 seconds.

Mr. McCARRAN. We have taken nothing out by giving funds to Korea. The amendment would place Spain in the same position as Korea. We take nothing from the European budget.

Mr. ROBERTSON. The practical effect would be to take it.

The second objection is that the first part of the amendment provides that we either force OEEC to accept Spain as a member of the European group of nations, or else, over their objections, and without requiring Spain to do what we are requiring the members of OEEC to do, let them have \$100,000,000. Everyone knows that OEEC is not going to agree to accept Spain.

The next proposal is that the ECA Administrator turn over \$100,000,000 to the Treasury Department, that the Treasury Department turn \$100,000,000 over to the Export-Import Bank, and that that bank make a loan, not according to Export-Import Bank rules, but according to ECA rules. There would be a 2 percent interest rate, and the loan would be made without any of the control which we are now exercising over all loans which ECA makes to OEEC countries.

Under those considerations, as I have outlined the attitude of the State Department, they are willing to make an Export-Import Bank loan; they are willing the trade be on a normal basis; they are willing to work out any possible plan to exchange surplus farm commodities for strategic materials.

I think we have shown a friendly attitude toward Spain, but we certainly should not do violence, as I regard it, to our fundamental Marshall plan by an amendment of this kind which would certainly be very objectionable to the members of the OEEC. This action would be calculated to destroy the relations which we have. I hope the amendment will not be adopted.

Mr. McCARRAN. Mr. President, in dealing with the subject matter embraced within the amendment, I think it may be well for us to look at the map which is on the rear wall of the Senate Chamber. If we are serious, Mr. President, about the North Atlantic Pact, if we are serious in appropriating nearly \$15,000,000,000 for the military defense of the United States, if we are serious in sending arms and ammunition, airplanes, and other equipment of war to Europe, as we have been doing, if we are serious in taking Italy into the North Atlantic Pact, then we cannot, with an equal degree of seriousness, eliminate the

Iberian Peninsula standing at the very gateway of the Mediterranean Sea.

The Iberian Peninsula consists of Spain, principally, and Portugal, two kindred nations, two civilized nations; Spain, with 24,000,000 civilized, God-fearing, Christian people, with a population which has always fought against dictatorship and against communism, which has expelled communism from her borders, a friendly nation which has always looked to us with a friendly eye and with an open hand. So, if we are serious about the billions of dollars we are expending for the defense of America against a common foe, if we are serious as to the military equipment we are sending abroad, we cannot overlook this strategic place which Spain occupies on the face of the map. Under the control of Spain is Gibraltar, and Gibraltar controls the Mediterranean. If another country should control the Mediterranean, it would control North Africa, and within a short time would control the Suez Canal. Therefore, if that should happen, all the countries in the North Atlantic Pact, exclusive of Canada and the United States, would be surrounded by any enemy.

So the spirit and the morale of the people located on this great peninsula, with its strategic position, cannot be lost sight of. If Spain had no army at all, if she was not a country with a mind to fight for her own liberties and her own freedoms, if she had not always been a country democratic in nature, the territory itself, with its population and the spirit of the population, must not be overlooked, because the morale of the country, 24,000,000 strong, is indeed the outstanding item when we come to consider what is meant by the North Atlantic Pact.

No one can consider the North Atlantic Pact and not look at Spain and see what its condition is. The very top men of the Army today, those who are planning strategy for the safety of the United States, are outspoken, if you please, in saying that Spain is indispensable to the success of the North Atlantic Pact.

Spain is situated in the southwestern corner of Europe, which it links with Africa. Surrounded by the Mediterranean and the Atlantic, it encompasses the Straits of Gibraltar, key to the Mediterranean, and it is in a position to control all the east-west sea roads.

Spain can be thought of as a gigantic flat-top of 195,000 square miles. Its sea-coast is extremely broken up, offering first-class natural sea bases. The Spanish Navy has modern bases at Cartagena, Cadiz, and El Ferrol, on the Spanish mainland, and at Mahon, in the Balearic Islands, thus making possible the complete control of the western Mediterranean. The Canary Islands, Spanish territory in mid-Atlantic, astride two continents, is the kingpin of the sea roads linking Europe, Africa, and America, and an ideal center for antisubmarine activities.

The Spanish borders are a guaranty of her invulnerable military position. The border with Portugal makes up for its geographic weakness by its political necessity, which facilitates communica-

tions between Spain and Portugal, joined by a treaty of friendship and enjoying most cordial relations.

The border with France is a strong military line formed by the natural barrier of the Pyrenees that, in spite of its powerful defensive characteristics, permits, at the same time, offensive actions. Her mountainous, broken-up land offers excellent sites for antiaircraft defense centers. As for aerial navigation, the Spanish climate and meteorological conditions are unexcelled because the variety of conditions is such that Spain is never as a whole under the influence of bad weather. The several plateaus are matchless for installing big-sized air bases, especially in the inner zone, where right now there are some excellent airfields. Furthermore, Spain has air bases on the Balearic Islands, Canary Islands, in the Spanish protectorate of Morocco, Ifni, and Cabo Jubi, in west Africa, over the Atlantic, all in good condition at present and susceptible of being enlarged if desired.

HOW SPAIN IS INTERNALLY PROTECTED TODAY

The Spanish Army has at present 400,000 soldiers encadred in 30 divisions, with senior and junior officers who are war tested and perfectly trained. Immediate mobilization would put in the army 1,000,000 men, and, if necessary, 3,000,000 could be drafted. Its most urgent needs are improvement of interior communications, especially railroads, modern armor and signal corps, and electronic material. As a whole, the military importance of Spain as a power factor in the over-all allied plans justifies any and all help.

HER NAVY

The naval policy of Spain has been that of stressing the importance of bases and training rather than building units that rapidly become obsolete. By American standards, the tonnage of the Spanish Navy is not great, but most of the fleet is made of small destroyers and fast units, a sizable part of which was built since the war, and very appropriate for antisubmarine warfare. The Spanish Navy has at present a roll of 22,000 training men.

AIR FORCE

In "being" the Spanish Air Force has 5 light bomber groups, 3 fighter groups, 2 assault or very close tactical cooperation groups, 4 all-purpose groups, and 2 seaplanes, with a total of 350 aircraft.

These figures are not very important if compared to the fact that Spain has at the present moment over 2,000 combat pilots and all the necessary elements for swift enlarging of the air force.

There are blueprints for 7 fighter groups with 500 aircraft; 3 assault groups with 220; special fighter group with 66; 3 light bomber groups with 150; 1 air reconnaissance group with 48 aircraft. At this very moment the Spanish air force has 36 air bases perfectly equipped, 6 of them with runways suited for the most modern and powerful prototypes. The civilian international airports of Barajas, in Madrid, San Pablo, in Sevilla, and Muntadas in Prat, Barcelona, are the largest in Europe and are used by today's air liners.

Mr. President, I mention these things because if we are serious, as I said before, with reference to the expenditure of billions of dollars to fortify and protect the North Atlantic Pact which we have entered into, if we are interested in our ally in the North Atlantic Pact in the heart of the Mediterranean, how can we ignore the morale of people who today are struggling for existence and who occupy this great peninsula which is the key to the Mediterranean?

Last fall I traveled for 9 days through Spain. I traveled by automobile all the time so that I might see its people at the grass roots, if I may so express it, and so that I might understand what they were thinking of. All they are asking for is the opportunity to get credit and to pay their debts. They are asking for no grants. They are asking for no gifts. They are asking for no aid save and except what they would pay back within the time that may be specified. Let me say that history records that Spain has always paid her debts.

What do we propose to do under this amendment? Today we have in the bulging warehouses of America, belonging to the United States, the following commodities, as indicated by an inventory of the Commodity Credit Corporation dated February 28, 1950:

Cotton, upland, 3,646,272 bales.....	\$613,353,057
Wheat, 144,853,295 bushels.....	358,042,121
Corn, 167,582,777 bushels.....	255,733,783
Linseed oil, 421,577,441 pounds.....	119,549,121
Eggs, dried, 79,317,979 pounds.....	101,361,973
Flaxseed, 12,801,153 bushels.....	81,278,225
Butter, 92,796,753 pounds.....	57,670,108
Beans, dry edible, 4,865,985 hundredweight.....	43,025,268
Milk, dried, 294,252,026 pounds.....	37,532,538
Barley, 25,079,381 bushels.....	36,064,035
Wool, 35,427,479 pounds.....	27,688,394
Rosin, 210,837,798 pounds.....	17,145,215
Cottonseed, 199,479 tons.....	10,327,809
Oats, 11,255,782 bushels.....	9,772,260
Cheese, 24,805,653 pounds.....	8,396,935
Peanuts, farmers' stock, 56,058,463 pounds.....	5,914,897
Peanuts, shelled, 18,679,120 pounds.....	2,780,289
Grain sorghum, 2,073,245 hundredweight.....	5,853,594
Soybeans, 2,005,507 bushels.....	5,055,644
Prunes, 35,326,345 pounds.....	3,593,150
Raisins, 9,876,690 pounds.....	937,061
Turkeys, 3,380,079 pounds.....	1,366,923
Minor items.....	3,923,038
Total.....	1,806,365,438

Mr. President, all those commodities belong to the United States, because the United States loaned money on them, and those who had them and borrowed the money on them turned them over to the Government, and today the warehouses are bulging with these commodities.

What does Spain want of us? Let us look over the record. Today Spain is asking, not for a gift, not for a grant. She wants to buy. She wants credit. She wants dollars with which to buy \$10,000,000 worth of cotton, which is today bulging out of our warehouses, and is for sale, and should be sold and disposed of. She wants \$10,000,000 worth of wheat, and we have wheat to sell and wheat to give away. She wants \$3,000,000 worth of corn, and we have it. She wants flaxseed, peanuts, and soybeans,

to the extent of \$7,000,000 worth. She wants tobacco to the extent of two to three million dollars' worth. Other commodities that might be embraced within the \$100,000,000 would consist of agricultural, mining and industrial-expansion implements, such as agricultural machinery.

Mr. President, I went through the textile mills of Spain. I saw a mill with 2,000 spindles, with those on one side of a great room standing idle, and on the other side of the room a thousand spindles running. The superintendent said, "If I could only buy your cotton, I would put the other thousand spindles to work."

Mr. President, all through Spain we find the inclination and desire to apply industry to the uses of peace. That is what Spain lives for. The preservation of civilization has been her goal. All the pending amendment would bring about would be to do for Spain what we are doing today for Korea, surrounded as it is by communistic influences on every hand. All we ask by the amendment is the privilege of granting Spain credit, and Spain is indispensable, as the head of our armed services proclaimed. All we want is to grant Spain the chance to live and improve herself internally, and pay back her own debts, without the cost of a single sou marqué to this Government.

Mr. President, I care not what the internal government of Spain may be, or whether some people like Franco or do not like him, Spain has a population of 24,000,000 God-fearing, liberty-loving, law-abiding citizens. The one country in all of Europe that has stifled communism, with no excuses and no apologies, has been Spain. If we are really fighting communism, let us take into our alliance the people who have dealt with communism, and have put it out of business.

Mr. President, I hope that the Senate will see fit to adopt the amendment.

The PRESIDENT pro tempore. The Senator from Nevada has 2 minutes left. The Senator from Texas has 44 minutes.

Mr. CONNALLY. Mr. President, I yield to the junior Senator from New York [Mr. LEHMAN].

The PRESIDENT pro tempore. How much time does the Senator yield?

Mr. CONNALLY. I yield the Senator 5 minutes, with the reservation that possibly I may yield him more later.

Mr. LEHMAN. Mr. President, I rise in opposition to the pending amendment. I believe that its adoption would seriously weaken, if not destroy, the great effort in which we are engaged, namely, to furnish assistance to the democratic nations of western Europe in their defense against the assaults of imperialistic communism. With the cooperation of the democratic nations of western Europe, we organized the great European recovery program 2 years ago. In my opinion, it has been greatly successful, and has done much to revive the economy of Europe.

Mr. President, the European recovery program is a cooperative movement. Its whole success depends on the cooperation of the 16 nations which are serving as the bulwark in freedom's fight against totalitarianism. In my opinion it would

be an affront, a deep affront, and deeply resented by the members of the OEEC, the democratic nations of western Europe, if we now asked them to join with Spain—which, under the leadership of Generalissimo Franco, has not been a democratic nation—in a common effort to rehabilitate the economy of Europe for the benefit of the freedom-loving nations and peoples of the world.

Mr. President, I believe that if we enacted this amendment we would be accused, and properly so, of that moral cynicism which we condemn so bitterly and so rightly in the Soviet Union. I think it would be an affront, too, to our friends of Latin America. They have asked to be included in the ECA, but we have explained to them that we could not do that. Now it is proposed that we join to our ranks of freedom-loving nations a country whose policies have been condemned and disavowed by many of the democratic nations of Latin America.

Finally, Mr. President, we have boasted much of our desire to strengthen the United Nations. I am in full agreement with that purpose, because I still believe, in spite of disappointments, that the greatest hope of a freedom-loving world for peace and lasting security lies in the United Nations. By a vote of over two-thirds of the members of the United Nations it was determined that a recommendation be made to all the members of the United Nations to withdraw diplomatic representation from Spain, and to withhold financial assistance. Now it is proposed that by unilateral action we destroy and make futile a decision of the United Nations in which we acquiesced and even supported.

Mr. President, I distrust and dislike Franco, because he is a leader of totalitarianism which I abhor in any form. I am very willing to express my sentiments toward Franco here in public, but I want to emphasize that I admire and have the deepest affection for the common people of Spain. I know many of them. I have worked with many of them. They are a fine people. But we are not going to help them by destroying the cooperative front which we have helped to build in Europe.

As the Senator from Virginia has pointed out, if it is money that is required—

The PRESIDENT pro tempore. The Senator's time has expired.

Mr. CONNALLY. I yield the Senator two additional minutes.

Mr. LEHMAN. If it is a loan that is required by Spain, an application can be made to the Export-Import Bank here. That has been testified to by the State Department. Such a loan would be given due consideration. But to insert this amendment into the ECA bill, a mandate for a loan of \$100,000,000 through the Export-Import Bank, does not make sense to me. That is contrary to what has been and is now the purpose of the European recovery program, and I hope very sincerely that the Members of the Senate will defeat the proposed amendment.

Mr. BREWSTER. Mr. President, does the Senator from New York have any time left?

The PRESIDENT pro tempore. The Senator from New York has one more minute left.

Mr. BREWSTER. Mr. President, will the Senator yield for a question?

Mr. LEHMAN. Of course, I yield.

Mr. BREWSTER. I think the Senator is in error in saying that what the amendment provides is compulsory. The amendment simply authorizes the Administrator to do this. It is not compulsory.

Mr. LEHMAN. I understand that, but in moral effect it is substantially a directive. I believe the Senator from Maine will agree that there is nothing in the world to stop Spain from making an application to the Export-Import Bank and receiving consideration on its application. Does not the Senator agree?

Mr. BREWSTER. Adoption of the amendment will give Spain a little more encouragement. We have not been sure that the State Department has fully recovered from its former allergy to assistance to Spain.

Mr. LEHMAN. The junior Senator from New York has more confidence in United States agencies, such as the State Department and the Export-Import Bank, than to have any doubt that they will at least give careful consideration to any application that may come before the bank.

Mr. CONNALLY. Mr. President, I yield to the Senator from Utah [Mr. THOMAS] such time as he may desire.

Mr. THOMAS of Utah. Mr. President, I shall support the stand taken by the chairman of the committee in regard to the pending amendment. I view the question from a parliamentary standpoint. First of all there is now in existence an economic recovery program, which has been consistently worked out with many nations on a cooperative basis. I for one should like to bear testimony on the floor of the Senate to the fact that practically every provision of the economic recovery legislation, from its very inception, has been debated in committee, has been discussed time and time again, and that agreement has always been reached after certain compromises have been made.

Mr. President, in view of the fact that that we have entered into a kind of partnership with a certain number of nations of the world, to work in harmony, it seems to me to be entirely inconsistent with the very spirit and foundation of the economic recovery program which we have consistently tried to build up, now to take action upon a unilateral basis, entirely by ourselves, and especially without action on the problem having been taken by the committee.

The word "cooperative" which is used in the European Cooperative Act, and referred to in connection with the program, is a word which signifies the sort of bipartisan cooperative spirit which the committee has shown whenever it has taken any action at all in regard to the European recovery program. The committee itself has known and continues to know that adherence to the spirit of the program will bring about its ultimate success. If we fail to act in the true spirit of the recovery program we

will weaken the program. If the spirit of the European recovery program is sacrificed, the idea which it represents will be lost.

In making that statement, Mr. President, I do not criticize Members of the Senate who for one reason or another have endeavored to add provisions or take away provisions from the legislation. They have the right to do what they think is for the best, and I welcome any suggestions or proposals. But when a proposal to bring in under the program a nation which has not heretofore been a party to it, in spite of the way in which the amendment is written, it becomes impossible for the committee to harmonize such a proposal with the purposes of the economic cooperation legislation.

Mr. McCARRAN. Mr. President, will the Senator yield for a question?

Mr. THOMAS of Utah. I am glad to yield.

Mr. McCARRAN. Does the Senator believe that by bringing Korea in under its provisions we impaired the Economic Cooperation Act?

Mr. THOMAS of Utah. No, Mr. President, I do not believe we impaired it thereby. I think it was expressed in committee—

Mr. McCARRAN. How does the action with respect to Korea differ from the proposal now made?

Mr. THOMAS of Utah. With respect to Korea it was stated in committee time and time again that it was an action outside the spirit of the program. I have already said we have done such things. But I know of no time when in committee a similar provision with respect to Spain has been discussed. As I stated, I am viewing the question from a parliamentary standpoint. If I may say so in passing—I do not wish to change my statement into an argument—if anything has been done which violates the spirit of the European recovery program it is the attaching to the legislation of provisions regarding the Far East, Korea, and China. I think the spirit of the program has been violated by such actions.

I heartily agree with the position taken by the Senator from Nevada with respect to the military side of the question. The Senator has spoken about the value of the Iberian Peninsula in event of war. If war should come to us, of course Spain would be better as an ally than as an enemy. But we are not discussing the possibility of war. We are discussing the spirit of the European recovery program.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. Gladly.

Mr. McCARRAN. Will the Senator kindly tell me why we are appropriating \$15,000,000,000 for military activities if we are not looking forward to war or to the defense of our country?

Mr. THOMAS of Utah. I accept the last statement wholly and completely. We are spending it for the defense of our country. What we have done respecting the North Atlantic Pact, of course, has been done in harmony with the program for the defense of our country. But I do not think the entire European recovery program is based upon

the idea of war. I believe it is based upon the idea of preserving peace which the American Government itself has always fostered in the development of the constitutional and economic factors which have contributed to the success of its governmental processes. I believe the European recovery program can be justified wholly and completely on a basis of peaceful development, and that we should not in any sense justify its existence as a defensive measure. I grant that some attempt has been made to justify it along that line.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. THOMAS of Utah. I am glad to yield.

Mr. McCARRAN. Why then have we been sending munitions of war to certain European countries?

Mr. THOMAS of Utah. We have been sending munitions of war to Europe in keeping with a pact which has been entered into by several nations of the world. The answer I give illustrates completely the point I have made. What we have done has been done on a co-operative basis. No nation has been asked to cooperate unless it has wanted to do so. Spain has not been given that opportunity. The opportunity has not been given to her, primarily, because the nations of Europe have not wanted her to be given the opportunity.

Mr. McCARRAN. The Senator does not say, does he, that we have been sending munitions of war to Europe as ornaments?

Mr. THOMAS of Utah. As ornaments? No; but as defensive armaments.

Mr. President, I hope the spirit of co-operation among the nations will spread, and that someday Spain will be united with other nations in a spirit of true cooperation.

The PRESIDENT pro tempore. The Senator from Nevada has only 2 minutes left.

Mr. CONNALLY. Will the Senator from Nevada use the 2 minutes now?

Mr. McCARRAN. No, Mr. President. Let the Senator from Texas use whatever time he has left, and then I shall use my 2 minutes.

Mr. CONNALLY. I am not going to permit the Senator from Nevada to close the debate. I will not do that.

The PRESIDENT pro tempore. The Senator from Nevada has 2 minutes left.

Mr. CONNALLY. I was hoping he would use them now.

Mr. McCARRAN. Will the Senator from Texas use a part of the time he has remaining, and then he can close the debate? I do not care about that. Let the Senator use a part of his time now.

Mr. CONNALLY. Very well. I yield 5 minutes to the Senator from Minnesota [Mr. HUMPHREY].

Mr. HUMPHREY. Mr. President, in the 5 minutes of time which the distinguished Senator from Texas, the chairman of the Foreign Relations Committee, has yielded me I should like to express my opposition to the pending amendment to Senate bill 3304, which pertains to aid to Spain in the amount of \$100,000,000, in notes or loans, to be made to the Spanish Government under the rule

of the dictator Franco. It appears to me that this would be a most unwise decision on the part of our Government. I think it is important that we understand the political complexities of the problem in international relations on the European Continent.

The democracies of Europe that we are aiding, and the friendly countries which we are aiding under the Marshall plan, look upon Franco and his Government as an example of dictatorship. It does not seem to me that the way to fight for freedom and peace and democracy against communism is to aid a system which has within itself the essentials and the qualities of totalitarian dictatorship.

The argument that this request for \$100,000,000 loan is for the Spanish people just does not face up to the facts of Spanish politics. Franco wants this money; Franco came to power as a dictator; Franco does not permit free elections. The Spanish people have no voice in the Government of Spain. The way to help the Spanish people is to help them get rid of Franco. The Spanish people want freedom. The Spanish people are a brave, God-loving, Christian people. Freedom for Spain should be our goal. Freedom is impossible under dictatorship, be that dictatorship Fascist Franco or Communist Stalin.

The Franco Government is in desperate need of this loan and credits from our Government. As a matter of fact, it has been reported in such newspapers as the New York Times, the New York Herald Tribune, and others, that the Franco regime has repeatedly said to those in the Army, to those in business in Spain, that very shortly financial aid would be forthcoming from the United States. It is in this manner that Franco has maintained support of the Army heads and financial and business interests.

Mr. President, it has been my privilege to meet with some of the representatives of the provinces of Spain, representatives who have come to the city of Washington, persons who represent the Christian democratic trade-union movements, who represent the Catholic religious faith, who are anti-Communist, who are prodemocratic. The report of every one of those representatives is that for the United States of America to give aid to Franco would be for it to give aid and comfort to communism all over Europe; that for the United States of America to give aid to Franco at this time would be merely to hold him in power at a period in history when it is possible that the Spanish people, a beloved and a great people, may be able to lift from themselves this burden and this yoke of dictatorship.

Mr. BREWSTER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Ferguson in the chair). Does the Senator from Minnesota yield to the Senator from Maine?

Mr. HUMPHREY. I yield.

Mr. BREWSTER. Were the persons to whom the Senator has referred associated with the so-called Spanish Government in exile?

Mr. HUMPHREY. No. One of them was one of the great trade-union leaders of the Basque, a prominent layman in

the Catholic Church of his country, an eminent political leader, the president, I believe, or the leader of his province. Only recently he was here at the United States Senate, and had an opportunity to dine with us.

Mr. BREWSTER. Is the Senator from Minnesota familiar with the activities of the Spanish Government in exile?

Mr. HUMPHREY. I have not tried to keep track of any of the governments in exile. I simply have a deep conviction that Franco is a dictator. Franco has denied that right of habeas corpus; Franco has denied the right of free speech, free press, and freedom of association, yes, Franco has denied the freedom of speech, freedom of political action and religious liberty.

Mr. BREWSTER. Mr. President, will the Senator yield further?

Mr. HUMPHREY. Mr. President, I have but 5 minutes, and I wish to use that time for the purpose for which it was allotted to me.

Mr. CONNALLY. I shall give the Senator 2 minutes more, if he wishes.

Mr. HUMPHREY. I thank the Senator from Texas.

Mr. President, I wish to point out that prior to and during World War II, Franco saw fit to praise Hitler and to give his allegiance to help destroy the offensive which was being made in an effort to liberate Europe.

Franco has never been a political friend of the United States of America or of our allies in the Atlantic Pact. I wish to point out that at the time of Hitler's aggression in Europe, Franco was one of the first to send telegrams of rejoicing and congratulations. He did the same in the case of the Vichy government of France during World War II, and the Japanese puppet government of the Philippines after the fall of Manila in 1942.

But, Mr. President, even more than that—for that is the history of yesterday—the fact is that the Franco government stands as a symbol of the Fascist reactionary and the antidemocratic elements in Europe.

To aid Franco would merely be to say to the French Social Democrats, to the French Christian Democrats, to the people of Belgium, to the people of the Netherlands, to the Scandinavian people, to the people of England—people who are our friends—that we have forgotten our commitments to the principles of political liberty and democracy for which we are supposed to be working and fighting in the cold war.

Mr. President, I have heard many argument to the effect that we will need Spain as an ally. I wish to make it very clear that if we need Spain as an ally, believe me, Mr. President, Spain will need us. If Franco is as violently anti-Communist as he says he is, it will not require a loan from the United States of America to bolster his convictions. We cannot buy convictions. I assume that his convictions of anticommunism are sincere. However, in this day and age it is not enough simply to be anti-Communist; it is just as important to be pro-democratic, profreedom.

There are people who are anti-Communist; but in the process of being anti-Communist, they are not for the eman-

cipation of their own people and the liberties of their own people. Hitler was anti-Communist. Does that, or should it, therefore, mean that Hitler was a desirable ally—a friend worthy of help? Of course not.

So, Mr. President, without making any further remarks, I simply say that inasmuch as the Government of the United States is in a cold war which has great psychological effects—and its psychological effects are almost as important as the financial, political, and economic aspects—it would be a singular tragedy for the Government of the United States, which is talking in terms of peace and freedom and liberty, and is saying that it is fighting the cold war not just against communism, but for democracy to give financial aid and assistance to a dictatorial regime which in past years has seen fit to ridicule democracy, has seen fit to praise Hitler, has denied freedom and liberty to his own people, and has seen fit to rebuke democratic standards, wherever that regime or its leader found an opportunity to do so.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. HUMPHREY. I thank the Senator from Texas for yielding time to me.

Mr. HUMPHREY subsequently said: Mr. President, earlier in the day, when discussing the McCarran-Brewster amendment, I had intended to ask unanimous consent to have a statement printed in the RECORD following my remarks. I now send it to the desk and ask that it be incorporated at that point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Because of this Nation's leadership of the democratic world in this mid-century period, the problem of our relations with Spain assumes an especial significance.

We share the faith and conviction that our world is not yet condemned to the fatal choice between fascism and communism. This is the clear and deeply felt faith and conviction of millions of men and women throughout the world without whose adherence to our democratic cause the defense of free institutions cannot be won.

It is therefore imperative that the issues involved in our relations with Spain be clearly understood by Americans. For those who believe that our policies must be based on careful analysis and concrete facts, we recommend this question-and-answer memorandum which has been prepared by Americans for Democratic Action.

ELMER DAVIS.

QUINCY HOWE.

EDGAR ANSEL MOWREY.

IRVING FELAUM.

LELAND STOWE.

Americans are up against the Spanish question again. Who brought it up? Francisco brought it up. He and his government in Spain want help from the United States. To provide thinking Americans with the background necessary to judge the Franco government's request for American assistance, here are the outstanding questions involved:

What does Franco want from Americans? He wants the United States Government to send an ambassador to Spain, with or without United Nations approval. He wants the United States Government to sponsor his

dictatorship as a member of the Atlantic Pact and of western union. Most of all, he wants American dollars, the dollars we pay in taxes, to keep his regime going in Spain. Is Franco in trouble?

Yes, he is in serious trouble. His government is nearly broke. It has only about \$85,000,000 in gold. Franco's government wants to borrow at least \$400,000,000 from the United States and, to keep going, will need at least \$1,450,000,000 over the next 4 years, according to the figures published by the Urquijo Bank, a Madrid bank which has supported Franco. Needless to say, Franco will be glad to get any American loan, however small, to convince people in Spain and elsewhere that the United States is supporting his government.

Does friendship with Franco fit into our foreign policy?

No; it does not. The United States is spending billions in western Europe to build up the resistance of democratic countries to the spread of communism. American assistance to Franco Spain would, on the contrary, be of great assistance to Moscow propagandists who are trying to convince the rest of the world that Americans are supporting dictatorships like Franco Spain and care nothing about democracy in Europe or elsewhere.

Is aid to Franco likely to become American policy?

It is very possible unless the issues are made clear and are understood. Secretary Acheson's latest statement on Spain, while condemning the lack of democratic freedom in Spain under Franco, is not clear on this point.

Is Franco anti-Communist?

Yes.

Then why not accept Franco as our ally?

The American Secretary of State, Dean Acheson, answered that question on May 11, 1949. He said that the Franco government in Spain denies four basic rights to the Spanish people—the right of individual liberty and the writ of habeas corpus, the right of trial by jury, the right of religious liberty, and the right of free association in political, trade union, and benevolent activities. He said: "These certain fundamental basic rights of the individual which make the difference between what we will call free Europe and the iron-curtain countries—these rights do not exist in Spain and the Spanish people are prevented from enjoying them by action of the Spanish Government." In his latest statement on Spain, Secretary Acheson explained why Spain under Franco was not an acceptable ally for the western alliance. He said the alliance "is not merely a negative reaction to communism. It is, rather, a positive program to support and to strengthen democratic freedoms, politically, economically and militarily. In that context, the participation of the present Spanish Government, unless and until there has been some indication of evolution toward more democratic government in Spain, would weaken rather than strengthen the collective effort to safeguard and strengthen democracy."

We are lending money to Tito's dictatorship in Yugoslavia—why not money to Franco Spain?

By helping Tito we are hurting Russia. Tito is showing Communists that they do not need to obey Moscow. If we helped Franco Spain, we would hurt nobody but ourselves and the Spanish people. We would lose friends and influence throughout the democratic world. We would, therefore, help Russia.

We recognize Russia, why not recognize Franco Spain?

We do recognize Franco Spain. We have an Embassy and consulates in Spain. We do not have an Ambassador in Spain because, in 1946, the United Nations Assem-

bly passed a resolution asking its members to withdraw their chiefs of mission from Spain until the Franco government is changed. That resolution is still on the books of the UN and, as long as we are members of the UN, we are bound by it until it is removed from the record.

What happens if the UN ban is lifted?

First, the United States will be free to send an Ambassador to Franco. This, in itself, might not be so important if it were not for the fact that Franco thereby gains prestige. In addition, another part of the UN resolution bans Franco from membership in the specialized agencies of the UN. If this ban is removed, Franco will be in a position to seek membership in, and assistance from, such organizations as the World Bank, the International Monetary Fund, and the Food and Agriculture Organization. Franco wants United States support to get dollar loans and other assistance; that is his real objective.

Is the United Nations resolution the only reason we should not help Franco?

No, indeed. There are lots of other reasons—economic, military, and political.

What are the economic objections?

For one thing, apart from all other considerations, Franco is a bad risk. His government is riddled with corruption which has sapped the country's economic strength. Farm production in Spain for the years from 1940 through 1948 has averaged only 65 percent of farm production averages from 1930 through 1935. Industrial activity in Spain, according to the Foreign Policy Association, is below the levels of the years 1922-26. National income has declined steadily under Franco. According to the Franco government's own figures, based on official prices, the cost of living in Spain is about six times as high as in 1936, but the workers' take-home pay has only doubled. The government's budget takes about 26 percent of income, and, in addition, estimates of the amount of national income absorbed by official graft and corruption range from 10 to 15 percent. Thus, the government's total drain on national income comes close to 40 percent. Franco Spain is a poor risk for a loan.

Is Franco getting dollar loans from private bankers?

Yes; he obtained one private loan last year. The Chase National Bank loaned him \$25,000,000, but only after the Franco Government had deposited more than \$25,000,000 worth of gold in London as collateral to cover not only the principal but also the interest. Franco could have sold the gold, of course, but he preferred to make a loan with an American bank, hoping that the terms would remain secret and that it would improve his chances of getting other loans. But no bankers so far have been willing to lend him dollars without 100 percent collateral.

Is there a ban on private loans to Franco?

No; but he can't find a banker willing to take the risk. That is why he wants a United States Government loan.

Isn't Franco Spain making any money in trade?

No. Under Franco, Spain has a growing trade deficit with the rest of the world. In 1948 the deficit was \$68,000,000; final figures for 1949 will probably show a larger deficit.

Is the United States losing its trade with Spain to other countries?

On the contrary, the United States is buying a greater portion of Spain's total exports than usual. The total volume, of course, is smaller. In 1934, the United States bought less than 9 percent of Spain's exports; Britain bought 23 percent; France bought 11 percent; and 4 percent of Spain's exports went to her colonies. In 1948, the United States share of Spanish exports was

up to 9.5 percent, while Britain bought only 14 percent of the total, and the French share of Spanish exports was down to 3½ percent. And Spain now is forced to sell 26 percent of her exports to her colonies.

What about United States sales to Spain?

Spanish purchases in the United States have been limited to what she can finance from current earnings. This means that United States sales to Spain are about half what they were in 1947, but the same drop has occurred in British and French sales to Spain.

What raw materials or goods do we need from Spain that we cannot get from friendly countries?

None. Cork, olives, mercury, in fact all the things which Spain sells to the United States, now can be bought at about the same price or cheaper elsewhere.

Have other countries given Spain loans or credits?

Yes. Franco has been friendly in the past with President Juan Peron of Argentina. Not long ago Argentina gave Spain the biggest loan and credit in Argentine history, but recently Argentina has refused to make deliveries to Spain until the Spanish Government catches up on deliveries to Argentina, now hundreds of millions of dollars in arrears. Some other countries, notably Britain, have granted trade credits to Franco Spain, but all these are tied to the delivery of Spanish goods on trade account, year by year. Franco has not been able to get the kind of loans he needs to keep his government going.

Is he counting on a United States loan?

He certainly is. Spanish businessmen and bankers who once supported Franco because he enabled them to make big profits now are anxious to get him out of office. A lot of them feel that Spain will not be able to borrow the money it needs as long as Franco is in power. But Franco tells them to wait—he says he can get American aid in time to shore up his government.

Won't United States help to Franco feed hungry Spaniards?

Very little American aid would reach poor Spaniards if handed over to the Franco government. Franco Spain made a lot of money during the World War and Franco's friends made big fortunes, but the standard of living of the Spanish worker became progressively worse, not better. The Associated Press reported from Madrid on February 21, 1949, that economic conditions for the working man in Madrid were "the toughest in Europe, not excepting the countries behind the iron curtain." Under Franco, Spain is a rich man's country. If we want to get American food to hungry Spaniards it can be done only by having an American organization—like CARE or the American Friends Service Committee (Quaker)—distribute the food directly to the Spaniards who need it, not to the Falange Party.

What about the military considerations—doesn't Franco have a big army?

Yes; but it's the kind of army designed to run a police state, not an army that could fight abroad. There are about 300,000 men in the Spanish Army, with an ill-assorted collection of Nazi German and Fascist Italian arms sent to Franco by his allies during the Spanish Civil War. The Spanish Air Force has 4,400 officers and 35,000 enlisted men, but only 350 aircraft of German and Italian origin, most of them obsolete. In the Spanish Navy there are 5 cruisers and about 70 other craft. All the warships lack radar and fire-control equipment. Franco hasn't much to show for the \$5,400,000,000 he has spent on the armed forces since 1939—much of the money went down the rat hole of military graft.

Wouldn't Spaniards be useful in a war between the west and Russia?

Perhaps, if the United States spent about \$1,000,000,000 in Spain rebuilding the coun-

try's roads and railroads and arming Spanish soldiers. But it must be remembered that most of the Spanish people fought against Franco, not for him, in the civil war. That civil war ended 10 years ago, but it still isn't safe to travel through the mountain regions of Spain at night.

Is the Spanish underground opposing Franco really strong?

In numbers, yes; in military strength, no. Ten years of a police-state dictatorship with thousands of executions and hundreds of thousands kept in prisons for a good part of that time have discouraged active opposition to Franco. But if there were war between the west and Russia, and if the United States tried to use Spain and Franco as an ally, hundreds of thousands of Spaniards would prefer to fight against Franco than for him. Don't forget the German experience in Yugoslavia during the Second World War—they tried to use an unpopular dictatorship as an ally and they spent a lot of their strength in Yugoslavia fighting off guerrillas. In a war under Franco there would be plenty of guerrillas in Spain.

Wouldn't Spain provide useful air bases against a Russian invasion of western Europe?

Air bases in friendly countries like Norway, the British Isles, north Africa, and Turkey are closer to the targets our aviation would want to reach. If the Russians smashed through the western Europe defenses from the Rhine and the Po to the Pyrenees they wouldn't be likely to stop there. What is more, the people at both ends of the Pyrenees, the strongly anti-Communist Basques and Catalans, fought Franco in the civil war.

If we didn't help Franco, would he join the Russians?

No. Don't forget that Franco did everything he could short of war to help Nazi Germany and Fascist Italy beat the United Nations, including Russia. If he couldn't stay neutral in a war he would want to be on our side because he has no place else to go.

Won't the Communists take over in Spain if Franco goes?

No. The Spanish Communist Party is very weak in Spain and has always been weak save during the civil war when Russia alone sent help to the Spanish Republic after Germany and Italy helped Franco. There is little or no Communist influence in the Spanish underground today, although Franco, of course, calls all his enemies in Spain Communists. The only chance the Communists have in Spain is that the United States will make an alliance with Franco, thus showing Spaniards that they can get rid of Franco only by joining the Communists.

Is the opposition to Franco in Spain anti-Catholic?

Not at all. Almost all Spaniards are Catholics, including Franco's opponents inside Spain—among them the Basques, many of whose priests were jailed by Franco after the civil war. The strongest alliance against Franco, an alliance of Monarchists and democratic parties, is composed predominantly of Catholics.

What about the Catholics outside Spain, how do they feel about Franco?

Almost all the Catholic political parties which support the anti-Communist governments of western Europe have condemned the Franco government. For example, Gaston Tessier, president both of the International Confederation of Christian Unions and the French Confederation, its largest affiliate, said recently: "Since its foundation in 1919, the International Confederation of Christian Trade Unions has always opposed all forms of dictatorship, whether those of Hitler, Stalin, Mussolini, or Franco." A Catholic priest, Father Cary-Elwes, said in the London Spectator, October 7, 1949: "If we help Franco we support a dictator and

so increase the chance of communism after him."

How does labor as a whole feel about Franco?

The best answer to that is to quote from a resolution of the recent Congress of the International Confederation of Free Trade Unions—the anti-Communist unions of the world, including the CIO and AFL. This congress unanimously passed a resolution urging that Franco Spain not be included as a partner of the democracies of the world, and added: "This Congress goes on record as opposing the granting of any assistance to Spain until such time as democracy and full trade-union rights have been restored and the workers are once more able to make their contribution to the country's recovery."

Are the Russians trying to keep us from making friends with Franco?

No. On the contrary, the Russians are doing everything they can to make the rest of the world think we already are allied with Franco. Radio Moscow talks about this almost every day in radio broadcasts to western Europe in every language. For example, on September 28, 1949, Radio Moscow said: "In exchange for the complete handing over of Spain, Franco is granted the help of United States imperialism so as to avoid the complete collapse of his tyranny. This is nothing new. It is the direction taken by United States postwar policy, directed to protecting the fascist and antidemocratic regimes throughout the world." That's the Moscow line. In the UN, the Russians, and their satellites frequently make the most extreme proposals on Spain with the sole purpose of forcing the United States and other democracies to vote against them—thus appearing to be for Franco. You can see how pleased these propagandists would be if we really did line up with Franco.

Why do the Russians want to show we are friendly with Franco?

In order to break up the alliance between the United States and the democratic forces of western Europe.

Why do western Europeans dislike Franco?

Again, Secretary Acheson gave the best answer to that question when he said recently: "The Franco Government was one which was established with the active support, and only with the active support, of Hitler and Mussolini. A government was established in Spain which was patterned on the regimes in Italy and in Germany and was, and is, a Fascist Government and a dictatorship." Western Europeans who live next door to Spain feel very strongly about Franco; their governments even asked that Franco be specifically banned from membership in the United Nations as long as the Franco Government remains in power.

Do the Latin Americans like Franco?

Some of them, yes; notably the Latin American dictators. If these totalitarian "strong men" are able to claim that the United States, by helping Franco, has gone over to their side, the democratic forces in Latin America would suffer a devastating blow and the prestige of American democracy would sink to its lowest level. An example of the anti-Franco feeling in Latin America was the strong resolution unanimously adopted last September at the Havana convention of the Inter-American Confederation of Workers representing strong pro-democratic and anti-Communist labor in all Latin-American countries.

Is there really a chance that Franco will be forced out soon?

Yes; there is. He is running out of money and his own allies are deserting him. Both big business and the army in Spain want to halt the steady deterioration of the Spanish economy and they see no chance of doing it as long as Franco remains in power. Without such support, Franco can't last much longer—unless, of course, he is kept going by

United States loans. That is why he is so anxious to get United States help now.

Who will succeed Franco if he goes?

In Spain all parties to the alliance of the major political groups opposing Franco want a plebiscite to determine what kind of regime will follow. It may be a republican government; it may be a constitutional monarchy. Alternatives to a police state are not easy to see while the dictatorship is in power; the present democratic leaders of Germany and Italy were unknown when Hitler and Mussolini ruled. Like the Spanish monarchy in 1931, the Franco regime may end without bloodshed, provided, of course, that it is not kept in power indefinitely through American aid.

So Franco's only hope of staying in power is help from the United States?

Yes; that's about it. His representatives are in Washington now, looking for a loan or any other help they can get from Congress or any United States Government agency.

Who is Franco's chief lobbyist for American aid?

Jose Felix de Lequerica, technically known as Inspector of Embassies. He spends much time in Washington, where only a few people know that he once gave the Japanese diplomats at Vichy, France, a banquet to celebrate the Japanese capture of Manila from United States forces in 1942.

Speaking of Manila, what did Franco think of the Japanese puppet government there?

On the establishment of the quisling government there in October 1943, Franco's Foreign Minister, Count Jordana, sent "most sincere sentiments . . . from the Spanish people" to the puppet president, Jose Laurel.

LEST WE FORGET

Said Franco to Hitler—

On Hitler's fourth anniversary in power, January 30, 1937: "Fervent wishes that the great German people advance under the glorious emblem of the swastika. Heil Hitler!"

On the occasion of Hitler's annexation of Austria, March 23, 1938: "Greetings from the Spanish Nation in this solemn hour."

On the occasion of Hitler's conquest of Czechoslovakia, October 2, 1938: "Cordial congratulations."

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. McCARRAN. Mr. President, following the remarks of the Senator from Minnesota, let me say that I now hold in my hand what purports to be a true and correct copy of a letter signed by Franklin D. Roosevelt, under date of November 4, 1942, on the letterhead of the White House. The letter reads as follows:

THE WHITE HOUSE,

Washington, November 4, 1942.

DEAR GENERAL FRANCO: It is because your nation and mine are friends in the best sense of the word and because you and I are sincerely desirous of the continuation of that friendship for our mutual good that I want very simply to tell you of the compelling reasons that have forced me to send a powerful American military force to the assistance of the French possessions in north Africa.

We have accurate information to the effect that Germany and Italy intend at an early date to occupy with military force French north Africa.

With your wide military experience you will understand clearly that in the interests of the defense of both North America and South America it is essential that action be taken to prevent an Axis occupation of French Africa without delay.

To provide for America's defense I am sending a powerful army to French possessions and protectorates in north Africa with the sole purpose of preventing occupation

by Germany and Italy and with the hope that these areas will not be devastated by the horror of war.

I hope you will accept my full assurance that these moves are in no shape, manner, or form directed against the Government or people of Spain or Spanish Morocco or Spanish territories—metropolitan or overseas. I believe the Spanish Government and the Spanish people wish to maintain neutrality and to remain outside the war. Spain has nothing to fear from the United Nations.

I am, my dear general, your sincere friend,

FRANKLIN D. ROOSEVELT.

(NOTE.—This letter was written on the eve of the north African invasion, November 7, 1942.)

The PRESIDING OFFICER. The time of the Senator from Nevada has expired.

Mr. CONNALLY. Mr. President, I yield 5 minutes to the Senator from Nevada.

Mr. McCARRAN. I thank the Senator from Texas; that is very kind of him.

Mr. CONNALLY. It is hands across the sea.

Mr. McCARRAN. Let us go to lunch together. [Laughter.]

Mr. President, in the amendment offered by the Senator from Maine and myself there is nothing which interferes in any sense of the word with the activities of the Marshall plan. In the amendment there is nothing which at all curtails the success of the Marshall plan. If it were true that the amendment would interfere with the activities or curtail the success of the Marshall plan, then indeed the application of the very principle which we seek to apply to Korea would limit or interfere with the Marshall plan. However, it does not.

More than that, Mr. President, having seen to it that Korea is taken care of, and realizing that we are spending billions of dollars for the military defense of our own country, we cannot stand idly by and not help a nation of liberty-loving, God-fearing people who want only to be assisted, who will pay us back for the assistance we shall give them, who wish to join with us if war or trouble arises—the only country in Europe, I say without fear of successful contradiction, which has succeeded in conquering and driving out communism.

Senators may talk about Franco all they wish, but I am not going to bring Franco's name into this argument, because there are 24,000,000 human beings in Spain, and Franco is only one of them. If they wanted to oust Franco, they would have him out tomorrow.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. McCARRAN. I am sorry I cannot yield, the time is too limited. I am going to yield a little time to the Senator from Maine.

If it were a question of giving something to Spain, if it were a question of breaking up the administration of the ECA, if it were a question of impairing the efficiency of the Marshall plan, there might then be some argument against the pending amendment. But there is nothing in the amendment which would interfere with anything in the Marshall plan. Last December, Spain wanted to buy \$50,000,000 worth of grain in this country. She wanted to get the credit

from the Export-Import Bank. She was stopped in her effort, because the Export-Import Bank refused the credit, for the reason that the State Department had put its thumb down on it. Today the Government's warehouses are bulging with grain which we cannot dispose of, and with cotton, which we cannot dispose of, and which Spain wants to buy and put to a beneficial use. Under such circumstances, how can it be said that we should stand by and refuse to assist a potential ally? I yield the remainder of my time, if I have any, to the Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine is recognized for 1 minute.

Mr. BREWSTER. Could I have 2 minutes?

Mr. CONNALLY. Make it 3 minutes.

Mr. BREWSTER. I thank the Senator from Texas very much. I appreciate his courtesy.

The PRESIDING OFFICER. The Senator from Maine is recognized for 3 minutes.

Mr. BREWSTER. Mr. President, I desire to read a statement made by one who served for a time as Ambassador to Spain, during the late unpleasantness. It seems to me it has a most pertinent application. He states:

Under Senor Lequerica, as under his predecessor Count Jordana, the Spanish Foreign Office, with the obvious approval of General Franco himself, granted us more favors than did any other neutral government, whether Sweden, Turkey, Switzerland, or Portugal. Not only did the Spanish Government pledge itself not to interfere in any way with our fateful landings and campaign in north Africa, not only did it assure us as early as February 1943 that it would join us in war if the Axis should attempt an invasion of Spain, not only did it permit us to use Spain as the base for invaluable espionage of Axis activities in France and the Mediterranean, it also accorded us important positive favors. It allowed us to get over 1,200 American airmen safely across the peninsula, without any internments. It permitted the transit and exit of over 25,000 members of the French resistance movement as reinforcements for Allied armies in north Africa. It choked off export of strategic war materials to Germany before any other neutral had done so. Spain, too, was the first country to conclude a permanent air agreement with us, and one whereby we were enabled to obtain landing rights for military as well as civilian planes.

In the light of all such facts, it is simply hypocritical to countenance the notion that Spain has been hostile to us and should therefore be treated as a pariah among the nations. It certainly belies the solemn assurances which President Roosevelt gave to General Franco in writing in November 1942.

That has reference to the letter which the Senator from Nevada has just read. I submit that the idea that we should discriminate against Spain because of its record is not warranted by this plain statement of facts.

The further question of whether we approve or do not approve of things that have gone on in Spain seems to me utterly irrelevant, when the safety and security of our own country is vitally involved. As I understand, there is no question now except as to whether we should authorize the ECA Administrator to do what is proposed. We are told that

the Export-Import Bank can do it today. We are assured that it will give sympathetic consideration, and that the Senate of the United States by adopting this amendment would simply encourage the Export-Import Bank and the ECA Administrator to do a thing which apparently everyone recognizes is now in the interest of the safety and security of the United States of America.

Mr. CONNALLY. Mr. President, I very much regret that during the debate on this particular amendment the attendance of the Senate has been, I may say, so indifferent. I think Senators should be present in order to understand the issue.

Mr. President, allow me to say that in opposing this amendment I am not fighting Spain. I have a very warm feeling for Spain, and I have conferred with the Spanish representatives who have been here from time to time with reference to a loan to Spain. In the United Nations General Assembly, when this question was voted on, I personally was opposed to the resolution which was adopted. However, my delegation outvoted me. The Secretary of State and others insisted that we vote not to return a diplomatic representative to Spain. I expressed myself to the other members of the delegation to the effect that I thought we ought to have representation in Spain, not, to be sure, as a sop to Spain, not to please Spain or to court its favor, but that, in the interest of the United States, we should not discriminate against Spain, and should send an ambassador to Madrid.

I approached the consideration of the pending amendment with no spirit of hostility or ill will toward Spain, but believing that it would be a serious interference with the principal purpose of the ECA in Europe and with the obligations we have assumed under ECA.

Turning to the amendment, it begins, not as a real amendment to the pending bill, but as follows:

Sec. 201. This title may be cited as the "Spanish Aid Act of 1950."

Mr. President, what has that to do with it? What has Spanish aid got to do with the principal purpose of the pending bill? Its principal purpose is to carry forward the ECA program and to make its benefits available. This would be a unilateral act. It would not require the consent or cooperation of any of the European countries who are members of OEEC.

Let me suggest, Mr. President, that OEEC is not a one-way street, it is not a unilateral arrangement. Each of the OEEC members is required to sign a bilateral contract with the United States, assuming certain obligations and promising the performance of certain things. That is the purpose of OEEC. It is a part of the OEEC plan. But Spain will not have signed any bilateral agreement. Spain will have assumed no obligation except to repay the loan. This amendment, if agreed to, would inject an alien proposition into ECA and the European organization which would not be helpful. The ECA was organized with a definite and certain number of European coun-

tries within its compass. Those countries, as one of the conditions precedent to the creation of ECA, were required in turn to form an arrangement among themselves, which would be the OEEC, and the OEEC would undertake to carry out the policies of ECA. The members of OEEC, not merely by stump speeches, but formally and actually, would obligate themselves to the United States to do certain things.

To bring Spain in on a unilateral basis, as here proposed, would be very offensive to a large number at least of the countries which are now within the ECA program and which have assumed certain obligations and made certain promises. It would be tantamount to admitting a partner without the desire and consent of all the present partners. It would be admitting one to whose admittance many of the countries object. France, for example, would be displeased. The United Kingdom would be displeased. Certain of the Scandinavian countries would be displeased. Why should we do it, simply to satisfy certain elements at home and abroad who are insisting upon this proposition?

Mr. President, we have established machinery for that very purpose. We have the Export-Import Bank. It was stated a while ago that Spain had applied to that bank for a loan, but without success. I deny that statement. I have in my hand a letter from the Department of State which says that the Department believes that is the normal channel of which the Spaniards have not yet availed themselves.

It is true that certain of their representatives conferred with the Export-Import Bank, but my information is that the Spaniards have never made a formal application to the Export-Import Bank, seeking to bring themselves within the terms of the law. So they cannot say they have been refused. They were welcomed here. The bank is open to them at this time.

This morning, Mr. President, I attended a conference with the President of the United States and the Secretary of State, and as a result of that conference—I shall not quote the words because I do not quote the President under such circumstances—but after that conference it is my firm conviction that there would be no opposition on the part of either of those sources to a loan to Spain by the Export-Import Bank if Spain complies with the normal requirements of that bank.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CONNALLY. I shall be happy to yield to the Senator from Minnesota.

Mr. THYE. I am happy to hear the very able and distinguished Senator from Texas make the statement which he has just made, because a number of us have been led to believe that Spain had been denied a loan from the Export-Import Bank. I know that I, as one Senator, shared the feeling that Spain should be granted a loan if it could put up the proper security. I definitely believe that Spain should be granted a loan through the proper channels, as any other nation may be granted a loan.

So I am very happy that the very able Senator from Texas assures us that the President and the State Department would look in a friendly manner upon such an application on the part of Spain to the Export-Import Bank.

Mr. CONNALLY. Allow me to say to the distinguished Senator from Minnesota that I am personally entirely agreeable to a Spanish loan if it complies with the regulations governing the Export-Import Bank, just as every other borrower must comply with such rules and regulations. I have no prejudice against Spain. When the resolution came before the United Nations Council I opposed it until I was overruled in my position by the other members of the delegation and had to vote contrariwise. The Secretary of State and the other members of the delegation insisted that I vote the other way. I was a servant of the delegation, and I finally voted for the resolution as it was adopted. But it did not represent my own views and convictions. I could not see why we should not have an ambassador in Spain. We are cutting off our noses to spite someone's face when we refuse to send an ambassador to a nation when, as a matter of fact, we should have an ambassador there.

I thank the Senator from Minnesota.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. CONNALLY. I can yield only briefly, for I have only 5 minutes remaining.

Mr. BRIDGES. The Senator does not mean to infer, does he, that Spain has not been given an indication, certainly, by the Export-Import Bank that loans would not be made to her? The Senator stated that Spain had never been denied a loan only because it had not made formal application. Was Spain not told that there would be no object in making an application?

Mr. CONNALLY. No; I cannot say that. The Senator must have sources of information which are not available to the Senator from Texas.

Mr. BRIDGES. I do not know. That is my understanding. Apparently, I know as much about it as does the Senator from Texas.

Mr. CONNALLY. The Senator from Texas has not pretended to know. The Senator from New Hampshire rose and propounded an inquiry to the Senator from Texas, but he did not know, and I did not think he knew when he rose. I do not claim to know anything about it. I know that representatives of Spain—not official Government representatives, but financiers—were in America. I saw them. There was a luncheon at which we conferred about the matter, and I expressed the hope that they would see the Export-Import Bank and would comply with the rules of that bank and receive a loan. The Secretary of State says that they have not availed themselves of the requirements of the Export-Import Bank.

Mr. BRIDGES. Does the Senator understand that the amendment would be mandatory, or would it leave them in the same position in which they are today?

Mr. CONNALLY. It would not be mandatory, except that it says that they must do it.

Mr. BRIDGES. Mr. President, will the Senator yield for another question?

Mr. CONNALLY. I shall have to decline to yield further.

Mr. BRIDGES. The Senator made a statement—

Mr. CONNALLY. If the Senator from New Hampshire will bear with me a moment, I will explain it. If the Senate should adopt this amendment, would not the Export-Import Bank have sense enough to know that we meant for them to make the loan? They would know we meant for them to make the loan, whether it were a sound loan or not. They would take the recorded speech of the Senator from New Hampshire, read it over, and say, "This man from New Hampshire is after us. We have got to make this loan."

I discussed the question this morning with the President and with Mr. Acheson, and as a result of the conference I believe that if Spain makes application to the Export-Import Bank and complies with its regulations, there will be no objection to a loan.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I have only a few seconds remaining, but I yield if the Senator will be quick.

Mr. WHERRY. What the Senator has stated is exactly in contradiction of the position which the Secretary of State took before the Appropriations Committee when he was asked the same question.

Mr. CONNALLY. I do not know what happened at the meeting of the Appropriations Committee.

Mr. WHERRY. I am telling the Senator from Texas what happened there.

Mr. CONNALLY. I am telling the Senator from Nebraska what I heard this morning.

Mr. President, the question of Korea has been raised. That is a wholly different question, involving a different area of the world. We have no contracts with Korea, but we have contracts with every nation in the ECA. They are bilateral contracts providing that they are to do certain things in compliance with our gifts and contributions to them. Those requirements are for our benefit as well as for theirs. I do not want to introduce into the plan and into the system something which is offensive to them, something they will not like, something which may lessen the enthusiasm and interest of those countries in carrying out the OEEC obligations and promises to us.

Mr. President, I hope the Senate will not see fit to adopt this amendment. It is legislation. It starts out by saying, "This title may be cited as the Spanish Aid Act of 1950." This bill is for the ECA, and carries it forward for another year. The amendment is not in accordance with the purpose of the bill; it introduces a new responsibility, putting on the ECA obligations and duties which do not belong to it under the law. If we adopt this amendment, some Senator

may have an amendment similar to it, providing that "This may be cited as the aid act for Central and South America."

Why should we not aid them? They are at our very doorstep. They are our brothers. They received their inspiration for independence, freedom, and liberty from the American revolution. Yet we have not embraced them within the ECA; we have not embraced them within the OEEC, although we have had calls from those areas that they be included. But why should we include this new element?

I hope Senators will vote against this amendment, because it is not in the interest of the bill.

The PRESIDENT pro tempore. The time of the Senator from Texas has expired.

Mr. CONNALLY subsequently said: Mr. President, I ask unanimous consent that there be inserted in the RECORD, at the close of the remarks I made on the amendment which has just been voted on, a letter from the Secretary of State.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, April 25, 1950.

The Honorable TOM CONNALLY,
United States Senate.

MY DEAR SENATOR CONNALLY: I am writing to you to express the views of the Department with respect to the proposed amendment to S. 3304, introduced by Senator McCARRAN on behalf of himself and Senator BREWSTER, which provides for ECA assistance to Spain.

Our basic objective with regard to Spain is its inclusion in the western European community, but it seems unlikely that Spain will be accepted by a majority of its neighbors unless and until there is a perceptible evolution toward democracy within Spain. As I said in my letter to you of January 18, 1950, Spain's entry into cooperative western European projects is a matter that cannot be solved by us unilaterally but requires the cooperation of all parties, including Spain.

In this connection, we believe that the western European countries should have the decisive voice as to whether Spain is to participate in projects such as the OEEC. A similar position was agreed upon on April 1, 1948, by the conference committee of the two Houses of Congress on the Foreign Assistance Act. In the statement of the managers on the part of the House, it was reported that "this enterprise is open to Spain whenever the participating countries desire to have Spain enter the partnership. Under the theory upon which the partnership has been launched and organized, the United States leaves to the participating governments the initial decision on the admission of a new partner." This principle was incorporated in the convention establishing the Organization for European Economic Cooperation, signed by the participating countries in Paris on April 16, 1948. Article 25 of the convention provides that "any non-signatory European country may accede to it by notification addressed to the Government of the French Republic, and with the assent of the council of the organization."

I believe, therefore, that a congressional appropriation for Spain in the ERP framework, without the concurrence of the ERP countries, would jeopardize the program. It would not only violate the principle of joint responsibility but also would undermine the concept that the ERP is a positive program to strengthen the forces of democracy in western Europe. Without exaggerating the danger to our over-all policy, I think that such unilateral action would have seri-

ously unfavorable repercussions in the OEEC countries as was the case with the O'Konski amendment in 1948. I believe this would be true regardless of whether the action was intended to bring Spain into the OEEC framework or merely to have the ECA handle the funds as it does in the case of Korea. It was in accordance with this principle that the Department opposed the amendment to the 1950 appropriation bill for the ECA offered by the Senate Appropriations Committee, which proposed that \$50,000,000 be earmarked for use only for loan assistance to Spain.

While we do not contemplate any special government-to-government loan arrangement to provide economic assistance to Spain, the normal channel for credit from the United States Government, namely the Export-Import Bank, is open to Spain on the same basis as any other country. The Spaniards have talked with the Bank concerning the procedure for applying for credit and are free at all times to apply for loans for specific projects in accordance with the Bank's normal procedures. They have been informed of the Bank's requirements with respect to the types of projects it considers and the extent of justification of each project which is required. The Department believes that this normal channel, of which the Spaniards have not yet availed themselves, should be utilized for projects in Spain requiring financial assistance from the United States Government.

Sincerely yours,

DEAN ACHESON.

The PRESIDENT pro tempore. All time has expired on the amendment.

Mr. LUCAS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Anderson	Hickenlooper	Malone
Benton	Hill	Martin
Brewster	Holland	Maybank
Bricker	Humphrey	Millikin
Bridges	Hunt	Mundt
Butler	Ives	Neely
Cain	Jenner	O'Connor
Capehart	Johnson, Colo.	Robertson
Chapman	Johnson, Tex.	Russell
Chavez	Johnston, S. C.	Saltonstall
Connally	Kefauver	Schoepfel
Cordon	Kilgore	Smith, Maine
Darby	Knowland	Sparkman
Donnell	Langer	Stennis
Douglas	Leahy	Taft
Dworshak	Lehman	Taylor
Eastland	Lodge	Thomas, Okla.
Ecton	Long	Thomas, Utah
Ellender	Lucas	Thye
Ferguson	McCarran	Tobey
Flanders	McCarthy	Tydings
George	McClellan	Wherry
Green	McFarland	Wiley
Gurney	McKellar	Williams
Hayden	McMahon	Withers
Hendrickson	Magnuson	Young

The PRESIDENT pro tempore. A quorum is present.

The question is on the amendment offered by the Senator from Nevada [Mr. McCARRAN] for himself and the Senator from Maine [Mr. BREWSTER].

Mr. BRIDGES. Mr. President, I send to the desk an amendment to the amendment and ask that it be stated.

The PRESIDENT pro tempore. The clerk will state the amendment to the amendment.

The LEGISLATIVE CLERK. On page 2, line 6, it is proposed to strike out "\$100,000,000" and insert in lieu thereof "\$50,000,000."

Mr. McCARRAN. Mr. President, I accept the amendment.

The PRESIDENT pro tempore. Without objection, the amendment is modified.

The question is now on the amendment offered by the Senator from Nevada [Mr. McCARRAN] on behalf of himself and the Senator from Maine [Mr. BREWSTER], as modified.

The amendment, as modified, was, on page 7, after line 4, to insert the following:

AID TO SPAIN

SEC. 201. This title may be cited as the "Spanish Aid Act of 1950."

NATURE OF ASSISTANCE

SEC. 202. The Administrator for Economic Cooperation is hereby authorized to furnish assistance to the Spanish state in conformity with—

(a) the provisions of the Economic Cooperation Act of 1948, as amended, wherever such provisions are applicable and not inconsistent with the intent and purposes of this title; and

(b) the administrator is authorized to issue notes from time to time during the fiscal year 1951 for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$50,000,000 for the purpose of allocating funds during such fiscal year to the Export-Import Bank of Washington for assistance to Spain on credit terms under the provisions of paragraph 2 of section 111 (c) of the Economic Cooperation Act of 1948, as amended, to the extent applicable.

Mr. LUCAS, Mr. McCARRAN, and other Senators asked for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. CAIN. On this vote I have a pair with the Senator from Oregon [Mr. MORSE]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

Mr. LUCAS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Delaware [Mr. FREAR], and the Senator from Oklahoma [Mr. KERR] are absent on official business.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Wyoming [Mr. O'MAHONEY] are necessarily absent.

The Senators from North Carolina [Mr. GRAHAM and Mr. HOEY], the Senator from Pennsylvania [Mr. MYERS], and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Montana [Mr. MURRAY] is absent because of illness in his family.

The Senator from Arkansas [Mr. FULBRIGHT] is paired on this vote with the Senator from Oklahoma [Mr. KERR]. If present and voting, the Senator from Arkansas would vote "nay" and the Senator from Oklahoma would vote "yea."

The Senator from Iowa [Mr. GILLETTE] is paired on this vote with the Senator from Virginia [Mr. BYRD]. If present and voting, the Senator from Iowa would vote "yea" and the Senator from Virginia would vote "nay."

I announce further that, if present and voting, the Senator from Delaware [Mr. FREAR] and the Senator from Florida [Mr. PEPPER] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Missouri [Mr. KEM], and the Senator from New Jersey [Mr. SMITH] are absent by leave of the Senate. If present and voting, the Senator from New Jersey [Mr. SMITH] would vote "nay."

The Senator from Michigan [Mr. VANDENBERG], who is necessarily absent, is paired with the Senator from Utah [Mr. WATKINS], who is absent by leave of the Senate on official business. If present and voting, the Senator from Michigan would vote "nay" and the Senator from Utah [Mr. WATKINS] would vote "yea."

The Senator from Oregon [Mr. MORSE] is absent by leave of the Senate and his pair has been announced previously.

The result was announced—yeas 35, nays 42, as follows:

YEAS—35

Brewster	Hickenlooper	O'Connor
Bridges	Johnson, Colo.	Russell
Butler	Langer	Schoeppel
Capehart	Lodge	Stennis
Chapman	Long	Taft
Chavez	McCarran	Thomas, Okla.
Eastland	McCarthy	Tydings
Ecton	McKellar	Wherry
Ellender	Malone	Wiley
Ferguson	Martin	Withers
Gurney	Millikin	Young
Hendrickson	Mundt	

NAYS—42

Anderson	Holland	McFarland
Benton	Humphrey	McMahon
Bricker	Hunt	Magnuson
Connally	Ives	Maybank
Cordon	Jenner	Neely
Darby	Johnson, Tex.	Robertson
Donnell	Johnston, S. C.	Saltonstall
Douglas	Kefauver	Smith, Maine
Dworshak	Kilgore	Sparkman
Flanders	Knowland	Taylor
George	Leahy	Thomas, Utah
Green	Lehman	Thye
Hayden	Lucas	Tobey
Hill	McClellan	Williams

NOT VOTING—19

Aiken	Graham	O'Mahoney
Byrd	Hoey	Pepper
Cain	Kem	Smith, N. J.
Downey	Kerr	Vandenberg
Frear	Morse	Watkins
Fulbright	Murray	
Gillette	Myers	

So Mr. McCARRAN's amendment, as modified, was rejected.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

PETITION

Mr. HUMPHREY presented a petition from the Chamber of Commerce and Resort Group, of Ely, Minn., signed by Stan Pechaver, secretary, and sundry other citizens of Ely, relating to damage to lake shore and river-front property as a result of the fluctuation in water levels, which was referred to the Committee on Public Works.

PLEBISCITE IN IRELAND—CONCURRENT RESOLUTION OF NEW YORK LEGISLATURE

Mr. LEHMAN. Mr. President, I present for appropriate reference and inclusion in the RECORD a concurrent resolution adopted by the New York State Legislature calling for a plebiscite in Ireland under the auspices of the United Nations. I take pleasure in presenting this action by the New York Legislature since it proposes action very similar to that called

for under a resolution I have already submitted to the Senate.

There being no objection, the concurrent resolution was referred to the Committee on Foreign Relations, and, under the rule, ordered to be printed in the RECORD, as follows:

Concurrent resolution of the senate and assembly memorializing Congress to adopt resolution for a plebiscite in Ireland under the auspices of the United Nations

Whereas it is essential for the United Nations to encourage a peaceful, prosperous, and united Ireland without imposing any particular form of political or economic association upon its people; and

Whereas the maintenance of international peace and security requires settlement of the question of the unification of Ireland and that all Ireland, including the people of Eire as well as those of Northern Ireland should have an opportunity to express their free will for or against union; and

Whereas there is pending in the United States House of Representatives a resolution, House Resolution 463, favoring a plebiscite of all the people of Ireland under the auspices of a United Nations Commission for Ireland, to be designated by the General Assembly pursuant to articles 11 and 35 of the United Nations Charter, the objective being to establish terms and conditions upon which Ireland would be admitted as a member of the United Nations, and the adherence of Ireland to the Atlantic Pact: Now, therefore, be it

Resolved (if the senate concur), That the Congress of the United States be, and it hereby is, respectfully memorialized to speedily adopt the resolution, H. Res. 463, now pending in the House of Representatives or a similar resolution to bring about a plebiscite of all the people of Ireland under the auspices of the United Nations, and be it further

Resolved (if the senate concur), That copies of this resolution be transmitted to the President of the United States, the Secretary of the Senate of the United States, the Clerk of the House of Representatives of the United States, and to each Member of Congress of the United States duly elected from the State of New York, and that the latter be urged to devote themselves to the task of accomplishing the purposes of this resolution.

By order of the assembly:

ANSLEY B. BORKOWSKI,
Clerk.

In senate March 22, 1950; concurred in without amendment.

WILLIAM S. KING,
Secretary.

CONTINUATION OF RENT CONTROL

Mr. HUMPHREY. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD a resolution which was adopted by the Duluth-Superior Advisory Board on April 20, 1950, at Hibbing, Minn., favoring the continuation of rent control.

There being no objection, the resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

At an adjourned meeting of the Duluth-Superior Rent Advisory Board No. 2, held at the Androy Hotel, Hibbing, Minn., on the 20th day of April 1950, at 7:30 p. m., the following resolution was adopted:

"Whereas it is the opinion of this board that the shortage of rental housing and of all residential housing is extremely acute in the towns along the Mesaba Range in upper St. Louis County, such as the village of Hibbing, the cities of Chisholm, Virginia, Eveleth, and Ely on the Vermilion Range, that great

Under the plan presented to you in H. R. 2733, the Nation will receive at least \$1.70 in benefits for every dollar that the Federal Government spends.

As members of the committee are aware, such a favorable ratio of benefits to cost is certainly better than average.

Moreover, the municipal and industrial water users would repay 95 cents out of every dollar advanced for construction of the project.

The people who will benefit directly from this project—the people of 11 major cities in the Panhandle-High Plains area—do not want to impose upon taxpayers in other States any burden which they themselves should rightfully shoulder.

All of the cost of the Canadian River Dam and other works will either be paid for by the actual water users or allocated to flood control and fish and wildlife conservation. The flood-control benefits will not accrue to the municipal water users but will primarily benefit areas farther along the Canadian River below the dam—mostly in Oklahoma.

The Federal Government can look forward to this promise:

Within 50 years, all of the costs of this project will be paid for by the people who are asking for this project—except for flood control and conservation costs of 5 cents out of each dollar.

That in my opinion, Mr. Chairman, is a good, sound business proposition.

I have emphasized this first, Mr. Chairman, because I know that Senators are interested in economy. I know that you do not want to authorize construction costs of \$85,000,000 without a full knowledge of what the Nation as a whole can expect in return.

As a Senator from Texas, I am especially proud that these people from this vast area are willing to undertake this obligation—willing to pay back the Nation nearly its total investment.

That, I am sure, will be of interest to Senators on the Subcommittee and to the Nation.

Why is this program necessary?

Why is it urgent?

In the presence of such a considerable array of expert talent, I shall not attempt to detail for you the full story of the "what's" and "why's" of this region's water supply. I do want to picture it for you in a layman's terms.

This Panhandle-South Plains region of northwest Texas was handicapped by erosion of surrounding areas which left it as a sort of a gigantic plateau several hundred feet above the surrounding terrain, with its ground-water beds isolated from recharge except from rain falling on the surface.

Because of the flat topography, the rainfall, such as it is, collects in surface depressions and most of it evaporates there. The Panhandle-South Plains area has few creeks and no rivers, except the Canadian River.

Cities on this plateau have found their water supplies through wells, drilled deep into the earth to reach a huge pool of water which underlies much of the region.

For many years this underground supply of water was treated rather casually—without much knowledge of where it came from or why it was there.

Then wells began to run dry. Not many wells—yet. But out in the land of the West, where summer temperatures are regularly 105° or more and winter temperatures are 5° below sometimes, water can no longer be taken for granted.

Now, geologists tell us that this underground water is not the water of an underground stream fed by a constant supply. It more nearly resembles a washtub full of water. Each time a pail of water is dipped out of the tub the water level drops—and it is replenished so slowly, if at all, that it must be considered a disappearing source.

At present, this underground water is a primary source of life for both the people and their crops. It is not sufficient for both indefinitely—and you cannot have the crops without the people or the people without the crops.

The only potential source of water to supply the people's needs is the Canadian River, a river that skirts along the northern edge of this plateau.

We believe that by the proper use of the waters of this river—limited though those waters are—the Panhandle-South Plains area can be kept alive, kept vigorous, kept useful to the Nation.

Exhaustive studies have been made of the river by the Corps of Engineers and the Bureau of Reclamation. The program before you in H. R. 2733 is, we believe, the best and most practical program. It is the program which the people of the area believe will serve their purposes.

It is—I may add—a program for which they are willing to pay more than \$80,000,000.

They believe—and I share that belief with them—that the water to meet the needs of this great region is worth that price to them and worth that much to the Nation.

I hope that the Senators of the subcommittee will view with favor the presentation which the people of the region will make to you this morning. When you have heard them, I believe you will share my conviction of the need for this program—and I believe you will share my own great admiration for the people of this region.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. KEM].

Mr. TAFT. Mr. President, there is now pending before the Senate an amendment to the ECA bill to reduce the total authorization by \$1,000,000,000. That amendment has been offered by the Senator from Missouri [Mr. KEM].

There is at the desk an amendment to cut the authorization by \$600,000,000. That amendment is by the Senator from Iowa [Mr. HICKENLOOPER].

I wish to say a few words in behalf of the general principle of cutting the ECA authorization and the subsequent appropriation.

Two years ago I supported ECA, and last year I supported it. In both cases it seemed to me that the total amount requested was excessive. It seemed to me that there was no actual proof that any particular amount was needed. In both cases I supported a resolution or amendment to reduce the amount.

Last year that proposal was defeated, but my recollection is that some part of that cut was made at a later time by the Appropriations Committee.

I supported ECA when it was originally proposed for the reason that it seemed to me that we were in a position to check the growth of communism in Europe. It seemed to me that the only real justification for ECA was the fact that the various countries of Europe were so disturbed by the war conditions, by the complete turn-over of the entire economic system of the world, that probably it would have taken them some 10

years to get back to normal if they had had to rely only on their own efforts; and so I thought the conditions which existed there were very ripe for the growth of communism, and that probably in 2 or 3 years we could furnish those countries with sufficient assistance so that they could resume their normal economic activities. I never felt there was economic justification for one nation making vast subsidies and gifts to other nations on the theory simply that in some way it was going to increase their standard of living. I think in the long run it would be ineffective, for a nation can succeed only through its own efforts, not through the gifts of others.

But here was an emergency situation created by the war. Here was a situation which apparently could not be dealt with promptly or handled without outside aid, and it seemed to me we should render aid. In my opinion, what we did was done effectively. My own belief is that the growth of communism, particularly in France and Italy, was substantially checked by American aid. My belief is that the manner in which the ECA has been handled has been excellent and that Mr. Hoffman has done a good job. I have been notified from time to time of various projects which it seemed to me were unnecessary. I always thought he could get on with less money and accomplish very much the same purposes. Nevertheless, I think the job has been well done and that the program has effectively checked the growth of communism, so that communism today, from an internal standpoint of operation, is very much weaker in France and Italy and throughout all Europe than it was.

However, today those countries have returned to normal, and the question whether we should continue the ECA certainly is one which should be considered on the basis of its own merits. Generally speaking, I am in favor of continuing the ECA in accordance with the original plan for 4 years, tapering it off in the third year and in the fourth year more than Mr. Hoffman is proposing. Mr. Hoffman himself says it must end in 1952. As a matter of fact, the conditions in Europe today are such that I doubt whether we would be justified in starting a new program today. But I feel that, having started the program and having outlined certain general assistance upon which the participating nations have made their plans, it would be most unfortunate if we were to cut the program to such an extent as to hamper seriously its operation or to modify substantially the general understanding which we have given to the other countries. So I feel that we should continue the program, but that it should be continued with a substantial cut.

The whole program is vague. It is almost impossible to guess at any figures. There is no list of projects contained in it. The figure is taken out of the air. Mr. Hoffman might have said \$3,500,000,000, or he might have said \$2,500,000,000. He has said \$3,100,000,000. It is difficult to say how much it should be cut, but I have finally come to the conclusion that a 20-percent cut of \$600,000,000, the same amount suggested by the Senator from

Iowa [Mr. HICKENLOOPER] in the Foreign Relations Committee, would be reasonable, and would not hamper seriously the operation of the program.

In the first place, I believe we ought to recognize that this is a perfectly extraordinary program, something which no nation in the world has ever done before, and which probably no nation in the world will ever do again. In 1949, as well as in the year 1947, the Federal Government has given in grants and credits \$5,700,000,000, almost entirely in grants. We have made a free gift of \$5,700,000,000 of the American taxpayers' money to various nations throughout the world for the general purpose of promoting the cause of anti-communism and promoting the recovery of those nations from the war. Anyone who says we should continue that program indefinitely certainly has the burden of proof upon himself. The burden ought not to be on those who propose a cut; the burden ought to be on those who ask that the American people continue such a lavish outpouring of gifts and subsidies as we have given.

The total proposed cut for this year is small. A Federal Reserve bulletin shows that in 1949 the United States Government financed \$5,700,000,000. The total budget for next year, including ECA, contemplates \$4,700,000,000, a very small reduction considering the amount involved. We are therefore practically asking our people to continue in 1950 the program which was proposed in 1947, 1948, and 1949. In fact, \$4,700,000,000 is the same as the amount in 1948. Unless we begin to cut, we are not going to get any reduction in these tremendous foreign payments.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. LODGE. Would the Senator rather not be interrupted?

Mr. TAFT. No; I am glad to be interrupted.

Mr. LODGE. Is the Senator aware of the fact that the Economic Cooperation Administrator, Mr. Hoffman, has, of course, given the committee every assurance that as soon as there is any opportunity to make savings he will do so, and that for the fiscal year which is about to end he has \$149,000,000 that he has not spent? I think that is a record so far as administrators in the executive branch of the Government are concerned.

Mr. TAFT. I do not think it is a record. If anyone is given \$4,000,000,000 to spend, and he can spend it in 12 months, that would be extraordinary, for inevitably anyone with \$4,000,000,000 would fail to find things on which he could profitably spend that entire amount. It merely happens that there is \$150,000,000 left, which is only, after all, 3 or 4 percent of the total money given to Mr. Hoffman. That is true of practically every appropriation we make. There is always a 4-percent lag, except in a few instances. In general, there is always that lag in the ability to spend all the money which is appropriated. So I do not think there is any tremendous credit there. I see no reason whatever for

thinking that if we give Mr. Hoffman \$3,100,000,000, he will not probably spend it by the first of July 1951, except for some slight saving; because it cannot be absolutely budgeted. Some things on which it had been planned to spend money may fall by the wayside.

The condition I want to emphasize is this: When we started the ECA 2 years ago, we had at that time a surplus in the Treasury of \$8,400,000,000, for the year then ending. Now, 2 years later, we find a deficit of \$6,000,000,000 for the fiscal year. That alone would be a justification for a complete reversal of the entire program. Had we had a deficit of \$6,000,000,000 2 years ago, we never would have started the ECA; and yet, in 2 years, our situation has deteriorated. Even a year ago when we were discussing this matter, we looked forward to a deficit of only \$800,000,000, practically a balanced budget, allowing for the expenditures. Today we know that by the first of July we are going to have a deficit of \$6,000,000,000, and we know that in the next fiscal year, for which this appropriation is requested, the President contemplates another budget deficit of \$5,000,000,000. The probability is that additional recommendations for expenditures will be made and that the budget deficit will actually be more than \$5,000,000,000; in fact, the estimate of the Joint Committee on Internal Revenue Taxation today is that there will be a deficit of \$7,000,000,000 in the next fiscal year. Under those circumstances, it seems to me that we must economize in every field of activity; and certainly among those fields of activity is that of foreign spending.

There is before us no proposal for additional taxes. The administration's proposal is apparently indefinite deficit financing, or indefinite spending of money vastly in excess of the moneys which accrue from taxation. The President himself, in his reports, in effect expresses the hope that in the future, some day, the budget may be balanced; but he says we cannot levy any more taxes, because if we try to do that, we will deter the very business development which is necessary in order to produce taxes, and to provide the jobs which must be available if we are going to have anything like full employment.

The President has recommended, and I agree with him, that taxes be not increased. On the other hand, the deficit-spending policy seems to me to be inconceivable. That policy inevitably means inflation. We already see it in the price of some agricultural products, in the speculative market today in soybeans, and in various other products. There is a recurrence of the inflationary cycle which existed approximately a year ago and which was only then checked. Inevitably, if we spend \$6,000,000,000 more than we take in, we shall start inflation again.

The depreciation of the dollar ultimately means a repudiation by the Government of its debts, because its own policy is actually so decreasing the value of the dollar that it is only able to pay for the money it borrows in poorer dol-

lars than those which it actually borrowed.

The deficit-spending policy is demoralizing. If Congress ever decides that it will not have to raise the money to pay for the expenditures requested, there is no limit to what the expenditures will be. There are before us projects which will cost \$20,000,000,000. If we once admit the principle that we can indefinitely pursue a deficit-spending policy, there is no possible restraint on expenditures. It is demoralizing to the people, because they believe they can receive something for nothing, whereas, of course, in the long run, they cannot. It is impossible. They pay for the increased expenditures in the general depreciation of their savings, their insurance policies, and in an unstable economy, which, in the end, must bring perhaps a boom and then a depression. So it seems to me that such a policy is impossible.

The only alternative must be the reduction of expenses. I do not know that we can cut \$6,000,000,000 off in 1 year; I doubt it. The only reasonable, sensible, and possible policy which Congress can pursue is to try to save at least \$3,000,000,000 this year and to reduce expenditures another \$3,000,000,000 next year. If Congress is not willing to cut expenditures for foreign nations, then certainly there is very little hope that we are ever going to make any reductions in domestic expenditures.

It is said that this bill is only an authorization and that the appropriations will have to be considered by the Appropriations Committee. That argument is always advanced, but once the authorization is made, there is a presumptive argument to present to the Appropriations Committee.

The way to cut expenditures is to take advantage of the first opportunity. Cut them whenever it is possible; vote against any nonessential expenditures or authorizations which are proposed. I think we should determine now that we intend to economize all down the line. There is no reason at all why any appropriation, any proposal, or any authorization should be considered sacred in the amount which is demanded by the administration.

There are many other factors which I believe justify the cutting of expenditures for the ECA by a substantial amount. In the first place, the position of the participating nations is very much better than it was 2 years ago. It is said that the ECA has been successful in bringing about that situation. I believe it has substantially helped. Perhaps the actual operation of the ECA is best expressed by Sir Stafford Cripps when he stated that in 1948-49 Britain's national product totalled £10,800,000,000, and that Marshall aid, expressed in sterling as £328,000,000, was equivalent to only 3 percent of Britain's total national product in that year. In 1949-50, the proportion was still less. He said that this is by no means the real measure of Marshall aid's usefulness to British recovery today.

I believe we exaggerate the importance of Marshall plan aid. Yet, to the extent that we can give it, the value of the aid which England gets from us is probably

doubled in the value of the products which England can produce from the raw materials we actually give her. As a result of this plan, and as a result of other causes, the fact is that the ultimate goal of the Marshall plan has been accomplished. England, according to Sir Stafford Cripps, has reached an industrial production 30 percent over that of prewar, and her population is only 5 percent over that of prewar. He says that in 1946 Britain's total industrial production had been brought back to the level of 1938. By the end of 1949 it was about 30 percent above the prewar level. By 1946 Britain's exports had climbed back to 7 percent below the volume of 1938. By 1949 exports had increased to 60 percent above the 1938 volume.

So, to a large extent we have gone far in actually increasing British production—if we are responsible for it—far beyond anything they had before the war. Yet we are asked to make an outright gift to England of \$687,000,000 and to all European countries of more than \$3,000,000,000 this year. Other countries of Europe, if we omit Germany, have also increased their production nearly 30 percent.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Massachusetts.

Mr. LODGE. Would not the Senator be even more critical of the Marshall plan if those nations had not increased their production? Would he not think the outlook would be even more grim?

Mr. TAFT. I am not critical of the Marshall plan. I say that it has apparently accomplished its purpose, and it requires a great deal of justification to continue it. The only justification for continuing it is that we have practically agreed to do a certain thing and plans have been made on that basis. I am prepared to go through with most of the plan, but we are entitled to scrutinize it with the greatest care and discrimination.

Mr. LODGE. Does the Senator think it would be wise to make such an important decision as that of terminating aid simply on the basis of a seasonal fluctuation, which I am sure is what has happened in the United Kingdom?

Mr. TAFT. I think that would be a justification for the discontinuance of aid, but I am not advocating that. All the ECA estimates have been based on the balance-of-payments theory. They have been based on the theory that there was a certain shortage of dollars and Britain could not export as much as she had to import; she could not ship to dollar countries as much as she had to buy from dollar countries. On that basis, the tables which I placed in the RECORD a few days ago show that on the balance-of-payment theory the ECA reached the estimate of \$687,000,000 which we are asked to give the British in the next fiscal year. It is based entirely on a balance-of-payments theory, how much they are going to export and how much they are going to import. As a matter of fact, Sir Stafford Cripps has made it clear that in the past 6 months

they have balanced their dollar budget; they do not have any dollar deficit. The sterling areas, from the first of October to the first of April, have come to slightly better than even.

In his statement to the House of Commons on April 5, Sir Stafford Cripps stated that during the first quarter of this year the sterling area earned a net gold and dollar surplus of \$40,000,000, as compared with \$31,000,000 in the fourth quarter of 1949. That amounts to a net gold and dollar surplus of \$9,000,000 in a period of 6 months.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Massachusetts.

Mr. LODGE. Is that not merely a seasonal fluctuation, and not a figure which is sufficiently firm or sufficiently strong on which to base a decision?

Mr. TAFT. That is correct, but it is much better than the ECA figures. The ECA figures on which are based this particular demand for England are out of date, and they are two or three hundred million dollars wrong, on the basis of any present estimate. I do not think the fact that the British have balanced their gold and dollar budget proves that they will do so in the next fiscal year, but it does cast doubt on the entire basis of the appropriation requested by ECA today. Certainly it makes it necessary for ECA to present new tables based on present conditions, instead of on conditions which are 6 months old. Some have talked with ECA. They say, "No, we won't submit any new estimates." I venture to say that the estimates for 1949-50 are at least \$200,000,000 away from the facts. It is much more difficult for me to estimate next year. I do not know what the estimate may show. I can only see that the actual results during the last 6 months are very different from the basis on which the ECA demands have been based. The ECA should come before us with a new table based on the new condition that has come to exist.

Mr. LODGE. Mr. President, will the Senator yield for a question?

Mr. TAFT. I yield to the Senator from Massachusetts.

Mr. LODGE. Is not the Senator from Ohio aware of the fact that the ECA Administrator is on record in most specific terms as promising that whenever an occasion arises in which actual conditions make possible a saving of money he will effectuate such savings?

Mr. TAFT. I suppose every administrative officer has said that. I do not believe it varies by one iota the obligation of Congress to limit an appropriation to what it thinks the appropriation ought to be, and not give an executive officer something on his promise of "You give it to me, but I won't spend it." My experience certainly has not been encouraging as to the carrying out of promises of that kind.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Massachusetts.

Mr. LODGE. If participating countries had not made great improvement in production, and if their condition were not much better this year than before the Marshall plan, would not the Senator from Ohio be calling for a drastic cutting of the Marshall plan because it had been so ineffective as an aid to Europe?

Mr. TAFT. No; the main cause for my asking for a cut is the American deficit. I believe that is the principal reason. To ask the United States to give foreign nations a great deal of money when we have a deficit of \$6,000,000,000 is quite different from asking us to give it to them when we have a surplus of \$8,000,000,000. That is the main reason. I do not think that failure to make the expected headway would have been a good argument for cutting expenditures.

Mr. LODGE. Let me say to the Senator from Ohio that I agree with him wholeheartedly as to the seriousness of the American deficit, and I feel that, as one Senator, I have done everything I possibly could to bring about economy in Government and a saving of public funds. However, I hope the Senator from Ohio does not contend that the only way in which public funds can be saved is at the expense of the security of the United States in this present very dangerous world situation.

Mr. TAFT. I wholly deny that a reduction of ECA has any relation, or, at best, a most remote relation, this coming year to the security of the United States. I do not think that if we cut \$600,000,000 from the appropriation we would set back in any way the security of the United States. To the extent that we can help nations, we should help them. However, we have already shown that they are 30 percent better off than before the war. How our failure to advance them still further is going to affect our security, is hard to say. A justification for this program as a security measure was that we were interested in preventing the spread of communism in these countries because of their disturbed conditions. Now the disturbed condition has gone. Now we have restored prosperity to these countries. I do not mean that we alone have done it, but the conditions, with our assistance, have improved in those countries. They are now 30 percent better off than even before the war. We have done the job of eliminating the danger of infiltration of communism simply because of bad economic conditions, and from now on those nations can defeat communism only if they are against communism. They can defeat communism only by their own efforts and within their own countries.

Mr. LODGE. Mr. President, I appreciate the courtesy of the Senator from Ohio in permitting me to ask these questions. I am sorry that I shall not be able to stay on the floor much longer, because I shall have to leave very shortly to attend a hearing of the subcommittee investigating disloyalty charges. However, before I leave the floor, I should like

to point out one thing to the Senator from Ohio and ask his comment on it. It seems to me unanswerable that the world menace of communism affects the security of the United States. It seems to me that we can agree on that.

Mr. TAFT. I agree fully on that with the Senator.

Mr. LODGE. And that communism operates in many forms—political, economic, and military. In a country like France, for example, the Communist movement, with all that it implies economically, politically, and militarily, has been stopped absolutely dead in its tracks, as evidenced by votes which have been taken recently, in the electoral results in the voting for Members of the Chamber of Deputies, and in the circulation figures of Communist newspapers. By common consent that condition is attributed to the help which France has received under the Marshall plan. Therefore, it seems to me that a continuation of the Marshall plan and carrying out of the pledged word which we have given is inextricably and intimately bound up with the security of the United States.

Mr. TAFT. I would say that it did not make any difference to the security of the United States whether we give France \$500,000,000 or \$400,000,000. That is the question I am raising, the cutting-off of 20 percent from these amounts. So that I cannot see how the cutting of this appropriation could in any way affect the security of the United States. In fact, the French are doing so well that perhaps they could get along with much less, but I do not want to run the risk of upsetting programs which they may have set up for a year or 2 years ahead.

Mr. President, I shall finish reading the Cripps' statement so that I may make the point I wanted to make:

Sir Stafford Cripps said: During the first quarter of this year the sterling area earned a net gold and dollar surplus of \$40,000,000, compared with a deficit of \$31,000,000 in the fourth quarter of 1949, of \$539,000,000 in the corresponding first quarter of 1949. [Ministerial cheers.]

We received assistance under the European recovery program, largely in the form of reimbursement for expenditure already incurred by us, amounting to \$229,000,000. We also drew on the Canadian credit to the extent of \$27,000,000. Thus the gold and dollar reserves rose by \$296,000,000—[Ministerial cheers]—during the quarter, so that on March 31, 1950, they stood at \$1,984,000,000 compared with \$1,688,000,000 at December 31, 1949, and \$2,241,000,000 at March 31, 1948, immediately before the European recovery program was put into operation.

The result is that the British have balanced their budget in 6 months, balanced their gold and dollar balance, and balanced their balance of payments. The ECA gave them about \$500,000,000 in 6 months. So they simply took our money and add \$500,000,000 to their gold and dollar reserves, until they got them back to \$2,000,000,000, which is approximately the figure which they think is necessary to be safe. If it continues for another 3 months they will still have more reserves. I do not know whether it will, but I do want to point out that the whole budget of the ECA was pre-

sented on the basis of estimated balances of payments. For instance, in 1949-50, the adverse balance payments were \$956,000,000. According to the present figures that balance for the current fiscal year will be probably two or three hundred million dollars more favorable to Britain than the ECA basis of payments, and if those figures are as wrong as those in 1949-50, and if this 6 months' experience is to be carried out, the very basis for the appropriation is completely eliminated.

I have been told that the ECA, when that was brought up to them, said, "After all, the balance of payments is not the real test." They have been claiming for the last 3 years it was the real test, that the balance of payments is what we have to pay. Yet today, when that balance of payments will probably no longer justify an appropriation of \$387,000,000, they are shifting off to other bases, and abandoning the balance-of-payments theory, which I personally have questioned for these 2 years, but which they have strenuously defended. They are now seeking for other grounds to support this appropriation of \$387,000,000.

The French and Italian position is somewhat different. I remember that when I was in France the ECA Administrator said, "France has no economic problem. After all, the French feed themselves. They raise enough food to feed their people. They can get on without our assistance." Their problems were political problems, and to a large extent our money assisted the French Government that was in power. It assisted them particularly to balance their budget, so that they would not have to levy more taxes. To a large extent the counterpart funds were used to help balance the French budget.

It does seem to me rather ridiculous for a country whose budget is \$6,000,000,000 out of balance to attempt to justify a gift to foreign nations on the ground that we are going to help them balance their budgets. If that is the only justification for the appropriation, it seems to me we had better keep the money at home and balance our own budget with it.

The Italian situation is also a more or less hopeless one, one which may require American aid for many years to come. But, certainly, the difference between giving them \$290,000,000 and \$232,000,000 is not going to make any substantial difference to the Italian people. That is about the scope of their particular share of this new appropriation.

It seems to me perfectly clear that a 20 percent cut is not going to injure any nation, and that to a large extent it is completely justified. It is much more difficult to justify the 80 percent that remains than it is to justify the 20 percent cut.

The fact that these countries could get on with 20 percent less is shown by Mr. Hoffman's own proposal for a European payments union. After allotting the figure he fixed, which appeared day before yesterday in the *Record* at page 5799, a total of \$2,925,000,000, divided among countries according to the figures given in the *Record*, Mr. Hoffman proposed to take away 20 percent from all

of those countries, and set up a European payments fund of \$600,000,000, which he is going to use as a kind of inducement to nations to reduce their tariffs, and for other actions. But presumably if they do not do what he says they should do, they will not get the 20 percent.

Certainly that shows that he does not think that cutting off 20 percent is going to wreck any of them, or affect the security of the United States. It seems to me that his taking \$600,000,000 out shows it is not necessary for the national programs which are in existence.

Mr. HICKENLOOPER. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. Inasmuch as I intend to propose an amendment providing for a cut of approximately 20 percent, which the Senator has been discussing, I am glad the Senator brought up the currency equalization fund of \$650,000,000. I should like to have the Senator specifically discuss his views as to whether or not this new program of \$650,000,000 for currency equalization is compatible with, or in furtherance of, the original idea of the Marshall plan, which was construction relief, that is, physical development relief. Up until now, we have aided the countries in Europe in projects such as the construction of factories, and like matters, and now it is proposed that we take \$650,000,000 out of the physical development field and put it into an exchange equalization fund, which I believe goes further than the original intent and the original proposal of ECA. I wish the Senator would develop that thought.

Mr. TAFT. I agree with the Senator. Undoubtedly it is a departure from the original purpose of ECA, and that it is set out in this new authorization bill. I suppose it is in general furtherance of the purpose of ECA, if we have the money to pay nations to reduce their tariffs, and then try to settle their balances at the end of the year, instead of giving them the money in advance. It does not greatly offend me, except that it seems to me to go into a field where we have already spent a great deal of money.

The International Monetary Fund was set up almost exactly for that purpose, namely, for the settlement of balances. If one nation owed, at the end of the year, \$70,000,000, and some other nation had a gold surplus of \$70,000,000, the nation lacking would go to the fund and draw from the fund the money it needed to pay its debts. That was the purpose of the International Monetary Fund.

I notice that in the House of Representatives Mr. JESSE WOLCOTT, who was a member of the Bretton Woods Commission, opposed the whole fund theory on the ground that he thought it was duplicating the International Monetary Fund. We put \$2,750,000,000 worth of gold or its equivalent into the International Monetary Fund, and according to the last figures I have been able to get, the International Monetary Fund a year ago had still \$1,436,000,000 in gold and a very considerable amount of de-

mand obligations, which are equal to gold, against the United States and other nations who would make good the obligations. So that today they have two or three billion dollars available for settling balances. It does seem to me very dubious that we need this European payments fund.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. The Senator says that money is available for settling balances through the International Monetary Fund. Is it not true that that money is available for settling balances at different currency values, or at rates of values of currency set by other countries, which are out of line today? Is this not actually the fact today in the European countries?

Mr. TAFT. Then it is up to the International Monetary Fund to change the situation. The very purpose of that fund is to regulate the business of currency exchange, to see that it is realistic, and to authorize nations to change their exchange rates when the International Monetary Fund thinks they should. I think they have done it without the consent of the International Monetary Fund, to a large extent. But there is this agency, and whether the agency is not being used properly I have no means of saying at the moment.

Mr. SALTONSTALL. Is it not a fact that they are disregarding the actual values of currency in these countries? Is not that one of the problems?

Mr. TAFT. So long as there is over a billion dollars of our money still around, it seems to me that might be used for the settlement of balances in some way, rather than to use another \$600,000,000.

If the result of cutting \$600,000,000 from the appropriation is to eliminate the international payments fund, I do not think it is going to do any great damage to the security of the United States, as seems to be feared by the Senator from Massachusetts.

Mr. MILLIKIN. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield to the Senator from Colorado.

Mr. MILLIKIN. I suggest that there is great wisdom in the remark of the distinguished senior Senator from Massachusetts. The international fund has been a complete failure. It has not served its purpose at all. It is tied up with rigidities arising out of the overvaluation of currencies when it was set up, which it has not been able to overcome, and in my opinion, this step is a subterfuge for violating the International Monetary Fund. Perhaps it is a necessary step. In 5 years' time, with all the changes that have taken place in the world, and with all the different fluctuations in the real value of money, the last time I looked up the matter I found the Fund had made changes in the value of currencies of two countries, and they were very small countries. They put the currencies of the world in a strait-jacket from which they have not been able to extricate themselves. So I think the senior Senator from Massa-

chusetts has probably put his finger on the real reason for this new device. It is another circumvention of fine, but impracticable, purposes to which we committed ourselves under bad foresight.

Mr. TAFT. In any event there seems to be quite a great deal of difference of opinion about the European payment fund. Everyone thinks it is a nice thing. Well, \$600,000,000 is a nice amount for us to keep, too. I do not see any tremendous justification for setting up this new international fund, that is, I do not think it is something which affects the national security to an extent which justifies our increasing the deficit of the United States by \$600,000,000.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MILLIKIN. It seems to me that the ECA—and I am going to support the program, I hope under reduced appropriations, because I think the balance is more to the good than to the bad at this time—it seems to me that they have gotten into the evil habit of taking unto ourselves every unaccomplished objective that was originally set up for ECA. The ECA countries do not lower their tariff barriers. They do not render their currencies convertible. They do not set up a western European trade area. So, instead of insisting that they do that, we say, "Oh, well, the boys did not do it, so we will absorb it, we will absorb it by imports, we will absorb it by putting in money" of the type which the Senator is talking about. I think that thing can progress to the point where in the end we will find ourselves having aggravated the very situations which we intended to cure.

Mr. TAFT. I agree with the Senator from Colorado.

Mr. LONG. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. LONG. At the time we voted on the proposal for a 10-percent cut for the ECA last year we were told that this was a situation similar to trying to get a man out of a 100-foot well with a 90-foot rope. Does the Senator from Ohio find such a comparison applicable today?

Mr. TAFT. I never felt that the ECA was going to solve all the problems of Europe, nor have I ever thought that any special or particular sum was necessary. It always seemed to me that we could help, we could appropriate money which would no doubt be helpful, to the extent it could wisely be used. But there is no sacredness about any particular figure, and never has been, in my opinion, and if we get a bigger and bigger deficit in the United States, it seems to me we have more and more justification in scaling down the amount requested.

Mr. LONG. It boils down to this, then, does it not, that the larger figure we appropriate, the bigger deficit we have here in the United States and the smaller deficit some other country has? Is that not true?

Mr. TAFT. That is entirely true. We balance some other country's budget at our expense.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MILLIKIN. There was much use of that 90-foot-rope illustration in the early days. It used to be said that if a man was 100 feet out from shore and drowning, what good was it to throw him a 90-foot rope? Well, if a man is 100 feet out in the water, and a 90-foot rope is thrown to him, if he cannot swim 10 feet he is dead already. [Laughter.]

Mr. TAFT. Mr. President, there is one other reason why I think we ought to cut the appropriation, and that is I think we ought to serve notice on the world that we are getting toward the end of the possibility of free dispensation of gifts and subsidies to the entire world, because we have facing us many other proposals for such gifts and subsidies.

We have now become involved in a tremendous military program. I was interested in an article written by Joseph Alsop, dispatched from Rome, which appeared in yesterday's Washington Post, regarding the military program. In it he says the European nations have discussed this military program. Representatives of those nations went to The Hague to meet with our Army representatives and others. I believe the Senator from Maryland [Mr. TYDINGS] went to that meeting, together with the Secretary of Defense. Mr. Alsop in his article says:

The heavy list of requirements agreed upon at The Hague came as a rude shock to almost every European leader outside the charmed circle of the Chiefs of Staff and Defense Ministers. Here in Italy, Prime Minister de Gasperi and Finance Minister Pella were plainly appalled by costs they could not meet. Since Italy, however, is after all a lesser partner, the Italian Government waited to see what would be the reaction of the key western union powers and Benelux countries.

Some days ago, a full and representative group of Cabinet Ministers from Britain, France, and the Benelux countries met at Brussels. After the shortest examination, they concluded they could not foot the bill for The Hague program. Ambassador Lewis Douglas was hastily summoned from London, confronted with this unanimous decision, and requested to inform Washington that the defense of the west could not be organized without much larger American contributions.

This, of course, had been obvious from the first. As has been often stated in this space, an increase in the American effort of from three to six billion dollars annually is clearly necessary until a solid western defense has been built up. As matters stand, however, we face the grave danger of the whole problem being deferred.

Mr. President, I have been opposed to the program from the beginning, so the grave danger from deferring it does not greatly concern me. But it is a serious proposition. Later this year we will undoubtedly be asked for an increase in the proposed program of military aid to Europe.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. SALTONSTALL. I respectfully say to the Senator from Ohio that I, together with other Senators, listened to the testimony of the military leaders, Secretary Johnson and others, yester-

day. While I believe that what the Senator says happened at The Hague is true, and while I cannot say definitely what the military leaders would say, they certainly gave us no indication that they were going to be too much influenced by what was said at The Hague in connection with the request that will be made for this year.

Mr. TAFT. I am glad to hear the Senator say that.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. FERGUSON. I wonder if the Senator from Massachusetts can answer the question, though, as to why the figures have not been given to the committee respecting military requirements, in addition to the requirements for the regular program.

Mr. SALTONSTALL. I cannot answer that question except to say that I gained the impression—and I state it only as an impression—that those figures are not yet ready.

Mr. TAFT. Mr. President, I ask unanimous consent that the entire article written by Mr. Alsop be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE HIDDEN CRISIS

(By Joseph Alsop)

ROME.—In the last year and a half, this old city has been, as it were, gilded with a splendid appearance of prosperity. The Italian recovery, which is now as complete as any recovery can be, wholly fails to solve all the really basic social and economic problems. There are vast gaps, but the surface, always exquisitely beautiful in Rome, in any case now positively glitters.

But immediately below the surface, moreover, there is a hidden crisis of the utmost significance to the United States as well as to western Europe. The whole effort to organize the defense of the western world against Soviet aggression is in fact now in danger of breaking down.

In order to understand what is happening, one must go back to the beginning of the planning of the defense of the West under the Atlantic Pact. The spadework was done, for reasons which must be examined later, in the closed circle of the so-called Atlantic Pact standing group. This body, headed by Gen. Omar Bradley, and comprising representatives of the staffs of the more important Atlantic Pact nations, labored for many months to produce two fundamental papers.

The first paper was a seclusive plan for the defense of the West. The second was a list of requirements—of weapons, of bases, and of manpower—to make this strategic plan a real thing.

With almost no strength in Europe and with America disarming as a result of Secretary of Defense Johnson's economies, the program was necessarily ambitious. Powerful European ground forces had to be built up and ground defenses had to be designed. Western Europe had to be defended securely in the air, naval forces provided to protect the ocean, supply lines provided. Strategic air bases had to be prepared to assure immediate retaliatory air attacks in the event of Soviet aggression.

Furthermore, the time allowed was very short. The year 1953 is the moment when Russian war preparations will reach their first climax. It was necessary to provide at least a skeleton defense by 1953, with 36 fully armed divisions in being in Europe by that

date. In the final phase, in 1955, European ground forces were to be considerably more than 50 divisions, with all other arms in balance.

This was the program that was presented some weeks ago to the assembled Atlantic Pact defense ministers at The Hague. Significantly, it was considered adequate by all those at the meeting. France alone entered reservations about the future German participation in the western defense efforts. With this exception, the program was approved in toto and unanimously.

Especially at this point, however, it began to be clear that a heavy price would have to be paid for Secretary Johnson's decision to dissolve the State Department-Defense Department partnership, which had been so close before he took office. Because the planning of this had been isolated in Washington, it had also been isolated in Europe. Until The Hague conference of defense ministers and chiefs of staff was so triumphantly concluded, none of the really important problems of western defense, political or social, economic or fiscal, had ever been explored on the highest governmental level.

The list of requirements to carry out the program approved at The Hague demanded a very great effort by every European partner in the Atlantic Pact. With almost no exception, all these nations are already strained to the limits of their strength and resources by the task of postwar reconstruction. If Secretary Johnson and Secretary of State Acheson had been continuously working together, with their opposite numbers in Europe, all the leaders of all the European governments might by now have been educated in the dimensions of the problem. The ways might also have been found by now to balance the American contributions against the special kind of European contributions, which would not have threatened the precarious recovery that Europe has achieved.

Instead, the heavy list of requirements agreed upon at The Hague came as a rude shock to almost every European leader outside the charmed circle of the chiefs of staff and defense ministers. Here in Italy, Prime Minister de Gasperi and Finance Minister Pella were plainly appalled by costs they could not meet. Since Italy, however, is after all a lesser partner, the Italian Government waited to see what would be the reaction of the key western union powers and Benelux countries.

Some days ago, a full and representative group of Cabinet ministers from Britain, France, and the Benelux countries met at Brussels. After the shortest examination, they concluded they could not foot the bill for The Hague program. Ambassador Lewis Douglas was hastily summoned from London, confronted with this unanimous decision, and requested to inform Washington that the defense of the west could not be organized without much larger American contributions.

This, of course, had been obvious from the first. As has been often stated in this space, an increase in the American effort of from \$3,000,000,000 to \$6,000,000,000 annually is clearly necessary until a solid western defense has been built up. As matters stand, however, we face the grave danger of the whole problem being deferred. The Europeans cannot and, therefore, will not make the necessary extra effort at this time. Because of the way the problem has been handled by the Defense Department, it is really almost inconceivable that the needed additional resources will be provided at this late date by the American Congress.

All this may seem unimportant and academic. But the grim central fact which cannot be escaped is that the year 1953, when Russian war preparations will be completed, will be a year of utmost danger. If the west now throws away the 12 months of

the short time that is still allowed for organizing a solid defense, the consequences can be disastrous. This is a heavy price to pay for American officials who do not know their business and are more interested in furthering their own ambitions than in performing their great tasks. Because so much time has been wasted, it is now more than ever necessary for the leaders of the west to tackle urgently, seriously, and practically the vital defense problems.

Mr. SALTONSTALL. Mr. President, will the Senator yield for one more question?

Mr. TAFT. I yield.

Mr. SALTONSTALL. One statement the Senator from Ohio made disturbed me very greatly, because the basis on which I voted for ECA aid as well as for MAP aid and other aids of this character is the security of our country. If I heard the Senator from Ohio correctly he felt that the security of our country was not still the background on which we must make these appropriations for ECA. Am I correct in that statement?

Mr. TAFT. Undoubtedly it is the background. It is the reason why I voted for the whole program. Having gone half way through the program, with certain commitments having been made to various nations, I think we should continue and finish the program in 4 years, but with, I believe, at least a 20-percent reduction. I would say that if we were planning to begin such a program at this moment with the present economic condition as it exists in Europe, we would have a hard time to prove today that there was any national security involved in giving 1 cent of aid.

Mr. SALTONSTALL. The Senator will agree that the only justification for our making these payments is the security of our country.

Mr. TAFT. Yes. That is the reason I voted for the program. Having committed ourselves to the program, and these nations having made certain general plans based on it, I do not want to kill the program. I do not think a 20-percent cut will do that. If a 20-percent cut is made, I think the remaining 80 percent will cover all the important things to which they may possibly have become committed.

Mr. SALTONSTALL. Is not part of the improvement, both in England and on the continent, due to a feeling of confidence that we will continue this program in a substantial amount—perhaps not in the full amount, but at least in the full amount which would remain after the reduction made in accordance with the Senator's suggestion?

Mr. TAFT. I do not think so at all. I think the British figure that they are going to come through anyway, and I do not think they are dependent upon this program any more. I think an arbitrary action in cutting it off overnight would have a bad effect, yes. I agree with the Senator as to that. That is why I do not favor doing it.

On the other hand, we cut the appropriation \$400,000,000 last year, and I did not see that that resulted in doing any harm.

Mr. MCMAHON. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. McMAHON. Of course, in regard to the last observation the Senator has made, let me say that when we adopted the program it was the intention to cut the amount every year. In fact, thus far, we have exceeded our hopes in that respect, for it rather looks as if, instead of having \$17,000,000,000 over-all, when we finish we shall get out with about \$15,000,000,000.

I call the Senator's attention to the fact that last year the amount was \$4.-200,000,000, and the total of new funds requested was \$2,950,000,000. In other words, we are down about \$1,300,000,000 from the amount for last year; and, as the Senator knows, the amount for last year was less than the amount for the year before.

Mr. TAFT. It was very little less than the amount for the year before. When we consider the total amount of United States aid, we find that in 1946 it was \$5,100,000,000; in 1947, \$5,700,000,000; in 1948, \$4,700,000,000; in 1949, \$5,700,000,000. In fact, in 1949 the Government actually put up a billion dollars more than it did in 1948, for foreign aid. Of course, the ECA is only part of that.

The actual cut proposed by Mr. Hoffman is from \$4,000,000,000 to \$3,000,000,000.

Inasmuch as eventually we are going to end the program, and are going to taper it off in the meantime, I would taper it off to about \$1,000,000,000 or \$1,250,000,000 the fourth year, rather than make a reduction to 75 percent of the former amount. Of course, if in the third year we made a reduction to 75 percent of the funds for the previous year, and if in the fourth year we made a reduction of a similar percentage, the figure for the fourth year would be approximately \$2,200,000,000, which, it seems to me, would be high.

Mr. McMAHON. How much of a cut is the Senator from Ohio proposing?

Mr. TAFT. I said I would support a cut of \$600,000,000, under the amendment of the Senator from Iowa [Mr. HICKENLOOPER].

Mr. McMAHON. I see.

Mr. TAFT. The Senator from Missouri [Mr. KEM] has offered an amendment proposing a cut of \$1,000,000,000. I do not think I would favor that amendment, because I do not wish to be accused of really wrecking the program, and I am afraid that might at least be claimed if a reduction of \$1,000,000,000 were made. However, I am confident that a reduction of 20 percent will not really injure anyone.

Mr. McMAHON. I am a little curious to know, if the Senator from Ohio can tell me, why he has selected \$600,000,000 as the amount of reduction he favors, instead of \$500,000,000 or \$700,000,000.

Mr. TAFT. For the same reason that Mr. Hoffman chose \$3,100,000,000 instead of \$3,500,000,000. He took a figure out of the air; he did not have any justification for it. He simply hit it in the middle with a shotgun, so far as I can see. There was no justification; no figures were presented in regard to what the projects will be or the purposes for which the funds will be spent. In fact, in the

past a part of the funds has been spent for things entirely different from those suggested in the testimony.

We have a proposal to have so many bushels of wheat go to these foreign countries, but there is no assurance that that proposal will be carried out. Last year the actual figure was at least 200,000,000 bushels of wheat off, and the ECA turned over \$175,000,000 to Britain to permit Britain to purchase Canadian wheat, although, under the estimates which were presented to us, the money was to be spent for American wheat.

There is nothing firm about any of these proposals. As I have said, so far as I can see, Mr. Hoffman might just as well have said \$2,500,000,000, instead of \$3,100,000,000, to begin with.

I quite agree that I might just as well have suggested \$2,500,000,000 or \$1,500,000,000; but some figure must be decided upon, and most persons seem to believe that a 20-percent cut is justified, and that we can be fairly certain that the funds remaining after a 20-percent cut is made will be sufficient.

For instance, consider the actual figure of \$500,000,000 to France. I cannot see that it will make any great difference to France if she receives \$400,000,000, instead of \$500,000,000.

It seems to me the same is true as regards Britain. I believe that a 20-percent cut in the fund now proposed for Britain is required by the circumstances.

Mr. McMAHON. Mr. President, will the Senator yield further?

Mr. TAFT. I yield.

Mr. McMAHON. I think the Senator from Ohio underestimates the amount of care and scrutiny which have gone into making Mr. Hoffman's estimates. At first they were submitted to the respective countries involved, and from then they went to the OEEC, and from the OEEC to the ECA; and in the conferences they have had with the Foreign Relations Committee, I say to the Senator, it seemed to me they demonstrated that they had given the matter very careful consideration.

So I think it is a mistake to believe that Paul Hoffman wants to throw away or to disperse the taxpayers' money.

Mr. TAFT. Let me say that I have never known an administrator who did not think his job was more important than that of any other branch of the Government, and I never saw one who in perfectly good faith did not want 50 percent more funds than Congress would give him.

Of course, I am not questioning for a moment Mr. Hoffman's belief that this money should be spent or his good faith in asking for it.

Mr. McMAHON. No; but I think we should ascribe to him more than that. I think we should ascribe to him an intelligent appraisal of conditions as he has seen them and a desire on his part to have the amounts authorized and appropriated reflect the existing conditions, which demand that either we do this job in a satisfactory way or that we do not do it at all.

Certainly there are Government administrators who have demonstrated a desire to reduce expenditures. For in-

stance, I refer now to the Secretary of Defense. I see that he has retreated a little in the last few days, but certainly he has evidenced a determination to make reductions.

I offer that observation in view of the all-inclusive statement of the Senator from Ohio that anyone who works in an executive department has no other ambition than to obtain for his agency, by means of attempts on his part to justify allegations of the necessity for his agency to have larger and larger sum total amounts, any amount of money which he thinks is necessary.

Mr. TAFT. Mr. President, in reply, let me refer to the requested program for the United Kingdom in the fiscal year 1950 and 1951, and in that connection let me show the arbitrary nature of the request.

The total of the ECA-financed program requested for the United Kingdom in the fiscal year 1950 and 1951 is \$687,100,000, of which \$34,300,000 is proposed or requested for transportation, leaving an amount of \$652,800,000 requested for commodity imports. That figure of \$652,800,000 is broken down, in turn, into two subdivisions, one being an amount requested for food and agricultural product imports, and the other an amount requested for industrial imports. It just happens—I suppose, by chance—that the total amount requested for the United Kingdom for food and agricultural product imports is \$326,400,000, and the total amount requested for the United Kingdom for industrial imports is \$326,400,000; those amounts are equal to the dollar.

Of course it is obvious that what the ECA did was to say, "Here is the total you can have. How do you want to divide it?"

The response was, "Well, we will take half of it for industrial imports, and half of it for food- and agricultural-product imports."

In other words, these figures have come from the top; an amount has been fixed at the top, and then they have divided it between the various things for which they would like to receive funds. The program has not built up on the basis of actual needs totaling a certain amount of money.

Mr. MILLIKIN. Mr. President, will the Senator from Ohio yield, so that I may ask a question of the Senator from Connecticut?

Mr. TAFT. Certainly.

Mr. MILLIKIN. When Mr. Hoffman comes before the Senate Foreign Relations Committee, does he bring to the committee the same kind of showing that must be brought to the appropriate committees of Congress when there is a request for a reclamation project or for a flood-control project? Are showings of that kind made before the Foreign Relations Committee?

Mr. McMAHON. I say to the Senator that I have seen innumerable charts, statistics, and statements justifying the various projects which are listed in the request.

Mr. MILLIKIN. Yes; but has the Senate Foreign Relations Committee taken these billions of dollars and broken

the whole thing down and considered it item by item, as is done, for example, in the Committee on Interior and Insular Affairs when it is considering the feasibility of an irrigation project, or as is done in the Committee on Public Works when it is considering a flood-control project? I respectfully suggest to the Senator there is no parallel or analogy.

Mr. McMAHON. As for the Senator from Connecticut, I may say this: Unfortunately, though I am a member of the committee, I have not engaged in an item-by-item estimation. However, the statistics are available. I have made what may be called a sampling of the justifications. As the Senator knows, it is impossible to examine each particular item.

Mr. MILLIKIN. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Colorado?

Mr. TAFT. I yield.

Mr. MILLIKIN. I suggest it is perfectly evident that the Senate Foreign Relations Committee has not given the type of consideration, to which I have been referring, to these various programs, else it would not have authorized and put its imprimatur on these unbalanced industrial developments which are going on in western Europe, where each nation is in a scramble with our money to build up complete self-sufficiency, where each nation, with our money, is trying to build up a complete, rounded military machine. These are things that are being complained about. These are things which, if we had any control over them, would not be happening.

Mr. TAFT. Mr. President, I should like to finish, if I may. I was making the point only that I think the time has come to say we are going to taper off these programs. I have been in Ohio and different parts of the country, and what I get, even from people who are most friendly to the idea, is always this: "Well, we had to do it. We have to help against the Communists. But, for heaven's sake, when can we stop sending money to Europe? How can we go on, with a deficit of \$6,000,000,000?"

In addition to this program, which we would encourage by merely putting a rubber stamp on the administration's request, we have the military program, which Alsop says ought to be \$3,000,000,000 to \$6,000,000,000 a year. Then, we have the latest proposal of a discussion, in which the British are proposing apparently to discuss with our Treasury and our people the problem of our indirectly, at least, assuming the debts that the British have in India and Pakistan and other countries throughout the Far East, to take the form of some kind of general far eastern recovery administration or far eastern recovery program, with more money for all parts of the world, and then we have this point 4, which is just beginning to show in the pending bill, \$45,000,000 more to add to the American deficit, to give technical assistance to all undeveloped countries throughout the world. It seems to me we have reached a point where, if we

are not prepared to cut out everything at home and balance our budget, we are going to have to put a veto on further extension of existing programs. The present one can be justified because we committed ourselves to it, and in substance, I think, we ought to carry it out. But as far as the amount is concerned, we are not committed to any amount. I believe we ought to exercise every possible economy in determining what that amount shall be. So I propose to vote for the proposal of the Senator from Massachusetts [Mr. SALTONSTALL] and the proposal of the Senator from Colorado to eliminate the proposed amendment setting up this technical aid and establishing instead a commission to study the whole problem of whether the United States, after ECA is through, can afford further assistance to foreign nations, and, if so, how much, if anything, can be done. There are always some projects that I think probably would be worth while, in the nature of the program which should be substituted. Certainly, as far as these other programs are concerned, let us finish ECA first. In the case of the ECA, I believe very strongly that a 20-percent cut is a definite notice to the world that we are rapidly eliminating and proposing to eliminate foreign aid, and that that is the view of the Congress of the United States.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Colorado.

Mr. MILLIKIN. Mr. President, I should like to ask the distinguished senior Senator from Ohio and the chairman of the Republican policy committee whether, in connection with this so-called point 4, the Republican leaders, or any Republican Senators, were consulted as to whether it should be included in this bill?

Mr. TAFT. No. The Senator is referring, I suppose, to the general idea that there is to be a bipartisan foreign policy.

Mr. MILLIKIN. That is exactly correct.

Mr. TAFT. The Senator is quite correct, so far as I know, in supposing that no Republicans were consulted before this new point 4 program was adopted or before the amendment was sent to the Committee on Foreign Relations. At least not to my knowledge was any Republican advised or consulted or his advice asked or any attempt made whatever to make it in any sense a part of a bipartisan foreign policy.

Mr. President, I have only to say that in my opinion we in this country face a serious crisis in our financial development, that when we talk about national security, if we are going to have another war, we cannot afford to go into it with a public debt constantly increased by deficits amounting to \$6,000,000,000 a year; that we are going to find it impossible to finance that war if we are going to continue peacetime expenditures on the basis of \$6,000,000,000 above what a very burdensome tax system is able to produce.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Wisconsin.

Mr. McCARTHY. In connection with the question of the Senator from Colorado, is the Senator aware of the fact that Mr. Haldore Hanson, who has been selected as the head of the technical staff for the planning of point 4, was named by Mr. Budenz day before yesterday in executive session as a member of the Communist Party?

Mr. TAFT. No, I did not know that. I have not followed the secret testimony.

Mr. McCARTHY. I think Senators should know that when they are considering point 4.

Mr. TAFT. Mr. President, I therefore appeal to Senators to indicate clearly now by their vote that they feel there should be a legislative declaration that foreign aid should be reduced as rapidly as possible.

Finally, I should like to request the ECA to examine the justification for the \$687,000,000, found on page 5799 of the RECORD, which was taken from their budget request, and to tell us why that should not be completely revised. I think they owe it to the Senate to come in with a revised estimate for the year 1949-50, in the light of Mr. Cripps' latest statements about the balancing of the British budget, and in the light of that, also to make another estimate for the year 1950-51.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. McMAHON. In order to keep the record straight, and with regard to the observations made by the Senator from Colorado about the fact that there was no bipartisan consultation, it is my information—and I think it is correct—that the Senator from Massachusetts [Mr. SALTONSTALL], the Republican whip, and Representative HERTER, of Massachusetts, had many consultations with Members of the House in trying to work out the point 4 program. I would also advise the Senator that the matter was very thoroughly discussed in the Foreign Relations Committee, and I believe that the vote was unanimous, Democrats and Republicans alike, voting to include point 4 in the pending bill. The Senator can make his own interpretation as to what that means, but I merely thought those facts ought to be in the RECORD.

Mr. MILLIKIN. It certainly does no harm, I would suggest, to have the Republican members of the committee in favor of a program, but it does not in and of itself make a bipartisan foreign policy.

Mr. TAFT. May I ask the Senator from Connecticut whether he knows of any consultation with any Republican before the recent revival and development of support for the so-called International Trade Organization? That is another substantial and tremendous change in foreign policy. So far as I know, Secretary Acheson, in spite of his desire for a bipartisan foreign policy which he has expressed, came to Congress and insisted upon ITO being adopted without consulting any Republican in either the House or the Senate.

Mr. McMAHON. Was that on the House side?

Mr. TAFT. I think it was in testimony before a House committee.

Mr. MILLIKIN. They have been holding hearings on it.

Mr. McMAHON. It takes all I can do, and more, to keep up with what is going on in the Senate. I do not know whether he appeared before a House committee. I will take the Senator's word for it. I do say that when he comes here he will talk to all Senators who are on the pertinent committee.

Mr. TAFT. But the point is that he has already committed himself and has made an agreement without consulting any Republicans, and it is far too late to make it a bipartisan policy at this time, when he has already committed the United States Government to that policy.

Mr. McMAHON. Of course, the Senator from Ohio could now march to its support.

I should like to ask the Senator from Colorado how long ago it was that the treaty was signed.

Mr. MILLIKIN. It was in 1948, and in all these years the State Department has not had the intestinal fortitude really to urge it on the Congress. For some reason or other, it decided to reactivate it right at the very time when some of us were looking around to see whether there were any areas in which we could work up a bipartisan foreign policy.

I do not want to press too many of these things on the distinguished Senator from Connecticut, but I remind him, also, that every vote on this side of the aisle, and several on the other side, are opposed to the present tariff policies of the Department of State. Despite that fact, we are going to have another run of tariff reductions in September, and I respectfully suggest that that does not aid the cause of bipartisan foreign policy.

Mr. McMAHON. If the Senator will permit me to say so, I am more optimistic than is the Senator from Colorado. I think we can adjust our differences before we get through. I should not want the impression to be created that the Foreign Relations Committee had not really tried to do a conscientious job in evaluating the requests. The Senator will see from the volume of the hearings that many hours were spent in listening to the best testimony the executive branch of the Government could produce. The Senator may feel that that is not very good, but, after all, Mr. Hoffman, I believe, has no particular political allegiance. I do not care about that. I think he has done, on the whole, an excellent job. We have tried to evaluate the over-all program based upon results which have undoubtedly been achieved up to this time.

I may say, if the Senator will permit another observation in his time, that if it were not for this program and what it has been able to accomplish, the second greatest producing economy in the world would now be behind the iron curtain. Two hundred and seventy million persons would, in the opinion of the Sena-

tor from Connecticut, be slaves of a slave state, and participants, unwilling though they might be, in the great drive to extinguish the light of liberty everywhere in the world.

I think it has been cheap, so far, Mr. President, and I think it is a great bargain.

Mr. TAFT. Mr. President, I do not want to depreciate the value of ECA, but I differ wholly with the Senator from Connecticut. I do not think the ECA can claim that it is the only responsible agent which has kept Europe non-Communist. I feel that even without it, those countries would have come through, with the possible exception of Italy. That is the only place in which we used ECA money for political purposes, and used it successfully. With the exception of Italy, I do not think for a moment that the absence of ECA would have resulted in communism overrunning Europe. I think ECA was a great aid, and I am prepared to say that it has accomplished a substantial part of what was intended when the program was started.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MILLIKIN. I think we can concede everything which the distinguished Senator has said as to the past value of the organization. I intend to vote for the bill, with, I hope, some substantial cuts. I think we can accept the good purposes of the ECA, but that does not go to the point of whether we should vote for all these proposed expenditures.

Mr. YOUNG obtained the floor.

Mr. WILEY. Mr. President, will the Senator from North Dakota yield to me for 3 minutes? I want to put something into the Record which I have already released to the press. It is pertinent to the discussion we have had this afternoon.

Mr. YOUNG. I am sorry. I have received six similar requests from other Senators. My speech is only about 10 minutes long.

Mr. President, I voted for the ECA program in past years, and I have no regrets. I think it has accomplished a great deal of good. It has probably saved Europe from communism and has probably helped our own agriculture and other industries. Whether I vote for its continuance will depend almost entirely on amendments which will be approved on the Senate floor. It is like most Government alphabetical programs. They are good to start with and oftentimes they are necessary, but they are usually carried too far and kept too long. Most of the countries of Europe which are benefiting under the program have a smaller per capita than we have in the United States, and a smaller per capita income tax. That is true of our good neighbor to the north, Canada. It has a smaller per capita debt and a smaller per capita income tax. A few days ago Canada's Agricultural Minister told the people of Canada that they were in excellent shape agriculturally, that there was no surplus wheat or rye. And he encouraged Canadian farmers to plant more this year, while here in the United States we are required to reduce our wheat production approximately 20 per-

cent. Canada was relieved of its surplus by more than \$400,000,000 of ECA funds. I think that is carrying the program much too far. I think the Administrator did not follow the provisions of the act, and it is for that reason that the senior Senator from Oklahoma [Mr. THOMAS] and myself are offering amendments to put teeth into the bill and require that the Administrator follow the letter of the law and buy grain in the United States where we have surplus, rather than in foreign countries.

The amendment to the pending measure known as ECA, offered by the senior Senator from Oklahoma and myself on April 24, is designed to correct what I feel have been misinterpretations of congressional intent by the Economic Cooperation Administration with respect to the offshore procurement of surplus agricultural commodities, particularly wheat.

Although section 112 (d) of the Foreign Assistance Act directs the administrator to procure surplus farm commodities within the United States, this mandate has been rendered ineffective by an escape clause which says he must purchase such surpluses in the domestic market only. "Insofar as practicable and where in furtherance of the purposes of this subchapter."

Wheat has been a surplus commodity in the United States since the inception of ECA. Yet from April 3, 1948, through December 31, 1949, ECA financed the purchase of \$424,600,000 worth of wheat and wheat flour from Canada. The total will be in excess of half a billion dollars when ECA closes its books on the deal made last September whereby it agreed to finance \$175,000,000 worth of wheat purchases in Canada for the United Kingdom during the 1949-50 crop year.

From the inception of the ECA program through December 31, 1949, only 61.2 percent of all wheat purchases were made in the United States. During the same period, 69.2 percent of all wheat flour financed by ECA was purchased within the United States.

On other major farm commodities, I am happy to say, the record has been better. ECA has purchased 97.8 percent of its coarse grains here, 90.7 percent of its dairy products, 99.9 percent of its cotton, and 98.2 of its tobacco. Total purchases of United States farm commodities in first 2 years amounted to \$2,667,000,000. It has been of great help to agriculture in the United States.

When it first came to the attention of the Senate Agriculture Committee that ECA was financing huge purchases of wheat in Canada—even though the grain was surplus in the United States—top officials were called upon for an explanation. This was early in 1949. Their first defense was that Canadian wheat was slightly cheaper. When it was pointed out that the Foreign Assistance Act gave them no latitude in offshore procurement solely for reason of price, they offered another explanation. They said that while wheat was in surplus in the United States it was not available. They contended that United States shipping and loading facilities were over-

taxed and that it would have been impossible to move the quantity of wheat needed abroad solely through American ports. Both Secretary Brannan and Dr. Fitzgerald of ECA told the committee, however, that no effort had been made to determine whether additional United States wheat might not have been loaded through Canadian port facilities.

I do not believe that all members of the committee were satisfied with their explanation. I know that I was not. I did feel, however, that there would be no further ECA purchases of wheat in Canada. With far less wheat scheduled for export from the United States during the 1949-50 crop year, I was certain that there could be no question of overloaded loading and shipping facilities.

This belief was confirmed when Administrator Hoffman and Dr. Fitzgerald appeared before the Senate Appropriations Committee in June 1949. Testifying on H. R. 4830, Dr. Fitzgerald flatly asserted:

ECA will not be financing any wheat from Australia and Canada.

Mr. Hoffman said:

We think it is extremely important, and Dr. Fitzgerald can testify more accurately on that than I can. We think it is important that the European countries buy their wheat from the United States.

On that basis, I supported the ECA appropriation, and for other reasons. In view of the assurances of both Administrator Hoffman and Dr. Fitzgerald, I felt that no further restrictive language was necessary insofar as offshore procurement of surplus agricultural commodities was concerned.

Just 3 months later, however, Mr. Hoffman announced that ECA had agreed to finance the purchase of \$175,000,000 worth of wheat, or about 88 million bushels, in Canada for shipment to the United Kingdom. This was justified on the grounds that Great Britain had a commitment to buy \$175,000,000 worth of wheat from Canada, using her own free dollars. Administrator Hoffman found that if this transaction were carried out it would create an undue drain on Britain's free dollar resources. This, in turn, would not be in "furtherance of the purposes" of the ECA Act. So again Mr. Hoffman decided he could procure wheat offshore, even though it was in surplus in the United States.

Under a resolution offered by the junior Senator from Missouri, a subcommittee of the Senate Committee on Agriculture and Forestry was appointed to investigate this transaction. A detailed report was filed with the subcommittee recently by Mr. W. F. Howe, counsel, and Mr. R. S. Nelson, investigator. I ask unanimous consent that it be printed in the RECORD at the conclusion of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. YOUNG. This report makes it clear that Mr. Hoffman was acting within the letter of the law, as Congress wrote it, in approving the British-Canadian wheat deal. In my opinion, however, his action did violence to the spirit of the law and certainly it was a repudia-

tion of the assurance he gave the appropriations committee only 3 months earlier.

This report also makes it clear that producers of other major farm commodities, notably cotton, lost a huge export market as a result of the wheat transaction. I hope that Senators from the Cotton States will study carefully appendix D of the report.

It reveals, in brief, that when ECA came before the Senate Appropriations Committee in June 1949 it submitted a budget estimate that \$433,500,000 worth of food and agricultural commodities would be financed for Great Britain with ECA funds. Of this amount, \$325,000,000 was earmarked for purchases within the United States and \$172,000,000 of that sum was to be spent for American cotton. Only \$73,500,000 was to be spent in Canada, all of it for meats and dairy products. Note that not one dollar was earmarked for Canadian wheat.

ECA got its requested appropriation. Now we come to the revised budget estimate of ECA expenditures for food and agricultural commodities for Great Britain. This was prepared by ECA in March of 1950, well toward the end of the program and at a time when actual expenditures could be estimated much more closely. The total is up only slightly, from \$433,500,000 to \$438,200,000. The amount to be spent for United States commodities is down sharply, however, from \$325,000,000 to \$205,100,000. The amount to be spent in Canada jumps from \$73,500,000 to \$205,100,000, including the \$175,000,000 item for wheat. The amount to be spent for United States cotton is down almost \$100,000,000, from a projected \$172,000,000 to \$75,500,000. Proposed coarse-grain purchases within the United States, totaling \$58,500,000 were eliminated entirely. So was an item for \$15,600,000 worth of American dairy products. That is what the ECA-financed British-Canadian wheat deal did to producers of other American commodities.

In the light of this record, I think it is absolutely essential that Congress write into the ECA Act, in language so plain that any bureaucrat can understand it, a clear stipulation that ECA shall not finance offshore procurement of any agricultural commodity in surplus in the United States. No if's, no and's, no but's, no insofar as practicable. Just a plain directive: If it is surplus, buy it here.

On April 5, 1949, the Senate defeated by a vote of 48 to 32 an amendment by the junior Senator from Indiana which would have tightened up section 112 (d). The debate at that time indicated many Senators believed the amendment was unnecessary. They felt that ECA had learned a lesson as a result of its chastisement by the Senate Committee on Agriculture and Forestry in connection with earlier purchases of Canadian wheat.

The statement made on the floor at that time by the distinguished chairman of the Senate Foreign Relations Committee, who opposed the amendment, probably convinced many Senators that it was unnecessary. I should like to read that brief statement, which appears on

page 3936 of the CONGRESSIONAL RECORD of April 5, 1949:

Mr. CONNALLY. I wish to make this general statement: Agricultural commodities have been given special consideration by the law and by the ECA, in that they are the only kind of commodities which the ECA itself undertakes to purchase. All other commodities are purchased by the participating countries through their agents here, or through their purchasing commissions.

It is the earnest desire of the Committee on Foreign Relations, as I take it also to be the desire of Senators who have spoken on this matter, to see to it that agricultural products receive the highest and best consideration.

I say to the Senator from Minnesota [Mr. THYE] that if in the course of events it comes to the attention of our committee, by the action of a Senator not on the committee or by the action of a member of the Foreign Relations Committee, that the law is not being carried out in its spirit, as well as in its letter, the Committee on Foreign Relations will not hesitate to bring the matter to the attention of the Administrator and the proper authorities, to see to it that such action is corrected, and that the act is administered in the way in which the Congress determined it should be administered, at the time when the act was enacted.

In view of what has transpired, I hope that the distinguished chairman of the Senate Foreign Relations Committee will join me in supporting this amendment to section 112 (d) of the Foreign Assistance Act.

I think it should be pointed out that the funds which finance the ECA program and the funds which are appropriated by Congress for farm price supports come from the same source, the pockets of American taxpayers. It should be clearly understood that every dollar which ECA spends offshore for farm commodities which are available in the United States increases the eventual loss which Commodity Credit Corporation must some day take on its price-support operations.

We are facing the prospect of a 450,000,000-bushel wheat carry-over July 1, 1950. That will be the largest peacetime carry-over of wheat in our history. Half of that amount would be a reasonable carry-over and had ECA procured all of its wheat within the United States we would not today be encumbered with this burdensome surplus, and we would not be faced with the need of curtailing production of grains in the United States by as much as 21 percent at a time when Canada is encouraging her farmers to increase their production.

Adverse weather conditions throughout the winter wheat belt this spring may bail CCC out of its predicament, but if that happens it will not be the result of thoughtful planning.

The amendment introduced by the able chairman of the Senate Agriculture Committee and myself would eliminate the "insofar as practicable and where in furtherance of the purposes of this subchapter" language which now qualifies the directive to the ECA Administrator to procure commodities which are in surplus within the United States only within the United States.

It would also further define what constitutes a surplus agricultural commodity. The present law defines it

merely as "any agricultural commodity, or product thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements." That language would be retained under the proposed amendment. We would, however, add the stipulation that any agricultural commodity, or product thereof, which is selling below the support price would automatically be defined as a surplus commodity. It is quite conceivable that a commodity might be selling above the support price and still be in surplus. Wheat and cotton are in fact today bringing prices higher than the support level. At the same time, however, I think it is inconceivable that any commodity should be selling below the support price and still not be in surplus. I am certain that Congress would not want to permit ECA to procure offshore any farm commodity which is selling below the support price. To do so would be to increase greatly the cost of any price-support program.

In my opinion, the proposed amendment places no undue restrictions upon the ECA Administrator. It will prevent him from doing nothing which it would be in the public interest for him to do anyway. I am genuinely sorry that an amendment of this nature is necessary. But at the same time I believe the record proves abundantly that it is.

I wish to make it clear that this amendment would in no way require ECA to purchase any specific amount of any agricultural commodity. It is in no sense a plan to dump unwanted surpluses in the lap of the Administrator. Its sole objective is to require ECA, whenever it is in the market for any agricultural commodity, to buy that commodity only within the United States, if that commodity is in surplus here.

I might add, Mr. President, that a good motto would be: "Buy American."

EXHIBIT 1

REPORT ON THE \$175,000,000 BRITISH-CANADIAN WHEAT TRANSACTION

On September 15, 1949, ECA announced an arrangement allowing the United Kingdom to use \$175,000,000 of ECA-grant funds to purchase Canadian wheat during 1949-50. As part of the arrangement, ECA declared, the United Kingdom agreed to buy \$30,000,000 of United States wheat and eight to ten million dollars worth of perishable United States fruits and vegetables during the year. Canada, it was stated, would review its embargo on the importation of fresh fruits and vegetables from the United States.¹

OPERATION OF THE ARRANGEMENT

The United Kingdom will employ the \$175,000,000 grant to buy wheat under the 1946 United Kingdom-Canadian wheat agreement.² By its terms that contract calls for the purchase of 140,000,000 bushels of Canadian wheat, at a price fixed thereunder of \$2 per bushel, Canadian currency, in store Fort William.

The free-along-ship cost of wheat taken under the agreement is about \$2.1875 per bushel Canadian, and at prevalent exchange rates the ECA grant, which amounts to approximately 193,500,000 Canadian dollars, will

purchase approximately 88,000,000 bushels of wheat.

We are informed that during 1949-50 the United Kingdom will take about 128,000,000 bushels under the 1946 contract, instead of the specified 140,000,000 bushels, which means that the ECA grant will finance about 69 percent of the 1949-50 United Kingdom purchases of wheat from Canada.

The \$30,000,000 worth of United States wheat, and wheat equivalent in flour, also will be purchased with ECA-grant funds, and will be bought against the United States quota under the International Wheat Agreement. Against that allocation ECA has issued authorizations for \$26,594,000 of wheat and \$3,406,000 of wheat flour.

Available data indicates that a substantial part of the eight to ten million dollars worth of perishables the United Kingdom has agreed to take from the United States will be bought with ECA-grant funds under section 112 (e) of the Economic Cooperation Act. Accordingly, in connection with such purchases the USDA will make available equal amounts of its section 32 funds, doubling the quantities purchasable by the United Kingdom.

Lastly, it may be noted in this connection that as of October 1, 1949, Canada lifted the embargo on the importation of fresh fruits and vegetables from the United States.

BACKGROUND OF THE ARRANGEMENT

The \$175,000,000 ECA grant was arranged at the Anglo-American-Canadian monetary conference, during the summer of 1949, apparently as part of the general agreement there reached to permit a broader use of ECA funds to help alleviate the United Kingdom dollar-deficit situation.³

It is noteworthy that the grant represents a substantial deviation from the estimated 1949-50 ECA program presented to the Senate Committee on Appropriations in June 1949. At that time ECA estimated that it would finance \$11,500,000 worth of United Kingdom wheat purchases during the year, all to be bought from the United States.⁴

Dr. FitzGerald then testified that "ECA will not be financing any wheat from Australia and Canada,"⁵ and Administrator Hoffman stated, "We think it is extremely important, and Dr. FitzGerald can testify more accurately on that than I can, we think it is important that the European countries buy their wheat from the United States."⁶

Apparently at that time ECA contemplated that the United Kingdom would be able to finance its 1949-50 wheat purchases under the 1946 contract with Canada outside the ECA program.

It is pertinent to note therefore that in June 1949 the gold and official dollar assets of the United Kingdom amounted to approximately \$1,650,000,000, compared to \$1,910,000,000 in March 1949,⁷ and the potential commitment under the 1946 contract with Canada (then \$309,000,000) was about 18.1 percent of such holdings.

By the end of September 1949 the United Kingdom gold and dollar holdings declined to \$1,430,000,000,⁸ and the potential commit-

³ Text of the communique issued at the close of the conference appears in the Department of State Bulletin, volume XXI, No. 534, p. 474.

⁴ Hearings on H. R. 4830, p. 385. Because Congress appropriated less than ECA then asked, and in August 1949 the United Kingdom reduced its schedule of dollar imports, the \$11,500,000 for wheat subsequently was eliminated from the ECA program.

⁵ Hearings on H. R. 4830, p. 338.

⁶ Hearings on H. R. 4830, p. 366.

⁷ ECA, Country Data Book, United Kingdom, 1950, Table XI-1.

ment under the 1946 contract, in terms of United States dollars,⁹ then was about 15.9 percent of such holdings.

ALLEVIATION OF UNITED KINGDOM DOLLAR DEFICITS

As indicated the basic argument in support of the \$175,000,000 ECA grant is that it was necessary to alleviate the drain on United Kingdom dollar resources.

Thus Administrator Hoffman has stated:

"The United Kingdom is the traditional and normal outlet for the major portion of wheat exported by Canada. Three years ago these countries entered into an agreement under which the United Kingdom was to purchase 140,000,000 to 160,000,000 bushels of wheat annually from Canada. The quantity of wheat involved for 1949-50, the final year covered by the agreement, is 140,000,000 bushels at an agreed price of \$2 a bushel, in store Fort William. The total dollar f. a. s. cost of the wheat involved for 1949-50 amounts to \$309,000,000.

"You have on several occasions advised us that wheat is a surplus agricultural commodity under the provisions of section 112 (d) of the Foreign Assistance Act of 1948, and it is my understanding that this condition still prevails. Effective with deliveries after the first calendar quarter of 1949, the ECA discontinued authorizing the use of its funds for the purchase of Canadian wheat, and as a consequence, the United Kingdom has been using its free dollar reserves to meet the deficit in its Canadian accounts, a substantial element of which consists of Canadian wheat.

"Recently, there has been a very severe drain on United Kingdom gold and dollar reserves. This drain, if not halted, would quite certainly vitiate the progress toward economic rehabilitation and recovery which the United Kingdom has made and remove all prospects of achieving the objectives of the Foreign Assistance Act, not only in the United Kingdom but in all probability in the other countries participating in the European Recovery Program. It is, therefore, a vital necessity to take all steps possible to end the drain on British gold and dollar reserves.

"In an effort to avoid this grave contingency and to extend such help as is within our power, we propose, under the provisions of the Foreign Assistance Act, to agree in part to the British proposal and authorize the use of \$175,000,000 of ECA grant funds to finance a portion of this year's purchases of Canadian wheat by the United Kingdom."⁹

The extent to which the grant has eased, or will ease, the United Kingdom dollar situation is not measurable with any degree of mathematical precision.

It did not increase the amount of dollars available to the United Kingdom for 1949-50. In effect, the grant released free dollars potentially committed under the 1946 wheat agreement with Canada, and reduced the amount of ECA funds available to the United Kingdom for the purchase of commodities other than wheat by an equal amount.

However, ECA estimates that 1949-50 dollar imports of the United Kingdom will amount to about \$1.4 billion,¹⁰ compared to scheduled dollar imports prior to the August 1949 cut-back amounting to approximately \$1,625,000,000—a reduction of some \$225,000,000.

Starting with the proposition that the United Kingdom could not curtail its 1949-50

⁸ The pound and Canadian dollar were devalued in September 1949. During August and September 1949 the United Kingdom purchased about 24,000,000 bushels of wheat under the 1946 contract.

⁹ Letter to Secretary Brannan; for full text see appendix A.

¹⁰ ECA, Country Data Book, United Kingdom, 1950, table II-1.

¹ ECA Release No. 859, copy of which is attached as Appendix A.

² Copy is attached as Appendix B.

wheat buying, so as to eliminate the quantity purchasable with the \$175,000,000 ECA grant, and is obliged by its 1946 contract to buy the wheat in Canada, there is sound basis for concluding that the grant has been of material assistance in the United Kingdom curtailment of dollar imports.

Insofar as the grant operates to enable the United Kingdom to reduce dollar imports it should be an influential factor in alleviating the drain on United Kingdom dollar resources.¹¹

In this connection, however, it should be noted that at the time the grant was announced Secretary Brannan stated that the United Kingdom agreement to purchase \$30,000,000 of United States wheat was "made possible" by the relief to the United Kingdom dollar position resulting from the grant.¹²

Since the \$30,000,000 purchase will be made with ECA funds, which otherwise would have been available for the purchase of other commodities, that statement implies that such other goods will be bought with free dollars released by the grant. If such other items are not purchased, then there can be no cause-and-effect relationship between the grant and the diversion of \$30,000,000 of ECA grant funds for wheat.

And to the extent that the \$175,000,000 free dollars released by the ECA grant are used to purchase goods which otherwise would have been bought with ECA money, the relief to the United Kingdom dollar situation would not be substantial.

BENEFITS TO UNITED STATES AGRICULTURE

The extent to which the export of United States agricultural exports has been, or will be enhanced by the arrangement is problematical.

The degree to which the lifting of the Canadian embargo on the importation of fresh fruits and vegetables will increase the export of such commodities cannot be accurately measured. Mr. Gustave Burmeister, of the Office of Foreign Agricultural Relations, USDA, points out in a letter that available data is not conclusive largely because of the short periods involved and because of the shifting dates of application and relaxation of the embargo on these commodities.¹³

In addition, it must be noted that Canadian tariffs ranging from 10 percent during the Canadian off-seasons to prohibitive heights during the Canadian fruit and vegetable seasons remain effective.

However, the following tabulations compare exports of fresh fruits and vegetables from the United States to Canada during October and November of the respective years:

Fresh fruits:	
1946-----	\$6,761,000
1947-----	5,118,000
1948-----	3,961,000
1949-----	5,039,000
Fresh vegetables:	
1946-----	\$1,287,000
1947-----	1,569,000
1948-----	701,000
1949-----	1,916,000

Compared to the estimated ECA program of June 1949, which called for the United Kingdom to purchase \$11,500,000 of wheat in the United States, the agreement to take \$30,000,000 worth, or about 15,800,000 bushels (wheat and wheat equivalent in flour), represents a gain of some 9,500,000 bushels for export. However, it is not possible to deter-

¹¹ It may be noted, although the improvement cannot be attributed entirely to the reduction of dollar imports, that by December 1949 United Kingdom gold and official dollar units had increased to about \$1,690,000,000—an increase of approximately \$200,000,000 over September 1949.

¹² Appendix A.

¹³ Text of the letter, with attached tables, is attached hereto as appendix C.

mine the extent to which that purchase will enhance total United States wheat exports.

If Canada, for example, should move the 12,000,000 bushels cut-back from the 1946 contract with the United Kingdom into markets otherwise available to the United States,

in order to meet Canadian export goals for 1949-50, the extent of the gain would be largely nullified.

Relative over-all wheat situations of the United States and Canada are indicated by the tabulation following:¹⁴

	1948-49		1949-50	
	United States	Canada	United States	Canada
1. Stocks start of year-----	186	78	307	101
2. New crop-----	1,314	393	1,146	367
3. Total supply-----	1,512	471	1,454	468
4. Carry-over end of year-----	307	101	1,414	184-94
5. Exports-----	503	232	1,350	1,226-236

¹ Estimated. Later unofficial estimates by U. S. Department of Agriculture indicate a United States carry-over of 450 million bushels on July 1, 1950.

It is noteworthy that while estimates indicate that United States exports for 1949-50 will decline at least one-third from the preceding year, Canadian exports for 1949-50 probably will approximate those of 1948-49. In addition, the estimated Canadian carry-over on August 1, 1950 will probably be less than the preceding one by several million bushels, while the corresponding United States carry-over will be one of the largest in history.

In this connection it is pertinent to note that wheat producers in this country are being subjected to wheat acreage restrictions, with reductions averaging about 14 percent. Canadian farmers, on the other hand, will continue to operate without crop controls, and are expected to seed a near maximum wheat acreage in 1950.

United Kingdom wheat purchases from Canada pursuant to the 1945 contract constitute a large portion of estimated Canadian exports, with the 88,000,000 bushels financed with ECA money accounting for approximately 37 to 39 percent of the estimated exports.

And it also is noteworthy that such purchase constitutes a significant factor in the relative 1945-50 positions of the United States and Canada under the International Wheat Agreement; which, as of the latter part of February 1950, are indicated by the following tabulation:

	United States	Canada
1. Quota (bushels)-----	168,069,635	203,069,635
2. Total sales (bushels)-----	169,015,877	2153,881,722
3. Sales to United Kingdom (bushels)-----	19,834,321	2120,539,869

¹ Confirmed by CCC through Feb. 28, 1950.

² Recorded by Wheat Council through Feb. 24, 1950.

At the time of the \$175,000,000 ECA grant Secretary Brannan expressed the view that if the United Kingdom had been compelled to buy such wheat in the United States the only net result would have been "a compensating shift of Canadian exports to markets which the United States would otherwise supply."¹⁵

Conceding that some disruption of normal markets may have been the result, it is pertinent to note that USDA estimates are that the United States quota under the International Wheat Agreement, for 1945-50, will not be filled.

ECONOMIC COOPERATION ACT

In pertinent part section 112 (d) of the Economic Cooperation Act, as amended, provides that where a surplus agricultural commodity is available in the United States in quantities sufficient to meet the requirements of the participating countries the Administrator, "insofar as practicable and where in furtherance of the purposes of" the statute, shall require that ECA grant fund

purchases of such commodity be made in the United States.¹⁶

In addition, section 102¹⁷ provides that no assistance contemplated by the act "shall seriously impair the economic stability of the United States."

Adopting the premise that the United Kingdom could not eliminate the purchase of the quantity of wheat procurable with the \$175,000,000 ECA grant and that by reason of the 1946 contract was obliged to buy the wheat from Canada, the ECA grant can be justified as permissible under the law.

One of the declared purposes of the statute is to give assistance to further "the restoration or maintenance of the soundness of European currencies, budgets, and finances."¹⁸

From the premise stated, and available data supports the premise, it can be argued that the \$175,000,000 grant properly was designed to alleviate the United Kingdom dollar situation by enabling it to reduce free dollar imports. Furthermore, it can be urged that because of the United Kingdom 1946 contract obligations it would not have been practicable to condition the grant upon the purchase of United States wheat—the alternative to the grant being to force the purchase of Canadian wheat with free dollars—and that no potential market for United States exports was destroyed.

However, it must be noted that domestic wheat surpluses constitute a major economic problem, and that the Canadian 1949-50 wheat situation is relatively more favorable than that of the United States.

Section 112 (d) is intended to foster the maximum use of domestic surpluses compatible with the basic purposes of the law. Accordingly, we have inquired to determine whether at the time the \$175,000,000 grant was arranged the possibility of effectuating a reduction in the United Kingdom's obligation under the 1946 contract with Canada, to permit purchases of United States wheat, was explored.

We are informed that the matter was discussed, but to date we have been unable to determine the extent of the discussion. Therefore, we cannot state what efforts ECA made to effectuate such a program.

There is attached as appendix D hereto a tabulation comparing the estimated ECA food and agriculture program for the United Kingdom, presented to the Senate Appropriations Committee in June 1949, with a current estimate of that program made in March 1950. Wheat purchases from the United States now show an increase of \$18,500,000 from the April 1949 estimates. However, it now appears that during 1949-50 the United Kingdom will take \$119,900,000 less of United States foodstuffs and agricultural commodities than was contemplated

¹⁴ Source: USDA. All figures in millions of bushels.

¹⁵ 22 U. S. C., sec. 1510 (d).

¹⁷ 22 U. S. C., sec. 1501.

¹⁸ Sec. 102; 22 U. S. Code, sec. 1501.

in April 1949, and by reason of the wheat grant will take with ECA funds \$113,600,000 more of Canadian commodities than was contemplated at that time.

In the reshuffle of the United Kingdom's ECA-financed purchases of food and agricultural products, cotton bore the brunt of the reduction necessitated by the Canadian wheat transaction. As is shown in appendix D, the proposed expenditure of \$175,000,000 for United States cotton has been cut back to \$75,500,000 in the latest ECA estimate, a reduction of \$99,500,000. At the same time planned purchases of \$58,500,000 worth of coarse grains such as corn, oats, barley, and grain sorghums were eliminated completely from the United Kingdom's ECA-financed budget.

Appendix E, attached hereto, shows ECA authorizations for various agricultural commodities from the inception of the ECA program through December 31, 1949. Among the commodities tested, which include basic domestic surpluses, wheat and wheat flour are the only ones for which substantial off-shore authorizations have been issued.

APPENDIX A

WASHINGTON, September 15.—The Economic Cooperation Administration agreed today to permit Great Britain to use ECA funds to purchase \$175,000,000 worth of Canadian wheat in an effort to alleviate the critical drain on British gold and dollar holdings.

The agreement came after consultations between ECA Administrator Paul G. Hoffman and Secretary of Agriculture Charles F. Brannan on the British dollar crisis and the effect of the proposed action on the agricultural economy of the United States.

The Secretary said he believed Mr. Hoffman's proposed action was "fully warranted." He has issued the following statement:

"The effect of ECA's decision will be beneficial to United States farmers as a whole, including wheat producers, because it will increase our foreign markets for a number of agricultural products and help to maintain a traditional pattern of international trade with England, Canada, and other countries which has been beneficial and can continue to be beneficial to farmers of this country.

"To wheat farmers it should mean as large, if not a larger market for exportable wheat this year. What ECA has done is help England pay for wheat which they had contracted to take from Canada during the last year of the 4-year British-Canadian wheat pact. However, England has agreed to buy \$30,000,000 of wheat (about 15,000,000 bushels) from the United States which had not been previously planned. This has been made possible by the relief to British dollar resources resulting from Administrator Hoffman's action.

"Under the International Wheat Agreement, Canada has an export quota of about 200,000,000 bushels of wheat. Any sales under the British-Canadian contract count on that quota. If the British were to shift purchases from Canada to the United States this would entitle Canada to claim other outlets under the wheat agreement which we expect and prefer to fulfill.

"Due to the relief being granted by ECA, the U. K. will also buy \$8,000,000 to \$10,000,000 worth of United States perishable surplus agricultural commodities that had not been planned. These purchases will help relieve our growing surplus of these commodities.

"Finally, Canada will reexamine restrictions on import of fruits and vegetables with the view of giving relief where possible from restrictions that are especially burdensome to United States producers.

"In the final analysis, the action taken by Administrator Hoffman, which I believe was fully warranted under the circumstances, will enhance our export marketing not only

for the American wheat farmer but for the entire agricultural economy."

Since March 1949 ECA has not financed the purchase of wheat from any source other than the United States. As a result, Great Britain has been spending its free dollar reserves to meet the deficit in its Canadian accounts, a substantial element which consists of Canadian wheat.

The ECA action permits Marshall plan financing for a little more than half of the \$309,000,000 worth of wheat which Great Britain will purchase from Canada during the current fiscal year under British-Canadian wheat-buying programs.

Greater flexibility in the use of Marshall plan dollars by Great Britain was one of seven measures adopted during the Anglo-American-Canadian monetary conference to relieve the British dollar crisis.

In addition to authorizing the use of ECA funds to pay for part of the United Kingdom's Canadian wheat purchases, ECA also agreed to finance certain "vessel disbursements" by the United Kingdom which were heretofore ineligible for ECA payment. The vessel disbursements are for bunker fuel purchases which require payment in dollars and port and harbor expenses which can be documented. They amount to about \$30,000,000.

ECA said it is exploring the possibility of making other nonagricultural commodities and services, which are causing a drain on Britain's dollar reserves, eligible for ECA financing. ECA emphasized that while the agreements broaden the use of Marshall plan dollars they do not increase the amount of dollar aid for the United Kingdom.

Administrator Hoffman and Secretary Brannan, in an exchange of letters concerning the proposal to finance a portion of the British purchases of Canadian wheat, agreed on the importance of checking the drain on British dollar holdings.

"Recently, there has been a very severe drain on United Kingdom gold and dollar reserves", Mr. Hoffman said. "This drain, if not halted, would quite certainly vitiate the progress toward economic rehabilitation and recovery which the United Kingdom has made and remove all prospects of achieving the objectives of the Foreign Assistance Act, not only in the United Kingdom but in all probability in the other countries participating in the European recovery program."

Secretary Brannan, in reply to Hoffman, said the interest of his Department centers about the effect of the proposed action on the agricultural economy of the United States.

"We believe, as stated in your letter, that the financing by ECA of a portion of the wheat moving under the United Kingdom-Canada agreement will not diminish the over-all exports of United States wheat but may even result in a slight increase, and, in view of the other measures which you point out will be taken, the proposed action will facilitate an increase of United States exports of other agricultural commodities to Canada and the United Kingdom," Mr. Brannan said. "The Department's statutory responsibility in this matter is to determine whether our supply of wheat is in excess of domestic requirements. The determination that such a surplus exists presents a situation for the consideration by you of your discretionary authority under the Foreign Assistance Act. The combination of the circumstances recited in your letter and in this response we believe fully warrants the action which you propose to take in facilitating the purchase by the United Kingdom of Canadian wheat."

Mr. Hoffman said that as a part of the general arrangements the United Kingdom has agreed to purchase directly from the United States about \$30,000,000 worth of United States wheat. In addition, the United Kingdom has agreed to purchase eight to ten mil-

lion dollars' worth of perishable surplus agricultural commodities in the United States.

During the discussions leading to the decision to finance with ECA funds a portion of the United Kingdom purchases of Canadian wheat, the Canadian Government reaffirmed its policy to keep under constant review its restrictions on the import into Canada of United States fruits and vegetables. It is understood that in the process special consideration will be given to those instances where such restrictions are especially burdensome to United States producers.

Copies of the Hoffman and Brannan letters are attached.

ECONOMIC COOPERATION

ADMINISTRATION,

Washington, D. C., September 13, 1949.

Hon. CHARLES F. BRANNAN,
Secretary of Agriculture,
Washington, D. C.

DEAR MR. SECRETARY: As you know, one of the measures proposed by the United Kingdom during the three-power financial conferences was the financing with Economic Cooperation Administration grant funds of the British requirements for wheat from Canada.

The facts, with which you are familiar, are these:

The United Kingdom is the traditional and normal outlet for the major portion of wheat exported by Canada. Three years ago these countries entered into an agreement under which the United Kingdom was to purchase 140 to 160 million bushels of wheat annually from Canada. The quantity of wheat involved for 1949-50, the final year covered by the agreement, is 140,000,000 bushels at an agreed price of \$2 a bushel, in store Port William. The total dollar f. a. s. cost of the wheat involved for 1949-50 amounts to \$309,000,000.

You have on several occasions advised us that wheat is a surplus agricultural commodity under the provisions of section 112 (d) of the Foreign Assistance Act of 1948, and it is my understanding that this condition still prevails. Effective with deliveries after the first calendar quarter of 1949, the ECA discontinued authorizing the use of its funds for the purchase of Canadian wheat, and as a consequence, the United Kingdom has been using its free dollar reserves to meet the deficit in its Canadian accounts, a substantial element of which consists of Canadian wheat.

Recently, there has been a very severe drain on United Kingdom gold and dollar reserves. This drain, if not halted, would quite certainly vitiate the progress toward economic rehabilitation and recovery which the United Kingdom has made and remove all prospects of achieving the objectives of the Foreign Assistance Act, not only in the United Kingdom but in all probability in the other countries participating in the European Recovery program. It is, therefore, a vital necessity to take all steps possible to end the drain on British gold and dollar reserves.

In an effort to avoid this grave contingency and to extend such help as is within our power, we propose, under the provisions of the Foreign Assistance Act, to agree in part to the British proposal and authorize the use of \$175,000,000 of ECA grant funds to finance a portion of this year's purchases of Canadian wheat by the United Kingdom. Aside from the vital importance of such action to European recovery, we believe that the proposed action is also in the interests of agricultural producers in this country in that it will not result in any over-all decrease in United States wheat exports and will facilitate additional exports of other agricultural commodities, both to Canada and the United Kingdom.

As part of the general arrangements under which it is proposed that ECA funds be used to finance part of the U. K. purchases of Canadian wheat, the United Kingdom has agreed to purchase directly from the United States some \$30,000,000 worth of United States wheat. Consequently, net exports of United States wheat may be slightly larger as a result of the proposed action. Furthermore, the United Kingdom has agreed to purchase \$8,000,000 to \$10,000,000 worth of perishable surplus agricultural commodities in the United States. Without the contribution which the financing of \$175,000,000 worth of Canadian wheat will make to the British dollar position, it would be difficult, if not impossible, for the United Kingdom to purchase these commodities.

The Canadian Government reaffirmed its policy to keep under constant review its restrictions on the import into Canada of fruits and vegetables from the United States. It is my understanding that in reviewing these restrictions the Canadian Government will give special consideration to those instances where the import restrictions are especially burdensome to United States producers.

In view of the above considerations, it will be appreciated if you would advise us whether you have any objection to the proposed ECA financing of the purchase by the United Kingdom of \$175,000,000 worth of Canadian wheat during the current fiscal year.

Sincerely yours,

PAUL G. HOFFMAN,
Administrator.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., September 14, 1949.
Hon. PAUL G. HOFFMAN,
Administrator, Economic Cooperation
Administration, Washington, D. C.

DEAR MR. HOFFMAN: This is in reference to your letter of September 13, 1949, in which you discuss the proposal that the Economic Cooperation Administration authorize the use of \$175,000,000 of grant funds to finance purchases of approximately 80,000,000 bushels of wheat by the United Kingdom from Canada during the year 1949-50.

You are correct in your understanding that wheat at this time is surplus to our domestic requirements and, therefore, is a surplus agricultural commodity under the provisions of section 112 (d) of the Foreign Assistance Act. Your letter, however, sets forth the disruptive effect upon the economic recovery of the participating nations that would flow from a failure to adopt the proposal. You propose, therefore, to exercise your authority under the act to arrange for the financing referred to above, and you request our comments on the proposed action.

We are, of course, familiar with the importance of the proposal to the furtherance of European recovery; however, the interest of this Department naturally centers about the effect of the proposed action on the agricultural economy of this country.

As you state, Great Britain is a traditional outlet for much of Canada's wheat and is under agreement with Canada covering purchases of one hundred and forty to one hundred and sixty million bushels annually. The failure by the United Kingdom to take

the 80,000,000 bushels from Canada would result in a very large Canadian excess. Canada would, of necessity, be forced to use every means at its command, including price reductions, to dispose of these stocks in other markets, which would be largely those now supplied in whole or in part by the United States. Moreover, as an exporting country under the International Wheat Agreement, Canada, like the United States, is assured of a market for its guaranteed sales of wheat. These purchases by the United Kingdom would be chargeable to the guaranteed sales of the exporting country. If the United States were to sell any part of this quantity of wheat under question to the United Kingdom, Canada would, therefore, have the right to sell a similar quantity to other importing countries under the International Wheat Agreement. Many of these other countries are our traditional markets which we desire to retain.

Thus, the only net result of a switch from Canada to the United States of any sizable portion of the United Kingdom requirements for wheat would be a compensating shift of Canadian exports to markets which the United States would otherwise supply. There would, in consequence, be no net advantage to American wheat producers.

We believe, as stated in your letter, that the financing by ECA of a portion of the wheat moving under the United Kingdom-Canada agreement will not diminish the over-all exports of United States wheat but may even result in a slight increase, and, in view of the other measures which you point out will be taken, the proposed action will facilitate an increase of United States exports of other agricultural commodities to Canada and the United Kingdom. It is observed also that, as part of the general arrangements, the United Kingdom has agreed to purchase directly from the United States some \$30,000,000 worth of our wheat and also to purchase from the United States from \$8,000,000 to \$10,000,000 worth of perishable agricultural commodities.

The Department's statutory responsibility in this matter is to determine whether our supply of wheat is in excess of domestic requirements. The determination that such a surplus exists presents a situation for the consideration by you of your discretionary authority under the Foreign Assistance Act. The combination of the circumstances recited in your letter and in this response we believe fully warrants the action which you propose to take in facilitating the purchase by the United Kingdom of Canadian wheat.

Sincerely yours,

CHARLES F. BRANNAN,
Secretary.

APPENDIX B

The Government of Canada and the Government of the United Kingdom, recognizing that their mutual interest in the maintenance of reasonable prices and adequate supplies of wheat for consumers and of steady and remunerative prices for producers can best be met by international cooperation in the expansion of world trade and employment, have entered into the following arrangements designed to insure a measure of security in the supply of stability in the price of wheat supplied by Canada to the United Kingdom:

1. (a) The United Kingdom Government undertakes to purchase and the Canadian Government undertakes to sell the following quantities of Canadian wheat, which quantities include wheat to be processed into flour for sale to the United Kingdom Government—

- (i) within the crop year 1946-47, 160,000,000 bushels;
- (ii) within the crop year 1947-48, 160,000,000 bushels;
- (iii) within the crop year 1948-49, 140,000,000 bushels; and
- (iv) within the crop year 1949-50, 140,000,000 bushels.

A bushel shall be of the weight of 60 pounds avoirdupois.

(b) In the event of the United Kingdom requiring from Canada any additional quantities of wheat that the Canadian Government is prepared to make available, such additional quantities which the Canadian Government offers and the United Kingdom Government accepts shall in all respects be subject to the provisions of this agreement.

(c) Of the total quantity of wheat specified above for each crop year, the United Kingdom Government agrees to take the following quantity in long tons in the form of flour:

1946-47: 500,000 tons as a minimum, with an additional quantity not exceeding 140,000 tons to be determined by negotiations in the light of the out-turn of the crop.

1947-48: 400,000 tons as a minimum, with an additional quantity not exceeding 140,000 tons to be determined by negotiations in the light of the out-turn of the crop.

1948-49: 300,000 tons as a minimum, the actual tonnage to be negotiated by July 1, 1947.

1949-50: 300,000 tons as a minimum, the actual tonnage to be negotiated by July 1, 1948.

(d) The rate and place of deliveries of wheat and flour shall be determined from time to time by mutual agreement.

2. (a) The price per bushel to be paid by the United Kingdom Government to the Canadian Government, on the basis No. 1 Manitoba Northern, in store Fort William, Port Arthur, Vancouver, or Churchill, shall be as follows:

(i) In respect of wheat bought and sold in the crop year 1946-47, \$1.55.

(ii) In respect of wheat bought and sold in the crop year 1947-48, \$1.55.

(iii) In respect of wheat bought and sold in the crop year 1948-49, not less than \$1.25.

(iv) In respect of wheat bought and sold in the crop year 1949-50, not less than \$1.00.

(b) The actual prices to be paid for wheat to be bought and sold within the crop year 1948-49 shall be negotiated and settled between the United Kingdom Government and the Canadian Government not later than December 31, 1947, and prices for wheat to be bought and sold within the crop year 1949-50 shall be negotiated and settled not later than December 31, 1948. In determining the prices for these two crop years, 1948-49 and 1949-50, the United Kingdom Government will have regard to any difference between the prices paid under this Agreement in the 1946-47 and 1947-48 crop years and the world prices for wheat in the 1946-47 and 1947-48 crop years.

(c) The prices to be paid for grades other than No. 1 Manitoba Northern to be delivered under this agreement shall be determined yearly in consultation between the United Kingdom Government and the Canadian Government.

(d) In addition to the prices detailed in section (a) of this article, the United Kingdom Government undertakes to pay such carrying and forwarding charges as may be mutually arranged.

(e) Payment shall be made in full in Canadian funds at par Winnipeg by the United Kingdom Payments Office against presentation of completed statements of claim or otherwise as may be mutually agreed.

3. It is agreed that the United Kingdom Government may sell or dispose of the wheat and flour purchased under this agreement in whatsoever manner the United Kingdom Government may deem expedient both in regard to destination and price.

4. (a) The Canadian Government will use its best endeavors to arrange that the quantities of wheat set out in article 1 (a) shall at all times be available and at the disposal of the United Kingdom Government within the stipulated dates and in accordance with the rates and places of delivery determined under section (d) of article 1 of this agreement.

(b) The United Kingdom Government will use its best endeavors to arrange for the provision of the required ocean tonnage within the stipulated dates and in accordance with the rates and places of delivery determined under section (d) of article 1 of this agreement.

5. It is agreed that the detailed terms and conditions relating to such matters as carrying and forwarding charges, grades, routing of shipments and all other matters incidental to the fulfillment of this agreement shall be discussed and settled from time to time and incorporated in documents to form annexures to this agreement.

6. It is mutually understood that matters arising from, or incidental to, the operation of this agreement may at the instance of either party become subjects of discussion between the parties to this agreement.

7. Having in mind the general purposes which this agreement is designed to serve, the two governments have agreed that its terms and conditions shall be subject to any modification or amendment which may be necessary to bring it into conformity with any international agreements or arrangements hereafter entered into to which both governments are parties.

Done in duplicate, in Ottawa, on the 24th day of July 1946.

For the Government of Canada:

JAS. A. MACKINNON.

For the Government of the United Kingdom:

P. A. CLUTTERBUCK.

APPENDIX C
UNITED STATES
DEPARTMENT OF AGRICULTURE,
OFFICE OF FOREIGN
AGRICULTURAL RELATIONS,
Washington, D. C.

Mr. R. S. NELSON,
Senate Agriculture Committee,
United States Senate.

DEAR MR. NELSON: Reference is made to your telephone request concerning the quantity and value of fresh fruit and vegetable imports into Canada during the last quarter of 1949 as compared with previous corresponding periods.

As I told you on the telephone, the December figures are not available at this time so we have included only data for October and November of each year—1946-49. These data are not too suitable for the purpose for which they are intended largely because of the short periods involved and because of the shifting dates of application and relaxation of the embargo on these commodities. For instance, the embargo on many of these fruits and vegetables first became effective on November 18, 1947; it was relaxed on certain items in November and December 1948, and on all of them in October 1949. Also apples, citrus fruits, onions, and potatoes were put under a quota provision with the quotas changing from time to time. Nevertheless the data show an improvement somewhat in 1949 over that of the two previous comparable periods but in the case of fruits was less than in 1946.

For your information, I am including another set of tables including information on trade in general with Canada and some details on fruits and vegetables on an annual basis.

Very truly yours,

GUSTAVE BURMEISTER,
Head, Division of Fruits, Vegetables, and Sugar.

Canada: Imports of fresh fruit from the United States, quantity and value, October and November, specified year

Commodity	1946	1947	1948	1949
QUANTITY				
	Thous. of lbs.	Thous. of lbs.	Thous. of lbs.	Thous. of lbs.
Apples.....Pounds.....	1	6	332	
Apricots.....do.....	8	11	13	
Cherries.....do.....	0			
Grapefruit.....do.....	18,790	15,186	18,518	10,105
Grapes.....do.....	25,227	26,040	25,102	40,236
Lemons.....Boxes.....	65	71	32	25
Muskmelons.....do.....	291	328		1,218
Melons.....Number.....	2	1		25
Oranges.....Boxes.....	646	670	630	522
Peaches.....Pounds.....	0	8,077		49
Pears.....do.....	3,277	5,281		1,832
Pineapple.....Crate.....	(1)	(1)		1
Plums.....Pounds.....	45	717		260
Cranberries.....do.....	1,827	1,702	1	2,731
Raspberries.....do.....				
Strawberries.....do.....				5

Footnote at end of tables.

Canada: Imports of fresh fruit from the United States, quantity and value, October and November, specified year—Continued

Commodity	1946	1947	1948	1949
VALUE				
	Thous. of dol.	Thous. of dol.	Thous. of dol.	Thous. of dol.
Apples.....	(1)	(1)		12
Apricots.....	(1)	1		1
Cherries.....	0			
Grapefruit.....	676	472	413	498
Grapes.....	2,124	1,321	1,426	1,963
Lemons.....	402	398	190	204
Muskmelons.....	13	16		62
Melons.....	1	(1)		7
Oranges.....	2,863	1,941	1,932	1,820
Peaches.....		300		3
Pears.....	187	235		96
Pineapple.....	(1)	1		4
Plums.....	3	36		16
Cranberries.....	492	397	(1)	353
Raspberries.....				
Strawberries.....				1
Total.....	6,761	5,118	3,961	5,039

Canada: Imports of fresh vegetables from the United States, quantity and value, October and November, specified years

Commodity	1946	1947	1948	1949
QUANTITY				
	Thous. of lbs.	Thous. of lbs.	Thous. of lbs.	Thous. of lbs.
Asparagus.....	852	491		5
Beans, green.....	0			883
Beets, except sugar.....	45	5		136
Cabbage.....	207	80		7
Carrots.....	736	501		1,927
Cauliflower.....	12	351		787
Celery.....	360	158		454
Cucumbers.....	9,625	10,783	7,579	887
Lettuce.....	632	(1)		8,945
Mushrooms.....	969	208	311	(1)
Onions.....	33	96		2,593
Peas.....				43
Potatoes:				
Sweet.....	3,219	2,985	123	4,964
White.....	358	184		451
Spinach.....	176	278	3	287
Tomatoes.....	8,432	11,112	6,116	8,682
Others.....	815	856	1	1,289
VALUE				
	Thous. of dol.	Thous. of dol.	Thous. of dol.	Thous. of dol.
Asparagus.....	(1)			1
Beans, green.....	84	54		72
Beets, except sugar.....	0			2
Cabbage.....	1	(1)		(1)
Carrots.....	4	4		32
Cauliflower.....	25	19		30
Celery.....	1	21		18
Cucumbers.....	28	19		53
Lettuce.....	360	431	256	497
Mushrooms.....	6	1		(1)
Onions.....	28	13	8	114
Peas.....	5	11		5
Potatoes:				
Sweet.....	159	143	5	270
White.....	4	6		11
Spinach.....	7	22	(1)	19
Tomatoes.....	512	769	432	675
Others.....	63	56	(1)	117
Total.....	1,287	1,569	701	1,916

¹ Less than 500.

Compiled from Trade of Canada.

APPENDIX D

ECA program for United Kingdom—Food and agriculture: 1949-50

[Millions of dollars]

Commodity	Estimated, April 1949 ¹				Estimated, March 1950			
	Total	United States ²	Canada ²	Latin America and Philippines ²	Total	United States ²	Canada ²	Latin America and Philippines ²
Food, total.....	147.0	38.5	73.5	35.0	265.3	33.8	187.1	44.4
Bread grain.....	11.5	11.5			205.0	30.0	175.0	
Fats and oils.....								
Sugar.....	35.0			35.0	44.4			44.4
Meats.....	57.6		57.6		12.1		12.1	
Dairy products.....	31.5	15.6	15.9					
Other foods.....	11.4	11.4			3.8	3.8		

Footnotes at end of table.

ECA program for United Kingdom—Food and agriculture, 1949-50—Continued

[Millions of dollars]

Commodity	Estimated, April 1949 ¹				Estimated, March 1950			
	Total	United States ²	Canada ²	Latin America and Philippines ²	Total	United States ²	Canada ²	Latin America and Philippines ²
Feed and fertilizer, total.....	59.6	59.6			.6	0.6		
Coarse grains.....	58.5	58.5						
Protein feeds.....								
Fertilizer.....	1.1	1.1			.6	.6		
Natural fibers, total.....	172.0	172.0			81.0	79.4		1.6
Cotton.....	172.0	172.0			75.5	75.5		
Wool.....					5.5	3.9		1.6
Other.....								
Tobacco.....	45.9	45.9			85.7	85.7		
Other agricultural commodities.....	9.0	9.0			5.6	5.6		
Total.....	433.5	325.0	73.5	35.0	438.2	205.1	187.1	46.0
Changes from April estimate.....					+4.7	-119.9	+113.6	+11.0

¹ Estimate presented to Senate Appropriations Committee, June 1949.² Countries of origin.

Source: Economic Cooperation Administration.

APPENDIX E

ECA procurement authorizations

[Millions of dollars]

Commodity	1948		1949							
	Apr. 3 to Dec. 31		Jan. 1 to Apr. 2		Apr. 3 to June 30		July 1 to Sept. 30		Oct. 1 to Dec. 31	
	Total	United States	Total	United States	Total	United States	Total	United States	Total	United States
Coarse grains.....	89.2	81.8	43.8	43.7	19.3	19.3	43.8	43.8	57.8	57.8
Corn.....	58.2	58.2	34.0	34.0	12.8	12.8	27.8	27.8	45.3	45.3
Other.....	31.0	23.5	9.8	9.7	6.5	6.5	16.0	16.1	12.5	12.5
Dairy products.....	70.3	60.0	11.6	11.6	39.9	39.9	-13.6	-13.6	3.0	3.0
Cheese.....	41.4	31.2	9.4	9.4	38.5	38.5	-15.8	-15.8	.4	.4
Other.....	28.9	28.8	2.2	2.2	1.4	1.4	2.2	2.2	2.6	2.6
Cotton.....	285.4	285.1	106.9	106.9	150.1	150.1	134.6	134.6	184.3	184.3
Tobacco.....	106.4	102.3	18.3	17.7	16.9	16.9	107.4	107.4	20.6	20.6
Wheat.....	548.1	343.5	112.6	61.4	79.6	79.6	85.3	45.3	89.0	30.3
Wheat flour.....	169.6	120.4	25.4	15.7	12.1	12.1	12.6	2.5	8.1	7.0

Totals—Apr. 3, 1948, to Dec. 31, 1949

[Millions of dollars]

Commodity	Total	United States	Column 3 as percent of column 2
(1)	(2)	(3)	(4)
Coarse grains.....	254.0	246.5	97.8
Dairy products.....	111.2	100.9	90.7
Cotton.....	861.3	861.0	99.9
Tobacco.....	269.6	284.9	98.2
Wheat.....	914.6	560.1	61.2
Wheat flour.....	227.8	157.7	69.2

Source: ECA reports to Congress and ECA Procurement Authorizations, Dec. 31, 1949.

COMMUNIST OUTRAGES IN GUATEMALA

Mr. WILEY. Mr. President, this afternoon when some remarks were made in relation to the possibility of a bipartisan foreign policy, I was reminded of the fact that distant pastures always look greener. Paraphrasing that expression, I might say that possibly redder pastures appear in the distance in Europe and in China. I want to call attention to the fact that right on this continent we have a red pasture.

Mr. President, throughout my period in the United States Senate, I have em-

phasized my firm belief in our closely adhering to the American system of separation of powers and checks and balances. I believe, for example, that in the field of foreign policy, the direction and execution of that policy is the jurisdiction of the executive branch through our President and his Secretary of State. I have never attempted to interfere within that jurisdiction. I have, however, sought to fulfill the constitutional mandate for Congress to advise and consent in the formulation of foreign policy.

I mention this matter now because I think that it is particularly important in view of the present melee over this issue of bipartisan foreign policy. With charges and countercharges filling the air, it is essential, I believe, that those of us who are deeply concerned with obtaining an effective, strong, foreign policy should take action leading to a meeting of the minds on this question. I believe that for a bipartisan foreign policy to be truly bipartisan, the suggestions of the members of the minority should earnestly be considered and evaluated. It is with these thoughts in the background that I should like to submit

the following statement in relation to a situation nearby that calls for consultation. Perhaps this might provide an open sesame for this consultation process.

Mr. President, I refer to a series of disgraceful actions prompted by Communists in Guatemala—actions which I believe constitute a grave affront to the American Government and a critical threat to pan-American unity. As a member of the Senate Foreign Relations Committee, I protest, therefore, with all the vigor at my command against the following:

RED REQUEST FOR UNITED STATES AMBASSADOR'S RECALL OUTRAGEOUS

First. The outrageous request of the Guatemalan Government to the United States for the removal of American Ambassador Richard C. Patterson, Jr., on the completely phony and trumped-up ground of interference in the domestic affairs of that country. This charge is, of course, completely groundless and is simply a part of the over-all Red smear campaign against North American, Wall Street imperialism carried on by the Reds of Guatemala and other Latin American countries. If we dare to so

high that they should drive our Government to bargain with the Communist Government of China.

Senators must remember that we are supposed to be fighting a cold war against Communists. Senators have heard debate on the floor of the Senate today in which it was stated that the purpose of the Marshall plan was to stop communism.

The April 1, 1950, report of grain stocks on farms, issued by the Department of Agriculture, reveals that there were 44,014,000 bushels of soybeans in the hands of American farmers on that date. This compares with the 1939-48 average of only 34,952,000 bushels of soybeans on the farms as of April 1.

From this it would seem to me that our export commitments could well be filled from American stocks even though its does mean paying the farmer a price somewhat above the official parity.

Farmers are being forced to market so many of their commodities at below parity prices today that it would not be out of place to pay them a little more than parity for one crop. My own State of Indiana is the second largest producer of soybeans. Indiana and Illinois together produce roughly one-half of all the soybeans grown commercially in the United States.

I am moved to wonder what nimble-brain in the State Department hatched this Manchurian soybean deal.

Who conceived this newest method of "stopping communism" by doing business with the Reds themselves?

Is this the first step down the road toward full resumption of trade relations with Red China and eventual recognition of the Red regime? Or are we undertaking a policy of strengthening the Communist government in China by underwriting trade deals designed to starve the people into submission?

Perhaps these are questions which might well be investigated by the Foreign Relations Subcommittee which is now studying Communist influence in the State Department.

I cannot bring myself to believe that this Manchurian soybean deal was conceived by anyone who has the real interests of the United States Government or the welfare of the American farmer at heart.

I believe it should be disavowed at once by responsible officials of the State and Agriculture Departments.

ATTITUDE OF EXECUTIVES OF MOTION PICTURE INDUSTRY

Mr. McCARTHY obtained the floor.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. LONG in the chair). Does the Senator from Wisconsin yield to the Senator from Colorado?

Mr. McCARTHY. I yield.

Mr. JOHNSON of Colorado. Mr. President, last night, on their invitation, I conferred with the executives of the leading corporations in the motion picture industry. They convinced me that my deep convictions respecting the harm

to the American people involved in the exploitation of the immorality of motion-picture performers are shared by them. Those executives, individually and collectively, emphatically assured me of their grave concern and of their well-considered plans to deal with this problem through the adoption of a stringent amendment to their advertising code—an amendment which, they contend, would effectively prevent exploitation in motion picture advertising of misconduct of performers. I readily concede the positive need for additional time, since that problem is greatly involved. To permit that to be done voluntarily and effectively, I am announcing the postponement of the hearings scheduled for May 15 before our committee. I am also requesting the return to Washington of Judge Stephen S. Jackson, special consultant for the committee, who presently is in Hollywood.

Since in recent weeks I have not hesitated to state bluntly that the industry had failed in an important respect, I hope I may soon have the pleasure of commending it heartily for taking an important and far-reaching forward step in the public interest.

Those who were present at last night's meeting, and upon whose integrity and assurances I am relying in good faith, included Messrs. Barney Balaban, president, Paramount Pictures; Theodore Black, vice president, Republic Pictures; Nate Blumberg, president, Universal Pictures; Jack Cohn, vice president, Columbia Pictures; Ned Depinet, president, RKO-Radio Pictures; Joseph H. Hazen, president, Wallace-Hazen Productions; Nicholas M. Schenck, president, Loew's Inc.; Spyros P. Skouras, president, Twentieth Century Fox Film Corp.; Maj. Albert Warner, vice president, Warner Bros. Pictures; J. Robert Rubin, vice president, Loew's, Inc.; Eric Johnston, president, Motion Pictures Association; Joseph I. Breen and Francis Harmon, vice presidents, Motion Picture Association; and Joyce O'Hara, of the Motion Picture Association. Mr. Edward Cooper, of the committee staff, accompanied me to the meeting.

I should like to commend Eric Johnston, of the association, for his sincere and enthusiastic efforts in this entire matter. In fairness to Mr. Johnston, I now believe that I did him an injustice some weeks ago, when—in castigating the industry for its laxity in the matter of exploitation of immorality—I suggested that he had the power to prevent such evils. As the president of the Association, he has been and is a wholesome influence for common sense and decency. Yet he does not have the authority usually vested in a czar. I wish he had that power. I hope it may be imposed upon him soon.

I thank the Senator from Wisconsin for yielding to me.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

The PRESIDING OFFICER. The Senator from Wisconsin [Mr. McCARTHY] has the floor.

Mr. HENDRICKSON. Mr. President, will the Senator yield?

Mr. McCARTHY. If I may have unanimous consent to yield and not to lose the floor.

The PRESIDING OFFICER (Mr. LONG in the chair). Without objection, it is so ordered.

Mr. HENDRICKSON. Mr. President, the course we follow in respect to the pending business before the Senate—I refer, of course, to ECA and the several amendments which have been offered thereto—concededly is of great importance to the world, but it is of vital importance to American labor and industry.

Today I received from my distinguished colleague, the senior Senator from New Jersey, a brief statement which includes two exchanges of correspondence; one between Mr. Julius G. Forstmann, president of the Fortsmann Woolen Co., of Passaic, N. J., and Mr. Paul Hoffman, ECA Administrator; the second between Charles F. H. Johnson, president of Botany Mills, Inc., of Passaic, N. J., and Mr. William C. Foster, Deputy Administrator of ECA, all of which treats with the problems which confront American manufacturers in exporting dollar goods to Europe in the face of European dollar shortages.

Although time has permitted me only a cursory examination of this correspondence, I am convinced that its careful study by the Members of this body before the debates on ECA are concluded will prove to be extremely helpful and will make a distinct contribution to the discussions on those phases of the matter which relate to the domestic impacts of this program.

I, therefore, ask unanimous consent that the statement of the senior Senator from New Jersey, and all of the correspondence referred to therein, be inserted in the body of the record at this point in my remarks.

In my own behalf, I would like specifically to state that contrary to the views of my distinguished colleague, I am inclined to concur with the arguments set forth in Mr. Forstmann's letter of April 12, 1950.

There being no objection, the statement and the correspondence were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR H. ALEXANDER SMITH

Mr. President during the consideration of the pending bill to extend the ECA program through the fiscal year 1951 it seems to me important that we should have as complete a record as possible of the problems involved in this important undertaking.

In this connection I should like to make available to the Senate two exchanges of letters which I have had. The first was with Mr. Julius G. Forstmann, president of the Forstman Woolen Co., of Passaic, N. J., and with Mr. Paul Hoffman, Administrator of the ECA. This correspondence deals with the effect of the ECA operations on our foreign trade, and especially with the question of increasing imports of European goods into the United States as one approach to the

problem of reducing the so-called dollar gap. The second exchange of letters was with Col. Charles F. H. Johnson, president of the Botany Mills, Inc., of Passaic, N. J., and with Mr. William Foster, Deputy Administrator of the ECA. This correspondence deals with what may be called the other face of the coin—namely, the difficulty which American manufacturers find in exporting dollar goods to Europe in the face of the European dollar shortage.

This correspondence is so illuminating and so important that I ask unanimous consent that the letters in question be printed in full in the body of the RECORD as a part of my remarks.

The first letter is dated February 28, 1950, and is addressed to me by Mr. Forstmann:

FORSTMANN WOOLEN CO.,
Passaic, N. J., February 28, 1950.

The Honorable H. ALEXANDER SMITH,
Senate Office Building,
Washington, D. C.

DEAR SENATOR SMITH: I have been very much disturbed, as I am sure you must be, to read in recent newspaper articles about the comments made by Mr. Paul Hoffman of the ECA in his testimony before the Senate Foreign Relations Committee.

Mr. Hoffman, who presumably spoke not only for himself, but for the Administration, stated in essence that in order to bolster the economic stability of various European nations, we would have to accept a vastly increased volume of imports in this country. If in this process any domestic industry suffered such competition from low labor cost countries as to be unable to survive, the employees of such stricken industries should go temporarily on Government relief, while everyone in the industry, from top management to unskilled labor, should undergo an integrated course of instruction to fit them for taking up some entire new line of business.

While Mr. Hoffman was making these far-reaching remarks, Secretary of State Acheson indicated in the public press that if domestic industries were injured by greatly increased foreign competition, such local industries should be in effect subsidized by the Government at the taxpayer's expense. This, of course, would inevitably impose Government control on the recipients of Government bounty.

I need hardly tell you how disturbing such a philosophy of economics is to American management, who are doing their very best to keep up the volume of production and the fullest degree of employment possible. Those responsible for company policy are hardly encouraged to move ahead with plant modernization programs and other forward looking steps if the Administration announces in so many words that entire industries may be sacrificed for the sake of gaining increased imports.

I believe, as I know you do, that our country and our people have certain international obligations, but I also firmly believe that the only way in which we can properly assume the responsibilities of world leadership that have been thrust upon us is for us to make sure that we are secure at home both economically and in every other sense. This can only be done if industry is encouraged to keep up production and employment.

I am troubling you with this letter because I feel that all of us who have the well-being and security of our country at heart must watch with increasing care the trend of the Administration's thinking to which I have referred.

At your convenience, I would be happy to learn of your own personal reaction along these lines, especially since this problem is of such importance to a highly industrialized State such as New Jersey.

Thanking you for your kind consideration, I am,

Very sincerely yours,
JULIUS G. FORSTMANN,
President.

I immediately forwarded this letter to Mr. Hoffman, and under date of March 21, Mr. Hoffman replied to me as follows:

ECONOMIC COOPERATION ADMINISTRATION,
Washington, D. C., March 21, 1950.

Hon. H. ALEXANDER SMITH,
United States Senate,
Washington, D. C.

DEAR SENATOR SMITH: Thank you for sending me a copy of Mr. Julius Forstmann's letter of February 28. The questions which he raises are important and I welcome the opportunity to clarify further the position of the ECA with respect to imports from Europe.

We recognize that expanding imports from Europe will affect certain groups in the United States favorably, other groups unfavorably. However, before discussing the effect of imports on special groups, I should like to call attention to the extent to which the interests of all the citizens of the United States are involved in achieving a balanced trade between the United States and Europe at a reasonably high level.

There has been a lack of balance in trade between the United States and western Europe for a long time. As might be expected, that lack of balance was aggravated by World War II. Trade was still badly out of balance in 1948, the first year of ECA's operation, with exports of goods and services from the United States to western Europe amounting to \$5,600,000,000, imports into the United States to \$1,700,000,000. It is out of balance in the current fiscal year, with exports at \$4,500,000,000, and imports at \$1,600,000,000. In addition, western Europe has to import more goods from Canada and Latin America than it exports to them. One other element in the situation is the trade between the dependencies of the European countries and the Western Hemisphere but this trade is approximately in balance. The deficit between the imports of goods and services for dollars into western Europe and the exports of goods and services from western Europe to the dollar area is the familiar dollar gap. The Congress has assigned to ECA among other responsibilities bringing that gap down to manageable proportions prior to the termination of ECA activities in 1952.

There are only two sound ways of closing Europe's dollar gap. They are by reducing requirements for dollar imports through building up economical sources of supply in Europe itself and in other nondollar areas; and by increasing Europe's dollar earnings through direct and triangular trade. This means, of course, that we must sell less and to buy more from Europe. There is little appeal in such a program, but if we do not sell less and buy more, we must either continue our aid or see the European economy placed in grave danger, which, in turn, would seriously endanger our own prosperity and security.

The dollar gap could, of course, be closed tomorrow if exports from the dollar area to Europe were reduced to what Europe can now pay for with her present earnings. That would call for a reduction in exports of more than \$3,000,000,000. Such a quick and drastic reduction would obviously mean catastrophe for Europe because her very life depends on maintaining a huge flow of food and raw-material imports, as well as certain tools and equipment which can be obtained only in the United States. Such a reduction would also result in a severe dislocation of our own economy.

If the dollar gap is to be closed without disastrous results, Europe must, between now and 1953, effect further dollar savings of something more than \$1,000,000,000 and concurrently increase her earnings by something less than \$1,000,000,000. If these goals are met and if we assume that there will be a reasonable amount of American investment of dollars abroad, trade between the United States and western Europe can be brought in balance at a figure between \$3,000,000,000 and \$3,500,000,000. That figure represents, in our opinion, the minimum number of dollars that Europe must have to buy these goods and services obtainable only in the United States.

A considerable part of the billion dollars of increased earnings needed by Europe can come through tourism and expansion in the sale of noncompetitive goods. However, approximately \$400,000,000 of the billion dollars would be in competitive goods. Even taking into account this \$400,000,000, the total imports of competitive goods from western Europe would still be substantially less than \$1,250,000,000.

In light of the fact that the wholesale value of goods reduced in the United States in 1949 is approximately \$140,000,000,000, I don't believe that anyone could argue that increased imports amounting to one-third of 1 percent of our total output could have any appreciable effect on the total economy; nor, of course, is there anything to the argument that when we import goods we are importing unemployment. If we do not import, we cannot export; and if we do not export, we create unemployment in the export field. The sole question is whether by increasing imports and hence maintaining exports the shifts in trade and employment will occasion serious hardships where these shifts pinpoint.

In order to determine whether, as a result of increased imports, undue hardship might accrue to any industry, I suggest that it would be well to examine the program ECA is proposing to encourage imports. We have suggested (a) that the Europeans make a more intensive effort to sell goods in this market; (b) that there be legislation to simplify customs procedures, and (c) that continued reciprocal tariff reductions be made as provided for in existing legislation. Of these three proposals, the one about which Mr. Forstmann seems most concerned is that of further tariff concessions.

May I point out that these concessions can be granted only within the framework of the Reciprocal Trade Agreements Act. They can and have been granted only after the most careful review. I know of no instance in which tariff concessions have jeopardized the life of any American industry. May I add that the only industry for which I have advocated the complete abolition of tariffs is the automobile industry, of which I speak out of long experience.

Our experience with the Reciprocal Trade Agreements Act indicates that it is possible to reduce duties in many industries without doing serious harm to American businesses. Actually, in the event of serious injury to American business because of a concession in reciprocal tariff negotiations, the Tariff Commission is required to increase rates. Only the following industries have applied for relief under the escape clause: spring clothes pins, candied marrons, wool knit berets, whiskey, crude petroleum, hops, ratan reeds, sponges, narcissus bulbs, knit gloves and mittens, woven silk fabric, stencil silk and women's fur-felt hat bodies. A formal investigation was ordered in the case of clothes pins, but the case was later dismissed. The next eight cases were dismissed for lack of evidence of serious injury. In two cases only a single firm was involved and

in several cases the only injury was that part of the prewar market had been recaptured by foreign suppliers. The whiskey case arose because, at the time, the production of American distillers was limited by the shortage of grain—a condition that has passed. The knit-glove situation continues under study to insure that serious injury does not occur in the future from reviving Japanese competition, though it had not occurred at the time the industry sought relief. The last three cases are still pending. This record certainly seems to indicate that American business has not been seriously hurt by tariff concessions.

And now I should like to turn to a statement made by Mr. Forstmann that "the only way in which we can properly assume the responsibility of world leadership . . . is to make sure that we are secure at home both economically and in every other sense. This can be done only if industry is encouraged to keep up production and employment." If I might rephrase this idea of Mr. Forstmann's, I would like to substitute the word "strong" for the word "secure." In my experience, there is really no such thing as security for a business, because no business can stand still. The only security for a business derives from a vigorous, imaginative and aggressive management. I am a firm believer in competition. I believe that competition is in a large way responsible for the dynamic character of the American economy. All my experience confirms my belief that businesses which are being pushed by competitors are likely to keep themselves in better trim than those which are protected from competition.

Mr. Forstmann has completely misunderstood my remarks when he attributes to me a desire to have the Government subsidize stricken industries. I stated in my testimony before a joint session of the Senate Foreign Relations Committee and the House Foreign Affairs Committee on February 21, 1950: "True, this new competition would create problems in a few localities—competition always does; but if there must be some relief in this situation, I suggest that it be given directly." Please note I said "if there must be." As I have already indicated, I do not think the apprehensions as to the effects of a slight increase in imports are well founded. However, if this new competition, slight though it might be, should result in a loss of employment, I suggest it might be a good thing as a matter of public policy to develop programs for the retraining and relocation of workers, such as we had during the war. This is the kind of relief, if needed, that I had in mind. I repeat that it is my belief that failures due to increased imports would be so utterly insignificant that I consider this question of relocation and retraining of workers academic rather than factual.

Attached to this letter is a table with explanatory notes showing the imports received into the United States by category in 1948 and 1949, with an estimate of those which will be received in 1950. This table should, I believe, allay the fears of anyone as to whether increased imports will upset the United States economy. To businessmen who are concerned about competition, I suggest that it is domestic, not foreign competition, to which they should address themselves.

In conclusion, may I state that there are reasons other than economic why every effort should be made to bring the trade between the United States and Europe into balance at a reasonably high level. The relationships between Europe and the United States can be sound only if there is no element of charity in that relationship. Europe wants to pay her own way and we should help her to do so. We in ECA in administering this program have constantly kept in mind that the only charity of enduring

value is that charity which lifts people above the need of charity.

Sincerely yours,

PAUL HOFFMAN,
Administrator.

ENCLOSURE TO LETTER FROM MR. HOFFMAN TO SENATOR H. ALEXANDER SMITH, MARCH 21, 1950

The record of United States imports in 1948 and 1949 from ERP metropolitan countries receiving ECA aid is shown in the following table. Imports fell to an especially low level in the second and third quarters of 1949. For planning purposes ECA has developed a projection of probable imports in the fiscal year 1951, as indicated, though as a matter of policy more rapid growth would be regarded as desirable. Since United States prices are about 10 percent lower than they were in 1948, the volume of exports represented by the total of \$876,000,000 in 1950-51 is about 15 percent larger than the volume in 1948:

[Millions of dollars]

Census group	1948	1949	1950-51
00-2 Animal and vegetable products.....	239.1	214.1	262.8
3 Textiles and products.....	150.1	121.7	164.8
4 Wood and paper products.....	103.9	58.3	65.7
5 Nonmetallic minerals.....	69.3	55.5	75.4
6 Metals and manufactures.....	140.2	168.9	124.0
7 Machinery and vehicles.....	63.7	37.9	58.3
8 Chemicals.....	25.8	21.4	31.1
9 Miscellaneous (excluding lend-lease vessels and household effects).....	54.4	57.0	95.0
Total.....	846.5	734.8	1,876.6

¹ The total exports of the PC's to the United States shown in the balance-of-payments tables is \$870,000,000. This includes \$13,000,000 of Danish exports to United States personnel in Germany, but it excludes \$19,600,000 shown in the table for the raw-material value of tin and nickel processed on toll in Norway and the United Kingdom.

When these imports are analyzed in detail, it becomes clear that imports from western Europe normally constitute a small proportion of total United States consumption. The latest Summaries of Tariff Information in 15 volumes compare United States imports and production, wherever possible, for each classification of the tariff act. They are too detailed to be quoted here and the data generally relate to 1947. The following paragraphs deal with the relationship of imports to United States production or consumption in 1948, since imports in that year were larger than in 1949.

Out of the projected total of \$262,800,000 of imports of animal and vegetable products shown above, \$120,000,000 consists of Greek and Turkish tobacco, alcoholic beverages, and cheese. Tobacco imports, used largely for blending to conform to the tastes of American cigarette smokers, amounted to 2.3 percent of domestic production in 1948. Cheese imports amounted to 1.4 percent of United States production. Imported wines accounted for 2.5 percent of United States consumption; distilled spirits (primarily Scotch whisky) for 9 percent; and malt liquors for 0.1 percent.

In the textile field, cotton textile and woolen and worsted imports both amount to about 1 percent of United States production. (Differences in the classification of United States manufacturing statistics and import statistics make an exact comparison difficult.) Imports of rayon filament yarn totaled 1.1 percent of United States consumption, while rayon staple fiber imports amounted to 16 percent of United States consumption. The increases in imports of all products except rayon staple fiber will

amount to only a fraction of 1 percent of our production. Demand for staple fiber has been increasing so rapidly that we have witnessed a marked growth of both imports and domestic production.

The most important imports of wood and paper products consist of woodpulp and newsprint. The United States depends upon imports of these two products for normal supplies. However, we also imported from the ERP countries about \$4,900,000 of other paper, equal to about 0.3 percent of domestic production.

More than half our imports of nonmetallic minerals consist of diamonds. However, clay products, including household chinaware and earthenware, are also included in this general classification. Differences in the classification of United States production and import statistics make comparisons difficult but it would appear that pottery imports may have amounted to 8 to 10 percent of United States production (exclusive of hotel ware, vitreous plumbing fixtures and porcelain electrical supplies).

As for metal products, machinery, automobiles, and chemicals, it is safe to say that in all these categories imports amount to less than 1 percent of production. In some specialties the proportion is of course higher, but for some broad categories like machinery imports would appear to be less than one-quarter of 1 percent of domestic production.

PAUL HOFFMAN,
Administrator.

Upon receipt of Mr. Hoffman's reply, I immediately sent it to Mr. Forstmann and he in turn replied to me under date of April 12, as follows:

FORSTMANN WOOLEN CO.,
Passaic, N. J., April 12, 1950.

The Honorable H. ALEXANDER SMITH,
Senate Office Building,
Washington, D. C.

DEAR SENATOR SMITH: Because of the admitted importance of the issues involved, I would like to take this opportunity of replying in some detail to the letter which you received under date of March 21, 1950, from Mr. Paul Hoffman, pertaining to my original letter of February 28.

Mr. Hoffman agrees "that expanding imports from Europe will affect certain groups in the United States favorably, other groups unfavorably." The difference of opinion is a question of degree, and whether the unfavorable factors outweigh the favorable for our country as a whole.

Much is being currently written and said, especially by Administration spokesmen in Washington, about closing the so-called European dollar gap. Mr. Hoffman states: "There are only two sound ways of closing Europe's dollar gap. They are by reducing the requirements for dollar imports through building up economical sources of supply in Europe itself, and by increasing Europe's dollar earnings through direct and triangular trade. This means, of course, we must sell less and buy more from Europe. There is little appeal in such a program, but if we do not sell less and buy more, we must either continue our aid or see the European economy placed in grave danger, which, in turn, would seriously endanger our own prosperity and security."

I consider this quotation of great significance, not only because Mr. Hoffman admits that his program has little appeal, but because he, too, is concerned about our Nation's prosperity and security, despite his rather pointed objection to my use of the argument that we must "make sure that we are secure at home both economically and in every other sense."

Let us consider the dollar gap further. Mr. Hoffman asserts that Europe wants no charity; she wants to earn her dollar bal-

ances. May I point out that the wool textile industry of the United States in the year 1949, imported 262,276,000 pounds of raw apparel wool in the grease, valued at approximately \$161,113,000, largely from the sterling areas against a corresponding exchange in dollars. These dollars were earned by selling a natural raw product in the ordinary channels of international trade.

In converting this raw wool into finished cloth, we added labor, American labor, providing employment for our people who look to this industry for their livelihood. We added labor at the highest rates of pay that this industry has ever seen at any time or any place, helping to maintain the highest standard of living that the world has ever witnessed.

If this imported raw wool had been converted in Europe, rather than here, our friends across the Atlantic would have lost the dollars that we spent in their raw commodity market, against the possibility of their manufacturing cloth at labor rates but a fraction of ours and selling the finished article to American customers. Our wool textile mills, on the other hand, would have manufactured one less yard for every yard imported and an industry which, according to the 1939 census, was the seventh largest employer of industrial labor in the country would have been sacrificed as a source of employment.

I am confident that our workers are as anxious to stay on their jobs as people abroad are to come by dollar-exchange, by work rather than relief rolls or government subsidy.

Further, in his letter, Mr. Hoffman states: "Nor, of course, is there anything to the argument that when we import goods, we are importing unemployment. If we do not import, we cannot export; and if we do not export, we create unemployment in the export field. The sole question is whether by increasing imports and hence maintaining exports the shifts in trade and employment will occasion serious hardships where these shifts pinpoint."

The basic fallacy in this argument is the unwarranted assumption that a job lost in one industry is necessarily gained in another.

This can be illustrated very graphically by actual figures. In 1939, we find that 397,537 workers in the automobile industry produced finished products valued at \$4,039,930,733, or in other words, one worker produced \$10,162.40 worth of automobiles. In the same year, 140,022 workers in the wool textile industry manufactured cloth valued at \$685,311,713, or \$4,894.31 worth of cloth per worker. Because of a basic difference in the crafts involved, the machine has replaced the man to a greater extent in the automobile industry than in the textile industry, and hence one auto worker produced a value more than twice as great as the outturn of a worker in our industry. Therefore, if automobiles are exported from Detroit to foreign markets, and are counterbalanced by importations of wool textiles in equal value, two jobs will be destroyed in America for every one created. This is hardly the way to keep America strong. Secretary of Commerce Charles Sawyer, in his press interview of April 10, expressed his concern about the effect of foreign imports on domestic employment, on this very point.

Mr. Hoffman further states: "The only security for a business derives from a vigorous, imaginative, and aggressive management. I am a firm believer in competition." So, too, am I. But it is interesting to note that in the wool-textile industry, by and large, one-third the cost of manufacturing a yard of cloth is the price we pay for raw wool, and one-third is labor cost. A large percentage of the wool our industry uses must be bought at foreign auctions against world-

wide competitive bidding. Over this our management has no effective control. The labor rates we pay are set by union bargaining. Both the unions and the Government favor the highest possible rates and management itself desires to pay the best rates that our ultimate market can absorb. "Imaginative and aggressive management" must therefore be largely confined to items that represent only the remaining one-third of the manufacturing cost. We do not fear competition providing that the cards are not stacked against us.

According to studies of the United States Tariff Commission, the efficiency of the American textile worker as compared with the British is 1.3 to 1 in our favor. To show what this means by an actual example, an American mill would pay a \$3 labor cost to produce 1.3 units of cloth, while the English mill would pay a \$1 labor cost to produce 1 unit of cloth. Therefore, our labor cost per unit would be \$2.31 against a British labor cost per unit of \$1, or expressed in terms of percentage, our labor cost per unit is 231 percent greater than the English labor cost per unit, even after giving full credit to our greater labor efficiency. Despite this greater labor efficiency of the American workmen, no amount of management ingenuity can compete against labor rates which in England are about one-third of ours, in Italy about one-fifth of ours, and in Japan about one-twentieth of ours; Secretary of Commerce Sawyer also commented on this.

Mr. Hoffman makes much of the point that our current imports of competitive goods, and the increases in such imports which the ECA envisions and hopes for, are a very small percentage of our internal production. I do not argue that there should be no such imports. In fact, a reasonable quantity of such imports, based on a sensible and historical relationship to our production and consumption, provides just the stimulating competition that Mr. Hoffman favors. What our industry has good reason to fear, on the other hand, is the fact that if the tariff rates on manufactured wool products, which are already considerably lower than the rates last set by Congress, are lowered still further, we may be faced with a ruinous flood of imports from countries whose labor rates and standards of living are far lower than ours. The ECA would open the barn door, but can they then close it before the horse is stolen? This is not a mere academic speculation; the evidence is already apparent in our domestic watch industry, for example. According to a press release dated April 7, 1950, 80 percent of the jeweled-watch movements used in this country are now imported from Switzerland, and 50 percent of the imported movements are already cased, and yet Mr. Hoffman states: "I know of no instance in which tariff concessions have jeopardized the life of any American industry."

In these worrisome days of a cold war, with the possibility of shooting war the subject of daily concern in government, the security of our country, in both an economic and a military sense, is of the very utmost importance. For this very reason alone, our domestic wool textile industry should be kept vigorously active. An adequate supply of wool fabrics must be available at all times no matter what channels of ocean commerce may be forcibly interrupted. Guns, tanks, and planes are no more essential than clothing. Our own Government is considering the emergency stock piling of wool and wool fabrics. By the same token, the growing of domestic raw wool, now at a dangerously low level, should be encouraged so that we are not lacking supplies of a vital raw commodity which must be transported across the seas.

In the light of these facts, I earnestly question the wisdom of placing an industry so strategically basic as the manufacture of wool textiles in further jeopardy by com-

petition from low-labor-cost countries by way of another round of tariff cuts. From the standpoint of maintaining employment, providing national security and sustaining one of the best dollar customers of foreign raw materials, our industry must be kept flourishing and strong. We do not seek unreasonable nor prohibitive tariffs; we do seek adequate means of counterbalancing or controlling the form of competition offered by countries with lower standards of living, completely managed economies and currencies, and outright subsidies.

Very sincerely yours,
JULIUS G. FORSTMANN,
President.

While I do not fully agree with Mr. Forstmann's arguments in the foregoing letter, I do think his letter makes a distinct contribution to the discussion of this very involved but extremely important problem of American imports from Europe.

The correspondence with Mr. Johnson of Botany Mills, Inc., and Mr. Foster of the ECA, clearly high lights the other side of the same problem of the European dollar gap—the difficulties of American exporters to Europe.

Under date of January 23, 1950, Mr. Johnson wrote briefly to me enclosing a photostatic copy of a letter he had received from a potential customer in Germany. His letter and enclosure are as follows:

BOTANY MILLS, INC.,
Passaic, N. J., January 23, 1950.

HON. H. ALEXANDER SMITH,
United States Senate,
Washington, D. C.

DEAR SENATOR: Attached photostat will undoubtedly interest you. Our taxes are used to finance our competition. They close their markets to us. We open our markets to them by reducing entry costs. So-called barriers are a myth so far as we are concerned, but are definitely in operation against us.

The principal offenders are Great Britain and her present or former colonies.

Sincerely,
CHAS. F. A. JOHNSON,
President.

KÖLN-RODENKIRCHEN,
Auenweg 31, November 5, 1949.
MESSRS. BOTANY MILLS, INC.,
Passaic, N. J., USA.

DEAR SIRS: I thank you for your letter of September 22.

The last weeks I tried every thing to get an import license for your goods, but I always was told that there is no possibility to import American woolen piece goods. I have seen everybody in the JEIA on the American and German side and spend a lot of time and money but without any result. There is no chance for your goods.

I was very much surprised to learn that because we get imports of woolen piece goods from England, France, Belgium and nearly all parts of Europe but not from America. I can't understand that you aren't allowed to export to Germany and do a good business instead of sending only the money for our trade.

Perhaps you can find out the reason for this stop or a way to get goods over to Germany. From this side I tried every chance without any result.

There is a great need of woolen cloths and it was stated only a week ago at a meeting of the German Wooler manufacturers and woolen merchants that the German production can supply within the next 3 years only 2 or 3 meters of woolen cloth for every German citizen. You can imagine the business we could do if we could get an import license.

I'm very sorry to confess my failure but I don't feel responsible for it as the imports are handled only by Americans. I'm sure to be able to sell hundreds of pieces for you within a very short time.

Perhaps there will be imports on a later date or a free trade between our countries and I leave the decision about our collaboration to you. As soon as there is a chance for imports of American piece goods I will let you know.

Yours very truly,

E. VENTEN.

In the temporary absence of Mr. Hoffman, I referred this letter to Mr. William Foster, ECA Deputy Administrator, and received the following reply dated February 17:

ECONOMIC COOPERATION ADMINISTRATION,
Washington, D. C., February 17, 1950.
Hon. H. ALEXANDER SMITH,
United States Senate,
Washington, D. C.

DEAR SENATOR SMITH: At first glance the situation described in the letter from Germany which you sent me looks unreasonable. It would seem that all the necessary conditions required for doing business in textiles with the potential buyer in Germany exist. Botany Mills has textiles for sale and the German wishes to buy them. Under normal circumstances there should be no trouble about transacting business satisfactorily and profitably.

Unfortunately, however, these are not normal circumstances and an additional element in the picture constitutes a serious obstacle to trade between sellers in the United States and buyers in Germany—or for that matter between sellers in the United States and buyers in most of the rest of the world. This additional obstacle is simple to define—it is the fact that German marks and most other currencies are not freely convertible into American dollars—but the reasons for this situation are complex and extremely difficult to overcome.

There is no question that the demand from private importers and consumers in western Europe for dollar goods is very real. There are many desirable consumer goods, of which textiles are an example, which Europeans are eager to purchase and genuinely need. The trouble is that the sum of these demands both in Germany and elsewhere, far exceeds the amount of dollars available for such purchases. Even with the dollars supplied through ECA, which are added to the dollar earnings of these countries themselves, dollar resources of the European countries fall far short of the amount that could and would be used to buy American goods if this dollar shortage did not exist. It is conservatively estimated that genuine orders could be obtained for billions of dollars worth of American goods over and above shipments which are currently being made if it were not for the dollar shortage.

Under these circumstances one of the main problems which the participating countries of the Marshall plan and Mr. Hoffman and the ECA organization face is that of selecting wisely the items for which dollars are to be spent by the European countries so that the dollars made available by the American taxpayer to promote European recovery shall be spent only for those goods which will make the greatest contribution of that recovery.

The procedure to accomplish this result, which has been worked out, operates as follows: Each participating country develops its own request for imports to be paid for with ECA dollars, choosing those items which in its judgment are most essential to its recovery. Application is then made by the participating country to the ECA for approval of the items it has chosen. ECA will then carefully scrutinize and screen the proposals of the participating country and may eliminate certain items which, in its judgment, are not absolutely essential for recovery. In this process, both in the case of the participating country and in the case of ECA, the question is asked first as to

whether the item is an absolutely essential import. Following this a careful study is made to determine whether the country could not obtain the item from the proceeds of its own exports to the other participating countries or from nondollar countries anywhere in the world. If this procedure were not followed the result would be an increase in the cost of the recovery program to the American taxpayer which would be directly contrary to the congressional mandate to ECA to promote recovery in western Europe at the lowest possible cost to the United States.

It is clear of course that under these procedures Germany, for example, if she needed to import textiles, would first determine whether the necessary items could be obtained in England or France or in any of the other countries where purchases can be made with pounds or francs which Germany earns in sufficient quantities through her own exports to these countries. That will account for the fact, pointed out by the German who wishes to buy textiles, that Germany gets "imports of woolen piece goods from England, France, and Belgium and nearly all parts of Europe but not from America."

If dollars were to be made available for all the American goods which buyers in Germany would like to have and could in fact use, the appropriation for the Marshall plan would have to be very greatly increased over what is currently being provided. If, on the other hand, the appropriation were not increased and the careful screening process were eliminated, the limited amount of dollars provided would be spent, in part at least, for items not vitally needed for recovery in Europe. This would mean that the participating countries would have to do without certain more essential items. The result of this course would be to jeopardize the success of the whole recovery program. The hard fact is that Germany, much as she could use substantial quantities of American textiles, can get along without them without endangering the continuation of her recovery. Since she does not have enough dollars to buy everything she could use and would like to have from the dollar area, she must therefore forego the importation of any substantial amounts of American textiles.

It is, of course, obvious that the provision of the Marshall plan appropriation does make it possible for American producers of a wide variety of goods to ship large quantities of their products to western Europe, which they would otherwise not be able to ship because dollars for the purpose would not be available. These shipments, however, for the reasons given above, must be confined to items which are absolutely essential to German recovery and cannot be obtained elsewhere for soft currencies.

This is the background of a situation which worries me as it does you. It seems clear to me that the only really satisfactory and permanent solution for this problem is a genuine recovery of Europe so that European countries will be able to pay their own way in the world. They can do this only if they take the steps necessary to increase their efficiency and lower their costs so that they can compete effectively in world markets. If they succeed this will inevitably involve competition for our producers. This, however, seems to me a necessary and essentially a healthy thing. The strength and adaptability of our own economic system as compared with that of western Europe is attributable to the fact that we have had the stimulus of competition in our own large home market to drive our producers to strive constantly for greater and greater efficiency. It is a significant and sobering fact that the start of the decline of western Europe, the beginning of the period during which she has progressively fallen further and further

behind the United States in economic strength, coincided with the adoption by the nations of western Europe of the practice of trade restrictions and various other devices designed to minimize the effect of competition upon their producers. With this object lesson in mind I would hope that the United States, as the largest creditor and the most powerful nation in the world, would follow the course of welcoming fair and free competition and would not attempt to kill off such competition, whether domestic or foreign.

Finally, I should like to say that I see no satisfactory solution for the threats to our security and prosperity inherent in the dynamic cold-war attack of Russian imperialism on the free world unless we can successfully help to build a strong, prosperous, and self-supporting western Europe. Without such an ally the threat to our own freedom and prosperity would be very seriously increased. There is no chance, however, that western Europe will be able to achieve and maintain this position unless we continue to press forward with the recovery program and, after recovery has been accomplished, we make it possible for western Europe to earn its own way by giving its producers access on the basis of fair and free competition to our own markets. Certainly, if we raise our tariffs and other obstacles to trade against western Europe, there is no hope that she can earn enough dollars to continue to be a substantial paying customer for our goods.

With best wishes,

Sincerely yours,

WILLIAM C. FOSTER,
Deputy Administrator.

Mr. President, this correspondence brings out some of the problems involved in our efforts to reduce the dollar gap of the European nations and to bring our trade with them into balance at a reasonably high level. These are important issues in our postwar foreign-trade policy, which will presently be before the Congress for fuller consideration.

INVESTIGATION OF SUBVERSIVE ACTIVITIES IN GOVERNMENT SERVICE

Mr. McCARTHY. Mr. President—

Mr. MUNDT. Mr. President, will the Senator yield to me, to permit me to suggest the absence of a quorum?

Mr. McCARTHY. I am glad to yield for that purpose.

Mr. MUNDT. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Anderson	Hickenlooper	Malone
Benton	Hill	Martin
Brewster	Holland	Maybank
Bricker	Humphrey	Millikin
Bridges	Hunt	Mundt
Butler	Ives	Neely
Cain	Jenner	O'Connor
Capehart	Johnson, Colo.	Robertson
Chapman	Johnson, Tex.	Russell
Chavez	Johnston, S. C.	Saltonstall
Connally	Kefauver	Schoeppel
Cordon	Kem	Smith, Maine
Darby	Kilgore	Sparkman
Donnell	Knowland	Stennis
Douglas	Langer	Taft
Dworshak	Leahy	Taylor
Eastland	Lehman	Thomas, Okla.
Ecton	Lodge	Thomas, Utah
Ellender	Long	Thye
Ferguson	Lucas	Tobey
Flanders	McCarran	Tydings
Frear	McCarthy	Wherry
George	McClellan	Wiley
Green	McFarland	Williams
Gurney	McKellar	Withers
Hayden	McMahon	Young
Hendrickson	Magnuson	

The PRESIDING OFFICER. A quorum is present. The Senator from Wisconsin.

Mr. McCARTHY. Mr. President, on yesterday, the President of the United States called in for advice a man from my State, by the name of William T. Evjue. I have prepared some rather lengthy remarks in regard to this individual for the benefit of the Senate. However, I have much more important matters to discuss, so I ask unanimous consent to insert the remarks in the RECORD as part of my statement.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR JOSEPH McCARTHY

Yesterday the President called in a man from my State for advice—a Mr. William T. Evjue, editor of the Capital Times at Madison, Wis.

I think it might be well to give the Senate a picture of this new Presidential adviser.

It will be recalled that among other things yesterday, Mr. Evjue condemned the use of congressional immunity to make what he referred to as reckless charges. I intend to give the Senate some information about Mr. Evjue and his organization today, which, if true, would be most definitely libelous. However, as you know, truth is a defense in any libel action.

While this is being made on the Senate floor and immunity would attach thereto, I want to assure Mr. Evjue and his attorneys that I will waive congressional immunity if they desire to sue and will assure me that suit will be started within such reasonable period of time as they shall name.

I want to notify Mr. Evjue, however, that he and his city editor, Cedric Parker, will be immediately called for an adverse examination and put under oath at that time. In fact, I would welcome such a suit from Mr. Evjue and his city editor, Mr. Parker, so that I shall have the opportunity to question them in detail under oath.

Last fall I made some statements in regard to the Communistic connections of Mr. Evjue's city editor, Mr. Parker, and the extent to which the Capital Times was being used as the mouthpiece of the Communist Party.

Mr. Evjue, at that time, claimed I was using congressional immunity, and threatened to sue if I would make the statements where I was not immune to suit. I call his attention to the fact at that time that congressional immunity did not apply. In view of the fact that the statements were not made in the Senate nor before any legislative committee.

Moreover, I assured him that if he felt immunity attached, such immunity would be waived and challenged him to commence suit.

He then challenged me to debate the question of the extent to which the Capital Times was used by the Communist Party. I accepted that challenge and told him to name the time and the place, and that he could even select the crowd and that I would pay his cab fare over to the appointed place. That was the last I heard of this debate challenge.

I would not take the time of the Senate to discuss Mr. Evjue, Mr. Parker, and the Capital Times except for two reasons: (1) that the President has seen fit to call Mr. Evjue in as an adviser, and (2) that the Communist Party is exerting every effort to get its members and stooges located in important positions on newspapers, radio, magazines, in the motion-picture business, and in every other channel of public information. The party considers it especially important

to get control of newspapers in college towns so that the young people will be getting daily doses of perfumed Communist Party line propaganda sewage under the mistaken impression that they are absorbing liberal ideas from a progressive American newspaper.

Mr. Budenz is now preparing a list of all those whom he—as one of the top members of the Communist Party—knew were being used by the party in the above-mentioned channels of information. This will be a very valuable list when completed.

I frankly had not planned on discussing the Capital Times until such time as that list was completed and until I had gotten beyond the crest of the work involved in exposing Communists in our State Department. But as stated above, the fact that the President has called Mr. Evjue in to advise him has caused me to decide to touch the subject briefly at this time. I shall go into it in more detail at a later time.

At this point in my remarks I ask unanimous consent to insert in the CONGRESSIONAL RECORD a copy of the speech which I made in Madison, Wis., in regard to Mr. Evjue and his publication.

I also ask unanimous consent to insert a letter dated December 3, 1949, to Mr. John Nestingen, chairman of the University of Wisconsin chapter of the AVC, and a letter dated December 3, 1949, to Mr. William Evjue.

So there can be no doubt in the minds of any of the Senators in regard to Mr. Evjue, I again want to call your attention to the fact that I will waive any senatorial immunity so that Mr. Evjue or Mr. Parker can sue if they so desire.

Mr. Evjue's paper, the Capital Times, in my opinion acts as a disguised poisoned water hole—a poisoned water hole of dangerous Communist propaganda—in a most dangerous spot, a university town where thousands of young people are attending a university which is attempting to prepare them for their place in a very hectic world.

In this connection I want to call your attention to the fact that the city editor of the Capital Times is a Mr. Cedric Parker; that the editor of that paper is the President's new adviser, Mr. William T. Evjue.

I want to call your attention to the fact that long before I discussed the communistic connections of Mr. Parker, Mr. Evjue on March 14, 1941—that is at a time when communism was less unpopular—in an editorial signed by himself, proclaimed that Cedric Parker was, and I quote, "the Communist leader in Madison."

This statement by Mr. Evjue was never later denied or retracted by him. It still stands.

He subsequently, however, promoted this man Parker, whom he referred to as the Communist leader in Madison, to the job of city editor of the Capital Times, which position he now holds today. Not only does he hold that position, but he also does much of the speech writing for Mr. Evjue.

However, as I have stated before, I think it would be entirely improper to convict anyone of such an odious charge on the word of Mr. Evjue.

Therefore, I call attention to the fact that on June 22, 1939, Farrell Schnering, a former member of the Communist Party, testified under oath before a legislative committee, as follows:

"Over in Dane County they had been able to set up a county council controlled by the Communist Party. The president of the Dane County Council is Cedric Parker, a reporter of the Capital Times, who has been a sympathizer with the party and a fellow traveler since early in 1935. He joined the party toward the end of 1935."

On April 9, 1947, Kenneth Goff, of Delevan, Wis., testified before a congressional committee, under oath, that he was a member of the Communist Party, and that among the Com-

munist he met during this time was Cedric Parker of the Capital Times.

In April of 1934, Eugene Dennis, who as you recall was recently convicted with 10 other top Communists, and who as you recall was a member of the Communist politburo—and Cedric Parker organized and sponsored respectively the State-Wide Conference on Farm and Labor Legislation. This organization was listed by the House Un-American Activities Committee of the Seventy-sixth Congress as being Communist-controlled.

In the document which I have inserted, and which was publicly read, you will note that I list some of the other Communist-front or Communist-controlled organizations with which Mr. Parker was affiliated.

One of these, incidentally, was the Citizens Committee To Free Earl Browder. This organization, to which Mr. Parker belonged, has been listed by the Attorney General as a Communist organization. The official report of the House Committee on Un-American Activities, Seventy-eighth Congress, second session, had the following to say about this organization: "Both the personnel and the objective of the Citizens Committee To Free Earl Browder showed clearly that it was a Communist organization. No one who affiliated himself with it could make any claim to ignorance of this evident fact."

Cedric Parker of the Capital Times was listed in the official report of the House Committee on Un-American Activities as being affiliated with the Citizens Committee To Free Earl Browder.

You will note also that in the speech, which I have inserted in the CONGRESSIONAL RECORD—and which, I repeat, was publicly read without any congressional immunity about which Mr. Evjue talks—I discussed the parallel between the Daily Worker and the Capital Times.

As I stated, I intend to go into this matter at a later date. Suffice to say at this time that, in my opinion, outside of the Daily Worker, there is no other paper in the United States which renders a greater service to the Communist cause.

I have previously stated—and again state—that Cedric Parker, according to all of the available evidence, has been a member of the Communist Party. By his actions he gives no indication of having repudiated that membership.

On January 31, 1948, the Capital Times carried the following article. This article, you understand, refers to Parker, the city editor of the President's new adviser, and will give you some idea of how well the President may be able to rely upon the truthfulness of his new adviser.

"Cedric Parker, reporter-photographer for the Capital Times and President of the Newspaper Guild of Madison, has signed an affidavit that he is not a member of the Communist Party."

"The affidavit was signed in conformity with the Taft-Hartley Act which requires that officers of labor unions seeking the services of the National Labor Relations Board must submit sworn statements that they are not members of the Communist Party, that they are not affiliated with the party, and that they are not members of any organization which advocates overthrow of the United States Government by force or by illegal means."

"A photographic copy of Parker's affidavit was attached to copies of the Madison Guildsman issued today. The Guildsman is a bulletin published by the local guild which is a union of newspaper employees."

"In connection with the affidavit, Parker made the following statement in the Guildsman:

"Attached to this issue of the Madison Guildsman you will find a photostatic copy of a legal document."

"This document is the non-Communist affidavit which must be filed by all unions

with research on matters related to restricted data in the field of nuclear energy or related to the national defense—the two fields in which problems of security may be involved. It is the considered judgment of the committee of conference that to the very limited extent that activities of the Foundation will involve security problems, section 15 of the conference substitute provides a sound and satisfactory method of dealing with those problems.

It is unnecessary to include in this legislation special penal provisions with respect to violations of the security requirements and safeguards which will be in effect, thereunder. As already pointed out, the penalties provided by the Atomic Energy Act of 1946 (in sec. 10 thereof) will apply with respect to any activity involving restricted data in the field of research related to nuclear energy. These penalties are wholly adequate. In the field of research related to the national defense, the same penalties which now apply to security matters concerning the Department of Defense will be applicable. These penalties are contained in title 18 of the United States Code, principally in chapter 37 thereof. Sections 793 and 794 of that chapter are as follows:

"§ 793. Gathering, transmitting, or losing defense information.

"Whoever, for the purpose of obtaining information respecting the national defense with intent or reason to believe that the information is to be used to the injury of the United States, or to the advantage of any foreign nation, goes upon, enters, flies over, or otherwise obtains information concerning any vessel, aircraft, work of defense, navy yard, naval station, submarine base, fueling station, fort, battery, torpedo station, dockyard, canal, railroad, arsenal, camp, factory, mine, telegraph, telephone, wireless, or signal station, building, office, or other place connected with the national defense, owned or constructed, or in progress of construction by the United States or under the control of the United States, or of any of its officers, departments or agencies, or within the exclusive jurisdiction of the United States, or any place in which any vessel, aircraft, arms, munitions, or other materials or instruments for use in time of war are being made, prepared, repaired, or stored, under any contract or agreement with the United States, or any department or agency thereof, or with any person on behalf of the United States, or otherwise on behalf of the United States, or any other prohibited place so designated by the President by proclamation in time of war or in case of national emergency in which anything for the use of the Army or Navy is being prepared or constructed or stored, information as to which the President has determined would be prejudicial to the national defense; or

"Whoever, for the purpose aforesaid, and with like intent or reason to believe, copies, takes, makes, or obtains, or attempts to copy, take, make, or obtain, any sketch, photograph, photographic negative, blueprint, plan, map, model, instrument, appliance, document, writing, or note of anything connected with the national defense; or

"Whoever, for the purpose aforesaid, receives or obtains or agrees or attempts to receive or obtain from any person, or from any source whatever, any document, writing, code book, signal book, sketch, photograph, photographic negative, blueprint, plan, map, model, instrument, appliance, or note, of anything connected with the national defense, knowing or having reason to believe, at the time he receives or obtains, or agrees or attempts to receive or obtain it, that it has been or will be obtained, taken, made or disposed of by any person contrary to the provisions of this chapter; or

"Whoever, lawfully or unlawfully having possession of, access to, control over, or being

intrusted with any document, writing, code book, signal book, sketch, photograph, photographic negative, blueprint, plan, map, model, instrument, appliance, or note relating to the national defense, willfully communicates or transmits or attempts to communicate or transmit the same to any person not entitled to receive it, or willfully retains the same and fails to deliver it on demand to the officer or employee of the United States entitled to receive it; or

"Whoever, being intrusted with or having lawful possession or control of any document, writing, code book, signal book, sketch, photograph, photographic negative, blueprint, plan, map, model, note, or information, relating to the national defense, through gross negligence permits the same to be removed from its proper place of custody or delivered to anyone in violation of his trust, or to be lost, stolen, abstracted, or destroyed—

"Shall be fined not more than \$10,000 or imprisoned not more than ten years, or both.

"§ 794. Gathering or delivering defense information to aid foreign government.

"(a) Whoever, with intent or reason to believe that it is to be used to the injury of the United States or to the advantage of a foreign nation, communicates, delivers, or transmits, or attempts to communicate, deliver, or transmit, to any foreign government, or to any faction or party or military or naval force within a foreign country, whether recognized or unrecognized by the United States, or to any representative, officer, agent, employee, subject, or citizen thereof, either directly or indirectly, any document, writing, code book, signal book, sketch, photograph, photographic negative, blueprint, plan, map, model, note, instrument, appliance, or information relating to the national defense, shall be imprisoned not more than twenty years.

"(b) Whoever violates subsection (a) in time of war shall be punished by death or by imprisonment for not more than thirty years.

"(c) Whoever, in time of war, with intent that the same shall be communicated to the enemy, collects, records, publishes, or communicates, or attempts to elicit any information with respect to the movement, numbers, description, condition, or disposition of any of the armed forces, ships, aircraft, or war materials of the United States, or with respect to the plans or conduct, or supposed plans or conduct of any naval or military operations, or with respect to any works or measures undertaken for or connected with, or intended for the fortification or defense of any place, or any other information relating to the public defense, which might be useful to the enemy, shall be punished by death or by imprisonment for not more than thirty years.

"(d) If two or more persons conspire to violate this section, and one or more of such persons do any act to effect the object of the conspiracy, each of the parties to such conspiracy shall be subject to the punishment provided for the offense which is the object of such conspiracy."

RESEARCH ACTIVITIES OF OTHER GOVERNMENT AGENCIES

Section 14 of the Senate bill contained the following subsection not contained in the House amendment:

"(h) The activities of the Foundation shall be construed as supplementing and not superseding, curtailing, or limiting any of the functions or activities of other Government agencies authorized to engage in scientific research or development."

This provision has not been included in the conference substitute. No such provision seems needed to insure continuance of research which is or may be carried on by other Government agencies under specific statutory authority and the provision

seemed so broad and inflexible in its terms that its inclusion might unduly interfere with the administrative coordination through the National Science Foundation of activities in the basic sciences being carried on by various Government agencies.

Moreover, debate in the House over the striking out of a similar provision in the House bill as introduced made it clear that omission of the provision in no way implies that the Foundation is authorized to take over the research functions which have been granted other agencies by law or that the exercise of those functions is to be curtailed. It was made especially clear in the debate that its omission would not result in any limitation or curtailment of the programs of research in the fields of medicine and related activities being carried on by the National Institutes of Health or other units of the United States Public Health Service. After discussion of the nature of the research being carried on by the Institutes or supported by them, the committee of conference agreed with this interpretation.

TRANSFER OF NATIONAL ROSTER OF SCIENTIFIC AND SPECIALIZED PERSONNEL

Section 14 (1) of the conference substitute relates to the transfer to the Foundation of the National Roster of Scientific and Specialized Personnel, which is now in the United States Employment Service. The provision is the same as in the House amendment, except that the President, rather than the Director of the Bureau of the Budget, will have the authority to determine the records and property to be transferred with the roster and the time when the transfer shall take effect. This modification has been taken from the corresponding provision in the Senate bill.

J. PERCY PRIEST,

ANDREW J. BIEMILLER,

GEO. HOWARD WILSON,

CARL HINSHAW,

JOSEPH P. O'HARA,

Managers on the Part of the House.

Mr. LEHMAN. Mr. President, as one of the conferees on the part of the Senate on this bill, I simply wish to say that I feel the proposed legislation is now in a satisfactory condition, and that the establishment of the National Science Foundation represents a great and a constructive step forward. I very much hope that the conference report will be agreed to by the Senate.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

The VICE PRESIDENT. The pending question is the amendment offered by the Senator from Missouri [Mr. KEM.]

Mr. SALTONSTALL. Mr. President, I wish to speak briefly in favor of an adequate authorization for the Economic Cooperation Administration and at more length in favor of the amendment which has been proposed by the Senator from Colorado [Mr. MILLIKIN] and myself, calling for a bipartisan study of technical assistance and private investment overseas.

Three years ago, on June 5, 1947, former Secretary of State Marshall spoke at a Harvard commencement. This was the origin of the so-called Marshall plan. In outlining what is

now the Economic Cooperation Administration, he stated:

I need not tell you gentlemen that the world situation is very serious.

He concluded his remarks by saying:

An essential part of any successful action on the part of the United States is an understanding on the part of the people of America of the character of the problem and remedies to be applied. Political preference and prejudice should have no part. With foresight and a willingness on the part of our people to face up to the vast responsibility which history has clearly placed upon our country, the difficulties I have outlined can and will be overcome.

The plan General Marshall outlined at that time has twice been authorized by Congress and funds have been appropriated to carry it out. It has been well administered by businessmen—Paul Hoffman and his assistants.

We now have before us a bill which includes a third authorization. I intend to vote for an adequate authorization, as I have for the two previous ones.

I do so because I believe that the ECA expenditures are in the best interests of our own security and of world peace. But these expenditures are in the best interests of our own security only if we make it clear that ECA, in its original concept, will be completed in 1952.

Nothing in the history of mankind has been more important than is peace to the present generation. Peace—and the security that goes with peace—means more to more people now than ever before in the history of the world. Of course there are great differences of opinion as to the best way to gain peace, but we all agree upon the final objective—peace with security.

Today the world is still in a turbulent condition. The uncertainties we face from day to day are brought home to us by new incidents. Only last week 10 of our citizens in an unarmed plane were shot down and killed or drowned. More incidents are bound to come. We can expect them. Apparently Soviet Russia does not begin to understand the moral fiber of the American people. The more incidents, the tougher we are going to get, and the more we will understand how to deal with a ruthless opponent. This does not mean war, but it does mean that we cannot predict just what is in store for us in the years ahead. I optimistically and sincerely believe we are gaining in our over-all effort to bring about greater security and peace, but we cannot for one moment relax that effort. Certainly, an adequate authorization and appropriation for ECA in the fiscal year 1951 is one more such necessary effort on our part.

We are all familiar to a greater or less degree with the problems represented by the ECA. We have become so by listening to the debates on the floor and in committee over the past 2 years. So, I should like for a few moments to discuss briefly one subject which is not strictly a part of the responsibility of the ECA, but which has become a part of the pending bill by reason of the action of the House in joining to the ECA authorization for 1951 a new title: "Title III—An Act for International Development." This title seeks to create in other coun-

tries an atmosphere or climate favorable to private investment and provides for technical assistance to underdeveloped areas.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Texas?

Mr. SALTONSTALL. I yield to the distinguished Senator from Texas.

Mr. CONNALLY. The provisions of the Senate bill are not those contained in the House bill. The Senate bill is not centered around the idea of encouragement of foreign investments. It is confined to purely technical and other assistance. I wanted to bring that to the Senator's attention.

Mr. SALTONSTALL. I may say to the Senator from Texas I realize that, and I shall discuss it more fully as I proceed. I realize the distinction.

Mr. CONNALLY. I wanted the Senator to bear that in mind. The Senate committee did not feel that this was a program to export our funds to foreign countries for foreign investment. I know there is much support for the idea in this country, but we were confining it purely to technical and other assistance.

Mr. SALTONSTALL. I thank the Senator.

The Senate Foreign Relations Committee, in reporting the ECA authorization, omitted title III of the House bill, but the chairman of the committee [Mr. CONNALLY] has filed on behalf of the committee an amendment creating a new title, title V, which covers in part title III of the House bill. It provides for technical assistance, but does nothing toward creating a favorable atmosphere for private investment.

The House authorized \$25,000,000 for its title III. The Connally amendment authorizes an appropriation of \$45,000,000 for his title V, \$20,000,000 more than the House authorized for the same general purposes; namely, the providing of technical assistance to underdeveloped areas. But, the provision for technical assistance is only a part of the problem as I see it. The other part is the responsibility of our Government to create an atmosphere which will encourage private investment in other areas of the world, such an atmosphere as may also result in furnishing the technical assistance which under the Connally amendment Government alone must provide.

Mr. President, I favor title III of the House bill. I had hoped that the Senate Foreign Relations Committee might see fit to recommend it in its entirety, but in their wisdom they have not. They have merely seen fit to recommend the technical assistance part without the investment "atmosphere" part. As a member of the Appropriations Committee, I have recently heard a great deal about technical assistance and am beginning to learn of its many ramifications that already exist within our governmental departments. At first I thought that I would offer title III of the House bill as an amendment to this bill, but after careful consideration, I decided that it could not be adopted, and therefore I thought of ways and means to which the Senate might agree and which, in the

long run, would preserve a program similar to that contemplated in the President's point 4 program and implemented by title III of the House bill.

I believe that the amendment filed by the Senator from Colorado for a bipartisan study is a proper approach. This amendment, if adopted, as I hope it will be, will solidify in its report the thinking of various groups of people. It will point up to the Congress where we are headed and point it up to the American people in more concrete terms than it has been possible to do to date because of the newness of the whole proposal and the total problem.

While I realize there has been broad discussion of point 4 and that in its objectives it is backed by a great many organizations and people, I do not believe the average individual has had an opportunity to think through this question and where it may lead us in all of its various ramifications. It is the duty of the Congress to appropriate, and I feel that the Congress wants to understand what the program is, and where it will head before too large appropriations are made.

On September 15, 1949, I introduced Senate bill 2561, entitled, "A Bill To Establish a Program of Foreign Economic Development." This was exactly the same bill as was introduced in the House by Representative HERTER of Massachusetts. On January 24, 1950, Representative HERTER introduced in the House an improved version, and I introduced in the Senate the same version, which is now Senate bill 2197. The bill introduced by Mr. HERTER became the basis of title III of House bill 7797, a bill to provide foreign economic assistance, which was passed by the House. Now, in the interest of seeing the overall problem in point 4 get off to a proper start, and to see that its potentialities are properly recognized and developed, with emphasis on private investment, I have joined with the Senator from Colorado [Mr. MILLIKIN] in filing an amendment to Senate bill 3304, which is now pending.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield to the Senator from Texas.

Mr. CONNALLY. Is it the major purpose of the Senator from Massachusetts and the Senator from Colorado to encourage foreign investments?

Mr. SALTONSTALL. I cannot speak for the Senator from Colorado on that point. I speak for myself alone. I listened very intently to the President's explanation of point 4. I believe we should, to the best of our ability, provide an atmosphere to encourage American businessmen to take an interest in other countries, to help develop those countries in the way we have always gone ahead in this country and in our undertakings throughout the world, from the early clipper-ship days on. I would say to the distinguished chairman of the Foreign Relations Committee that there are many problems involved which I shall discuss at length. I believe in the purpose, in the ideal, and in the principle involved in creating an atmosphere for pri-

vate citizens to invest their money abroad.

Mr. CONNALLY. Mr. President, will the Senator yield further?

Mr. SALTONSTALL. I yield.

Mr. CONNALLY. Is the creation of this atmosphere to be followed later on by Government guaranties?

Mr. SALTONSTALL. Not in every instance, by any means.

Mr. CONNALLY. But in some instances?

Mr. SALTONSTALL. That would depend on the discretion of the Export-Import Bank as it is now constituted. It would depend on the purposes for which the Export-Import Bank guaranteed investments. As I understand, the provision in the bill which is now before the Senate and in the bill agreed to by the House committee is for expropriation and for currency purposes alone. It does not guarantee profits, and I think it should not guarantee profits.

The amendment to which I have referred calls for a study by a bipartisan commission set up on the same basis as the Hoover Commission, except that it is proposed to have 24 members instead of 12 members. The purpose is to study the whole program of international development and technical assistance, with, as I say, emphasis on private investment, with a directive to report within 60 days after Congress meets in 1951.

I have joined in this amendment because I believe there are many problems connected with these undertakings which have not been sufficiently clearly brought before the Congress and certainly not clearly understood by it. I have joined in the amendment because I believe Congress should include in its authorization the creation by our Government of the necessary atmosphere or climate to encourage private investment in the underdeveloped and other areas of the world. The House version provides for this, but the amendment proposed by the Senator from Texas [Mr. CONNALLY] does not.

Mr. President, I should like to insert as a part of my remarks at this point, and I ask unanimous consent to do so, excerpts from Secretary Acheson's testimony before the Foreign Relations Committee. The Secretary said in his statement, in part:

Its purpose is to encourage the exchange of technical skills and promote the flow of private-investment capital where these skills and capital can help to raise standards of living, create new wealth, increase productivity, and expand purchasing power.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

THE BILL ESTABLISHES NEW NATIONAL POLICY

The bill now before you establishes economic development of underdeveloped areas for the first time as a national policy. Its purpose is to encourage the exchange of technical skills and promote the flow of private-investment capital where these skills and capital can help to raise standards of living, create new wealth, increase productivity, and expand purchasing power. There are other conditions. American aid will be furnished only where it contributes to the development of a balanced economy. It may go only where it is actually needed, and where the country receiving it cannot provide skills and capital for itself.

CAPITAL TO COME FROM UNDERDEVELOPED AREAS

Most of the capital needed for economic development must come from the underdeveloped areas themselves. However, foreign capital will be needed from three main sources: from private investors, from the International Bank for Reconstruction and Development, and from the Export-Import Bank. The latter two should supplement, not compete with, private capital. They should finance projects, such as transportation and irrigation, which are foundations for economic development and which are not ordinarily attractive to private investment. We put primary emphasis, however, on the need for stimulating an expansion of private investment not only to provide capital but also to provide the technical and managerial skills that come with capital. On the subject of capital investment, the bill makes some important findings. It recognizes that, if investment is to do its job, the people of those underdeveloped areas must have confidence that foreign investors will not squander their natural resources, will pay taxes, will obey the local laws, and will provide decent wages and working conditions.

At the same time, it recognizes the fact that investors must have confidence that their property will not be confiscated without fair compensation; that they can take their legitimate profits and their capital out of the country, and that they can have reasonable freedom to manage their own business, subject to local laws that apply to everybody equally.

We have examples of these treaties, Senator, which are now before your committee. One of them is a treaty which we have recently negotiated with Uruguay, which is now before the Foreign Relations Committee of the Senate. A treaty in a somewhat similar vein is the treaty with Italy, which you have before you, and we are negotiating with a number of other countries to provide these treaties which do guarantee protection along the lines which I have indicated for investment capital, for the right to do business, for the right to have managerial personnel come to the country and operate the business, equality of application of local laws such as taxes, et cetera, et cetera. Some of these treaties have been negotiated. Some are before your committee; others are being negotiated.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the statement of Mr. Thorp, along the same line, be printed in the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

POSSIBILITY OF USING SMITH-MUNDT ACT

I think that a considerable part of this program could be done under the authority of that act. There are some elements, such as cooperation with the United Nations, for example, which were not envisaged at the time that that act was passed. I think the other element is that the general framework of that act is not focused on economic development. While that certainly is an element in the total picture, the diffusion of effort in covering all cultural informational relations in many areas makes it harder to focus on economic development, and therefore it seemed better to have a bill which was specifically directed to the economic development program.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent to have printed in the RECORD the colloquy between the Senator from New Jersey [Mr. SMITH] and the Senator from Texas [Mr. CONNALLY], appearing at page 39 of the hearings.

There being no objection, the colloquy was ordered to be printed in the RECORD, as follows:

Senator SMITH of New Jersey. I raised the question of the Secretary of State whether it (the technical assistance program) could not be incorporated in our existing legislation. I am still troubled by having a new over-all approach to this, because I think we have to feel our way. I think if we try to cover the whole scope of it in this thing now, and especially if we try to add it on to the ECA bill, we are going to have real resistance.

The CHAIRMAN. I think you are right, and I thought that we were just simply going to utilize the ECA bill for this year and appropriate money for this year, and let this thing come up on an independent basis.

Senator SMITH of New Jersey. I would rather see it as separate legislation. I think it is a very worthy project, but it needs a lot of study.

The CHAIRMAN. Yes; because this ECA is just an annual appropriation, and if we are going to bring this in and tie on to it a lot of permanent legislation we are going to be in difficulties. I think we ought to handle this on the basis of this year in the ECA bill and then take it up as an independent measure. That is the way I feel about it. However, I will be governed by the committee's action, of course.

Mr. SALTONSTALL. I cite the colloquy and statements, Mr. President, to show that the committee itself believed that study and careful consideration should be given to the subject.

Mr. FERGUSON. Mr. President, is the Senator yielding for question at this time?

Mr. SALTONSTALL. I yield to the Senator from Michigan.

Mr. FERGUSON. I merely wish to ask the Senator if he does not think that in the past some of the projects in connection with our foreign policy have been failures, or partial failures, because we had not given them sufficient study as independent projects?

Mr. SALTONSTALL. There is no question about that.

Mr. FERGUSON. Does not the Senator feel that here we have a project which is very important not only to America, but to the world, and which needs special attention as an independent project, so that we may ascertain what the roadblocks or pitfalls may be, in order that we may do a good job and do it through the independent, free enterprise system, rather than have the Government start in now on a temporary program and be unable, perhaps, to vary it in the future?

Mr. SALTONSTALL. I agree with the Senator. I think we ought to get the point of view of the private interests who are now interested in foreign countries, as well as of the private interests in the United States who perhaps would have to compete with the businesses abroad, and who may have a completely different point of view. We want to get all points of view. We want to get the point of view of the Government. As I say a little later in my address, if some cash appropriations are to be made we can consider it as a separate proposal, and not ascribe to it the purpose which the Senate Foreign Relations Committee ascribed to it when they said that its purpose is to help and encourage foreign trade. Those are not the exact words of the committee.

Mr. FERGUSON. As the Senator has indicated, does not the danger exist that if we are not careful in laying out the road, even on a temporary basis, we may not be able to vary that course in the future. In other words, there should be a complete study of the project.

Mr. SALTONSTALL. We may get ourselves into a position of giving false ideas to other countries as to what we intend to do.

Mr. FERGUSON. That is what I mean, that it would be expected we would follow it out along the same road as that set forth in the bill.

Mr. SALTONSTALL. Yes.

Mr. FERGUSON. I am eager to hear the remainder of the distinguished Senator's address on the subject, because I am greatly interested in the program.

Mr. SALTONSTALL. I appreciate the Senator's statement. I know he is interested. Later in my address I shall cite some of the work he has done in connection with it.

Mr. President, this country has reached its maturity and its strength through the initiative, the imagination and the willingness of private persons to risk their savings and even their lives in new undertakings. If the underdeveloped areas of the world are to become greater markets for our products and for the industry of our workers, more must be done than simply to help improve their health, or to give them more education, or to encourage know-how in agriculture and industry. These aids, it is true, will provide a first step by creating better conditions in these areas, by creating a better understanding of our country and of theirs, but they are only a first step. There is much more to be done. We must encourage our private citizens to undertake activities abroad and provide an outlet for greater investment by them in other parts of the world. Our taxpayers cannot continue indefinitely to carry the entire burden.

I listened intently to President Truman in his inaugural address describe his so-called point 4 program, and I came away with the feeling that this program had great possibilities when properly implemented, but that the implementation must be carefully worked out and cover a really adequate program.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. SALTONSTALL. I yield to the Senator from Minnesota.

Mr. THYE. The point 4 program will go beyond the countries that are now a part of the ECA program, will it not?

Mr. SALTONSTALL. That is correct.

Mr. THYE. In the event the point 4 program were incorporated into the ECA plan, we would go beyond the countries with which we are now engaged in the European recovery plan?

Mr. SALTONSTALL. If the amendment proposed by the Senator from Texas [Mr. CONNALLY] were adopted, it would apply to countries which are not now included in ECA.

Mr. THYE. Does the Senator agree that point 4 is not a necessity insofar as the countries which are now under and in the ECA program are concerned?

Mr. SALTONSTALL. That statement is a little too inclusive. Korea is in-

cluded in the ECA bill. It includes Korea and some other parts of the world.

Mr. BREWSTER. Palestine.

Mr. SALTONSTALL. Yes; Palestine, and some other parts of the world which were not in the original ECA bill.

Mr. BREWSTER. China.

Mr. SALTONSTALL. Also China.

Mr. THYE. ECA administrators may proceed in any manner they desire to assist, whether in the field of agriculture or industry, or in the monetary field. In other words, ECA is not in any sense restricted as to the manner in which it may assist in European recovery.

Mr. SALTONSTALL. That is the way I understand it. I understand they have very broad discretionary powers.

Mr. THYE. I have found them engaged in introducing the use of hybrid plants and seeds to advance and promote greater production of agriculture, and I have found them engaged in consolidating parcels of land into one unit in order to bring about a more efficient program of operating the farm unit. Therefore it was my observation and understanding that ECA could enter any field they desired in order to bring about a speedy recovery in the European countries where ECA is now in operation. So, point 4 would not mean anything so far as advancing recovery of the countries now under the ECA program are concerned. It would be only in the areas where ECA does not reach at the present time.

Mr. SALTONSTALL. I would say to the Senator that I do not think that is quite correct. The amendment offered by the Senator from Texas [Mr. CONNALLY] would provide additional funds, presumably to go into ECA areas and into areas all over the world which are not now included. As I conceive it, point 4, with private investment, might include European countries, because they create the atmosphere, as well as any other place.

Mr. THYE. ECA is creating an atmosphere which has encouraged private capital's adventure. ECA has given hope and courage to the foreigner to invest his money, as well as to the American investor. My observation last fall was that ECA was not only bringing about a recovery by the use of the American dollars, but that it was giving hope and courage to the people, not only industrially but politically. It has encouraged them to enter into political campaigns in order to elect sounder types of government.

So, from the standpoint of point 4 as the President outlined it before the joint session of Congress, I could see that ECA was doing much of what was set forth in the Presidential message on point 4. But that is only in the countries that come under the European recovery program. From the standpoint of point 4 in other countries, where ECA does not reach, because we are not operating in those countries, I could see an opportunity for an administrative function under the proposed plan of point 4.

However, as I have followed the distinguished Senator from Massachusetts in his statement, I believe he is entirely correct when he says that we might find ourselves out in a millstream without any

way of getting back to shore. Evidently the Senator proposes a plan of study and research on how we may get back to shore after we get out into the millstream. I think the Senator is entirely sound in his approach to the question.

Mr. SALTONSTALL. I thank the Senator.

Mr. MILLIKIN. Mr. President—

The PRESIDING OFFICER (Mr. KEFAUVER in the chair). Does the Senator from Massachusetts yield to the Senator from Colorado?

Mr. SALTONSTALL. I yield.

Mr. MILLIKIN. Is it not correct that the ECA is a temporary program, intended to expire 2 years from now?

Mr. SALTONSTALL. The Senator is correct.

Mr. MILLIKIN. Point 4 necessarily would be a permanent program, perhaps running over generations, involving billions upon billions of dollars.

Mr. SALTONSTALL. Of private investment, and some Government funds.

Mr. MILLIKIN. The Senator may consider it either way he wishes, but in either event, whether by private investment or by Government investment, or by both, by its very nature it is a permanent program. So is not a basic defect of the Connally amendment the fact that it injects into a dying temporary plan a long-range program plan, with implications possibly as great as the plan which is now on its way out?

Mr. SALTONSTALL. I agree. We now provide technical assistance in the pan-American countries through the Institute of Inter-American Affairs and by other activities. We now provide for all the ECA countries through ECA. We have 47 different international tie-ups which I shall set forth a little later. The Connally amendment would permit in any section of the world the same work that is being done in South America and the ECA countries.

Mr. MILLIKIN. Is it not correct that the program covered by the Connally amendment is the entry program into point 4?

Mr. SALTONSTALL. It is the entry to point 4 so far as the Government is concerned.

Mr. MILLIKIN. That is what I am talking about. Therefore, it is the entry program into a permanent program, injected into the middle of a program which is temporary and which will expire in a couple of years.

Mr. SALTONSTALL. That is correct. The chairman of the committee said that himself in the colloquy in the committee.

Mr. LODGE. Mr. President, will my colleague yield?

Mr. SALTONSTALL. I yield to my colleague.

Mr. LODGE. First of all, I express my regret that because of my attendance on the meeting of the Subcommittee on Disloyalty Charges I have not been able to be on the floor in connection with the proposal now under consideration, which interests me very much.

I should like to say further, so far as the comment of the Senator from Colorado [Mr. MILLIKIN] is concerned, that he is entirely right that this is not an ideal place to put such legislation, and I made the same comment when the

matter was before us in the committee, and was given the classic answer which we so often receive, that this is the way the House wants us to do it because in the House they must take up one big bill and cannot take up separate small bills. Whether that is accurate or not, or desirable or not, if accurate, I cannot say, but I think it is not ideal to tie a long-range program into a short-range program.

So far as my colleague is concerned, he and Representative HERTER, of Massachusetts, have made a very profound study of this whole matter, and I think have done valuable pioneer work in connection with it. The proposed legislation as it came over from the House not only covered the question of technical assistance, which we now have before us, but also contained language which was agreed upon after long conferences between representatives of the State Department and representatives of American industry, which, without underwriting anything or guaranteeing anything or pledging anything, would nevertheless have tended to create an atmosphere abroad that was favorable and encouraging to private investment.

Of course, for most of the undeveloped countries, that is by far the best hope. The work which a foundation, like the Rockefeller Foundation, does is very good and is to be commended, the work of Government agencies is very good, and is also to be commended; but, by and large, the best hope of those undeveloped countries is the work of private enterprise.

This language which my colleague had a great part in developing, and which Representative HERTER defended in the House, came over to us in the House bill, and very much to my regret, was taken out of the bill in committee. I argued as best I could in the committee, but for reasons which did not seem to me good then, and do not seem to me good now, it was taken out.

I believe what is left is all right. I do not share the fears entertained by the Senator from Colorado that the provisions for technical assistance are dangerous, but I believe it would have been very much better if we had stayed with the over-all, well-balanced contemplation which my colleague advocates, and of which he is such a distinguished sponsor.

Mr. MILLIKIN. Mr. President, will the senior Senator from Massachusetts yield again?

Mr. SALTONSTALL. I thank my colleague for his contribution. I yield to the Senator from Colorado.

Mr. MILLIKIN. My present purpose is not to attack the technical assistance. My present purpose is merely to say that this is the indirect entry to a long-range program, and that it requires preliminary study, rather than the hasty consideration which has been given to it.

Since the distinguished junior Senator from Massachusetts was good enough to state his own position in the hearing, I would remind him that the distinguished chairman of the committee, and the Senator from New Jersey [Mr. SMITH]

and the Senator from Wisconsin [Mr. WILEY], voiced similar alarm over the inappropriateness of putting this matter into the ECA legislation.

Mr. SALTONSTALL. Mr. President, I shall not proceed with my prepared remarks.

The amendment proposed by the Senator from Texas and offered by him with, I understand, the unanimous support of his committee, does not, in my opinion, adequately implement the President's program. It covers only part of the ground. I believe, therefore, that the time has come to have a thorough study of this whole subject made by a bipartisan commission composed of members of the executive department, Members of Congress, and citizens from private life, over the period of the next 8 months so that the Congress and the public may have a factual report at hand to help them with their studies, with their deliberations, and with their actions.

I quote from the first paragraph of the proposed amendment:

There are presently before Congress problems for stimulating an atmosphere for capital investment in and providing technical assistance for underdeveloped areas of the world such as Africa, the Near and Far East, and Central and South America.

And again, section 9-B of the amendment states:

Within 60 days after the Eighty-second Congress is convened and organized, the Commission shall make a report of its findings and recommendations to the Congress with attention to the relationship between the Commission's recommendations and the peace, security, and solvency of the United States.

Spread out through our various departments of Government, but concentrated to a large extent in the Department of State, are a greater number of activities in this field of technical assistance than most of us have any idea exist. In addition, there are spread through the United Nations and its various commissions more of these undertakings to which we contribute in great part.

Let me quote from a recent pamphlet issued by the Public Affairs Institute called *Ground Work for Action—Bold New Program*, Series No. 3, page 14:

To implement the President's point-4 proposal of January 1949, a program was prepared and submitted to Congress. This would provide for furnishing assistance to underdeveloped areas both through multilateral programs such as the United Nations program, and bilateral programs conducted in accordance with arrangements made directly with foreign governments. The program as submitted covered technical assistance and proposals for fostering foreign investment by United States capital. The proposals for technical-assistance programs were based largely on the assumption of expanding existing United States bilateral programs and increased participation in the expanded program of the United Nations and specialized agencies.

Please note the statement that both the bilateral and multilateral programs were expanding.

As a member of the subcommittee of the Appropriations Committee on the State Department, let me call the Sen-

ate's attention to requests for contributions to the following international organizations:

World Health Organization-----	\$1,920,000
UNESCO-----	2,814,381
International Labor Organiza- tion-----	1,091,739
Food and Agriculture Organiza- tion-----	1,250,000

They total \$7,076,120.

In addition to these requests for contributions, there are requests for funds for American missions to these and other international organizations with salaries and expenses of approximately \$1,500,000. In addition, there are employees in the State Department whose job it is to correlate the work of these missions and of these organizations in the State Department, as well as in the Department of Agriculture and other departments of our Government.

In addition, under the Smith-Mundt Act, there is a request of approximately \$2,925,000. It does not include the estimated amount of foreign credits under the Fulbright program nor the educational activities under the Voice of America program. Please note in subchapter 4 of the Smith-Mundt Act, entitled "Participation by Government Agents," section 1458, a policy governing rendition of services, that the Secretary of State shall encourage through any appropriate Government agency the performance of services to foreign governments by qualified private American individuals and agencies and "shall not enter into the performance of such services to any foreign government where such services may be performed adequately by qualified private American individuals and agencies, and such qualified individuals and agencies are available for the performance of such services."

I mention this to show that the Smith-Mundt Act clearly recognizes the need for encouragement of private investment. The Connally amendment recognizes the need for participation of private agencies but does not create the necessary implementation to attract these agencies.

Mr. FERGUSON. Mr. President, will the Senator yield to me?

Mr. SALTONSTALL. I yield.

Mr. FERGUSON. I am very much in favor of the amendment the Senator from Massachusetts is discussing which provides for a study to be made of the subject of technical assistance, and so forth. Should not the study include the nature of the government of the country to which we propose to supply aid, in order that we may determine whether the aid will stimulate free and individual enterprise rather than to give aid which will be under Government control? Is it not necessary that the aid we furnish shall create a climate favorable to individual enterprise rather than that in giving such aid we become a partner with a socialistic nation? If we give the aid without making a thorough study of the purposes for which it is to be used is there not danger that what our country really will do will be to become a partner with a foreign government on a socialistic basis?

Mr. SALTONSTALL. What the Senator says might very well happen.

Mr. FERGUSON. Therefore it is essential that we make a study not only with respect to what we might very well do to aid a certain country, but whether or not there exists there a climate favorable to the aid developing through free enterprise?

Mr. SALTONSTALL. That is correct. I will say to the Senator from Michigan that the more I have studied the question, particularly in connection with this amendment, the more I am convinced that there should be made a thoroughgoing study as absolutely far removed from politics as possible. I believe such a study will be of benefit to the Congress.

Mr. FERGUSON. I thank the Senator from Massachusetts.

Mr. SALTONSTALL. The report to be made next March may be merely a temporary one, merely a report of progress. We should have such a report. That report, however, may show that it is necessary that further study be made, and the report may furnish the ground work for further study.

Further, there is the Institute of Inter-American Affairs, which has been engaged over a number of years in very successful technical-assistance programs covering the fields of education, health, and agriculture in particular. That Institute is this year requesting a cash appropriation of \$6,500,000 and contract authority of \$14,000,000, or a total of \$20,500,000. The House Committee on Appropriations cut the cash appropriation by a million dollars and the contract authority in half. The House itself threw out, on a point of order, the contract authority, but the amount will undoubtedly be requested of the Senate Appropriations Committee in due course.

In addition to the Institute, there are other inter-American organizations, for eight of which requests for appropriations amounting to \$3,032,919 have been made.

I also call attention to the report of the Committee on Expenditures in the Executive Departments, Report No. 1274, filed by the junior Senator from Maryland [Mr. O'CONOR] on February 14, 1950. The appendixes to this report commencing on page 50 give a list of the permanent and emergency international organizations in which the United States participates. This list totals 47 in number.

Mr. President, I ask unanimous consent to insert the list in the RECORD at this point in my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

PERMANENT AND EMERGENCY INTERNATIONAL ORGANIZATIONS IN WHICH THE UNITED STATES PARTICIPATES

I. United Nations and specialized agencies: United Nations (including International Court of Justice); Food and Agriculture Organization; International Civil Aviation Organization; International Labor Organization; International Telecommunication Union; United Nations Educational, Scientific, and Cultural Organization; Universal Postal Union; World Health Organization; International Bank for Reconstruction and Development; International Monetary Fund;

International Refugee Organization; ¹ United Nations International Children's Emergency Fund.¹

II. Inter-American organizations: American International Institute for the Protection of Childhood; Inter-American Indian Institute; Inter-American Institute of Agricultural Sciences; Inter-American Radio Office; Inter-American Statistical Institute; International Office of Postal Union of Americas and Spain; Pan American Institute of Geography and History; Pan American Railway Congress; Pan American Sanitary Bureau; Pan American Union (including Inter-American Defense Board).

III. Other international organizations: Bureau of the Interparliamentary Union for the Promotion of International Arbitration; Cape Spatel and Tangier Lighthouse; Caribbean Commission; Central Bureau of the International Map of the Millionth Scale; International Bureau for the Protection of Industrial Property; International Bureau for the Publication of Customs Tariffs; International Bureau of the Permanent Court of Arbitration; International Bureau of Weights and Measures; International Council of Scientific Unions and Seven Associated Unions; International Criminal Police Commission; International Hydrographic Bureau; International Meteorological Organization; International Penal and Penitentiary Commission; International Statistical Bureau at The Hague; International Sugar Council; Permanent International Association of Navigation Congresses; South Pacific Commission.

TEMPORARY INTERNATIONAL ORGANIZATIONS IN WHICH THE UNITED STATES PARTICIPATES

Central Rhine Commission; Inter-Allied Reparation Agency; International Authority for the Ruhr; International Cotton Advisory Committee; International Seed Testing Association; International Tin Study Group; International Union of Official Travel Organizations; Rubber Study Group.

Mr. SALTONSTALL. I call attention to a few organizations. Under the United Nations and specialized agencies there are the Food and Agricultural Organization; the International Civil Aviation Organization; the International Labor Organization; the International Telecommunication Union; and many others. Under the inter-American organizations there are the American International Institute for the Protection of Childhood; the Inter-American Indian Institute; the Inter-American Institute of Agricultural Sciences; the Inter-American Radio Office; the Inter-American Statistical Institute, and others. Under the heading "Other international organizations" there are the Bureau of the Interparliamentary Union for the Promotion of International Arbitration; the Caribbean Commission; the International Bureau for the Publication of Customs Tariffs, and others.

Then under the heading of "Temporary international organizations in which the United States participates," there are the International Cotton Advisory Committee, the International Seed Testing Association, the International Tin Study Group, and several others.

¹ These organizations are not permanent but were created to meet emergency situations arising out of World War II. The IRO, which is scheduled to terminate its operations on March 31, 1951, is a specialized agency and is therefore included here as such. The UNICEF has no termination date and is an agency of the United Nations.

The junior Senator from Michigan [Mr. FERGUSON] had the foresight last August to ask the Director of the Budget to secure information for him concerning United States technical assistance and exchange programs for certain other foreign expenditures. I call attention at this time to the fact that it took the Director of the Budget more than 5 months to gather the material and to reply to the Senator from Michigan on February 8. This, I think, might well be traced to the fact that many different agencies of the Federal Government are involved in one way or another. I have been endeavoring to reconcile the figures the Senator from Michigan received and which he was good enough a few days ago to read into the record of the Subcommittee on Appropriations for State, Commerce, and Judiciary with other figures which have been furnished me. It is extremely difficult. The figures which I now quote are figures which were prepared by the State Department on March 27 and are for the fiscal year 1951:

First. Technical assistance in Connally amendment to S. 3304: \$45,000,000. This includes \$2,900,000 Smith-Mundt Act money and a cash appropriation for the Institute of American Affairs of \$6,500,000 but does not take into account contract authority requested in the amount of \$14,000,000 for the Institute.

Second. In addition to this, there is \$15,000,000 included in the ECA authorization for technical assistance and \$2,779,000 in the Korea authorization.

Third. Other statutes authorize \$501,489, or a total of \$63,280,482.

Fourth. In addition to the total I have just given, we pay about \$29,000,000 to the regular budgets of the international organizations, exclusive of contributions to IRO. Of this, about \$2,000,000 goes for technical assistance.

Fifth. It also costs \$1,600,000 to staff our missions to international organizations. This is not directly for technical assistance. There should further be considered the amount of money that is paid to the various people who supervise all of our international organizations in the State Department; that is, the people who stay in this country and back up the overseas force.

If we add these figures together, we get about \$65,000,000 for technical assistance, \$27,000,000 to regular budgets of international organizations, exclusive of technical assistance, and \$1,600,000 for missions to international organizations, or approximately \$94,000,000.

Then, Mr. President, I would call attention at this point to a memorandum from the State Department showing the service rendered by the Department of Commerce to business. I shall ask unanimous consent that the memorandum be printed at this point in the RECORD as a part of my remarks. I point out that the fifth paragraph of the memorandum states:

The estimate of this Department of Commerce service to business program for fiscal year 1951 is \$398,000.

So, Mr. President, if that amount is appropriated, it will be in addition to the totals I have given.

I now ask unanimous consent that the memorandum to which I have just referred be printed at this point in the RECORD, as a part of my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

SERVICE OF COMMERCE DEPARTMENT TO BUSINESS

The service outlined here is to provide detailed information on investment opportunities and business problems in underdeveloped areas to the American business community, and to collaborate directly with business in stimulating foreign investment undertakings. Lack of this information constitutes one of the impediments to American foreign investment.

This general program is composed of the following elements:

(a) Census of United States private investments abroad: This will provide up-to-date information on the character of existing investment, annual earnings and the manner of payment. The latest census of American investment abroad covered holdings as of May 31, 1943 but used 1942 and 1943 values.

(b) Country industrial development: A thorough collection and analysis in Washington is needed of economic, financial, and industrial information on each country, in order to provide business with a more complete background for their investment activities. This work will involve interdepartmental cooperation and some field surveys. The Department of Commerce proposes to set up an industry advisory committee to insure the most practical approach to the whole problem of investment in connection with country industrial development, and will also expand its contacts with all segments of business and industry on more specialized foreign business problems related to underdeveloped areas.

The estimate of this Department of Commerce service to business program for fiscal year 1951 is \$398,000.

Preparation of field data: Not included here is a proposal for strengthening the economic staff of the Foreign Service in some underdeveloped areas with investment analysts, in order to provide on a continuing basis from the field the additional current data and analyses relating to investment opportunities and business problems called for under this program of service to business. This permanent addition to the reporting requirements is presented elsewhere in connection with other expanded responsibilities of the Foreign Service.

Mr. SALTONSTALL. Mr. President, inasmuch as I think it would be of interest to the Members of the Senate, I ask unanimous consent to have printed in the RECORD at this point in my remarks a memorandum covering technical assistance. The memorandum has been handed to me by the State Department. It is a three-page memorandum, and substantiates the figures I have just tried to read under the five points. I shall not take the time of the Senate to repeat those statements, but I now ask to have the memorandum printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

1. Your request is as follows:

How much "technical assistance" is included in ECA and other agencies excepted from section 417 (a) of aid bill (title III, H. R. 7797)?

Should this amount be added to the \$45,000,000 in aid or is it part of it?

2. Technical assistance activities authorized by law and excluded from Aid Act are those carried on under:

(a) Public Law 402, Eightieth Congress, "not primarily related to economic development."

(b) International Aviation Facilities Act.

(c) Philippine Rehabilitation Act.

(d) Foreign Assistance Act of 1948, as amended.

(e) Korean Aid Act (not a part of ECA estimates).

3. Estimated expenditures for fiscal year 1951 under these statutes are as follows:

(a) Public Law 402 (not in aid)	\$358, 101
(b) International Aviation Facilities Act	None
(c) Philippine Rehabilitation Act	143, 381
(d) Foreign Assistance Act of 1948, as amended	15, 000, 000
(e) Korean Aid Act	2, 779, 000
Total	18, 280, 482

4. These amounts are being requested in appropriations other than the aid appropriation. They are not a part of the \$45,000,000 for aid.

5. The total estimated expenditures for all technical assistance activities are as follows:

(a) Under aid	\$45, 000, 000
(b) Not under aid	18, 280, 482
Total	63, 280, 482

6. The total estimated expenditures for all technical-assistance activities are shown in terms of H. R. 7797, as follows:

(a) Technical assistance authorized in H. R. 7797	\$62, 779, 000
Aid (title III)	45, 000, 000
Eca (included in total ECA authorization of \$2,100,000,000)	15, 000, 000
Korea (included in total Korea authorization of \$100,000,000)	2, 779, 000
Total	62, 779, 000
(b) Technical assistance authorized in other statutes	501, 482
Total	62, 280, 482

7. The details on technical assistance activities and expenditures outside aid are as follows:

(a) Educational exchange activities under Public Law 402 outside the Aid Act:

The 1951 State Department appropriation request includes the following items for technical cooperation—advice to foreign governments and training of their nationals—in cultural fields:

Archival science	\$21, 352
Historical resources	55, 691
Library sciences	84, 438
Social anthropology	105, 840
Wildlife resources	90, 780
Total	358, 101

(b) Technical assistance under International Aviation Facilities Act:

No funds are being requested for 1951.

(c) Technical-assistance activities under Philippine Rehabilitation Act:

Most Philippine rehabilitation activities are ending in 1950; \$3,013,062 was made available for fiscal 1950 activities in the following fields:

Public-road maintenance	\$16, 184
River and harbor engineering	200
Public-health facilities	1, 122, 841
Seamanship	246, 201
Civil aviation	175, 315
Meteorology	124, 268
Fisheries	976, 385
Geodetic and hydrographic work	351, 668
Total	3, 013, 062

The only item being requested for 1951 is for seamanship, a sum of \$143,381.

(d) ECA technical assistance. In fiscal year 1950, ECA set aside \$15,000,000 for technical-assistance activities. Of this amount, \$2,589,300 has actually been spent as of December 31, 1949. The amount estimated to be spent from January 1 to June 30, 1950, is \$6,250,900, making a total for the year of \$8,840,200. The remainder—\$6,159,800—has been transferred to country-aid funds.

For fiscal year 1951, ECA estimates its project needs for technical assistance in the amount of \$16,359,900. However, since there may be lapses in the program and some programs that will run over the fiscal-year period, ECA has reduced its request to the round figure of \$15,000,000. It intends to use the full amount in fiscal 1951 if the funds are made available.

The fields of activity represented in the ECA technical-assistance program are:

Industrial productivity	\$6, 120, 500
Overseas territories	2, 495, 700
Agricultural productivity	2, 344, 000
Marketing	1, 447, 300
Manpower utilization	1, 421, 800
Public administration	1, 204, 300
Communications and transportation	864, 400
Tourism	162, 000
Miscellaneous and program costs	300, 000
Total	16, 359, 900

(e) Korean Aid Act:

Activities under this act are in the same fields as point 4, but the funds are part of the request of \$100,000,000 for Korean aid. The amounts requested for 1951 are as follows:

Management and training	\$1, 650, 000
Technical training institute in Korea	430, 000
Training Koreans in United States	129, 000
Special training and assistance projects	170, 000
Training supplies and equipment	400, 000
Total	2, 779, 000

Mr. SALTONSTALL. Mr. President, I cite these figures to give some indication of the growing expense to our Government that is involved in technical assistance and participation in international organizations. In considering this expense I want to make it clear that I am not criticizing it nor am I criticizing any international organization at the present time. By and large, I am for international organizations to which we now belong, because I believe that when they are properly administered they can be a tremendous force toward achieving a closer understanding among the peace-loving nations of the world. It is my hope that this understanding will help lead us to a true peace among all nations.

With these figures in mind, let me repeat: The House authorization for its title III calls for only \$25,000,000 for technical assistance. The amendment of the Senator from Texas [Mr. CONNALLY] provides for \$45,000,000, but the true questions are: Where does it lead us? How far should we go? What percent should be private investment? How many of the taxpayer's dollars should we send out of the country in order to try to realize our objective of developing underdeveloped areas in order to give our citizens more business and to give us greater security and to provide more peace in the world? Certainly, our objective cannot be fully realized merely by

the spending of dollars. It must be carefully planned on a basis that is recognized by our citizens and by our Government officials, both in the executive and legislative branches, as being in the best interests of our country, our security, and world peace.

I have tried in this brief manner to give some indication of the scope of our technical assistance organizations already under way and of the need for a careful study before we are committed, perhaps too far, along the lines of technical assistance before we have consolidated what we are now doing. Although the appropriation now requested is, in terms of present-day figures, not very substantial, even if it is made what we want to know is where we are heading, how much the cost is, and how much can be done through private agencies if the Government is willing to work to create a proper atmosphere to encourage these private agencies and private investment. As I see it, this is a long-term pull, except where such assistance may be needed to bolster our immediate policy against the spread of communism. Certainly I have always tried by my votes to stop the spread of communism, and I shall continue to do so, and to vote for assistance in that connection, be it military, economic or technical assistance.

To encourage and help private investment, we already have in existence the International Bank and the Export-Import Bank. The first-mentioned inter-governmental agency has met with general approval. This International Bank is designed to encourage and guarantee international government loans. It may be expected to play a fuller role as the years go by; but this institution, like the Export-Import Bank, is designed to supplement, not to supplant, normal investment channels.

Mr. President, this morning I saw a letter, addressed to the chairman of the Banking and Currency Committee, the Senator from South Carolina [Mr. MAYBANK], in which the head of the Export-Import Bank stated that that bank had \$2,000,000,000 in loans in 40 different countries.

One of the difficulties of normal investment channels which we must overcome is the question of exchange convertibility. The international monetary fund was set up to overcome this difficulty; but, as all of us well know, in many cases it faces almost insoluble difficulties at the present time. In the end, these difficulties must be resolved if we are to have trade between nations. Today we know that the old-fashioned barter method of trade is being more widely used than before.

The more I have studied the question of technical missions and the question of creating a satisfactory investment climate, the more difficult I find the whole problem which is involved. It is one which I believe has tremendous potentialities, but it is also one which leads to tremendous responsibilities. The Senate has before it now for ratification a Treaty of Friendship and Commerce with the Republic of Uruguay. I call attention to this treaty because I think it might have been very beneficial if we had been able to debate its terms and

its ratification prior to the discussion now under way. It is, as I understand it, an over-all attempt to secure an understanding between Uruguay and our country in the interest of better trade relations, better friendship, and encouragement of the movement of capital. I do not say it is a completely model treaty, because, frankly, I am not sufficiently familiar with its terms; but I do say it is the type of treaty that I have in mind when I think of the implementation of point 4—not by the taxpayers, but by the movement of private capital.

A proper investment atmosphere, if it can be obtained, is, in my opinion, a slow and difficult process, but it is something that we must seek to obtain in the interest of peace and in the interest of friendship among nations as well as in the interest of the United States in having trade for its citizens, so as to have more jobs.

Let me cite a few of the questions involved: What does a favorable atmosphere for an investor mean? It may mean many things. Of course, the chief one is confidence that the country in which the investment is made will have a stable government that will live up to its obligations. No one can guarantee this, but a willingness on the part of the country to help attract American investment and a willingness on our part to work with that country and to assure it that we want to help and welcome its friendship will go a long way. There may be some need for some kind of government guaranty; but if a Government guaranty is used, it should be used carefully and sparingly, because in the long run it will only lead to confusion and to an endless list of Government guaranties in business. The clearest guaranty by our Government is that of convertibility and against expropriation. These are powers which the Export-Import Bank now has, but they are more clearly set forth in a bill now pending before the Senate. Mr. President, I call attention to the fact that the Export-Import Bank now has those powers, even though we have before us a bill which will clarify them. However, one of the great questions involved is, from a practical point of view, to write out such guaranties of convertibility and against expropriation on a contract basis and to carry them out.

Here are a few more thoughts in regard to creating such an atmosphere: The individual should, through treaty agreements, be sure that his American employees are not interfered with as to their persons, their personal belongings, their ability to enter and leave the country, their ability to receive food from home, and their own clothes and furniture for their own use, and that they are not discriminated against in regard to taxation or otherwise. There should be a definite understanding as to conversion of currencies. Very few nations today do not have exchange control. It must be understood just what priority American investment capital and the service of capital will have. All phases of capital should be covered—interest, amortization on loans, dividends on stocks, profits from branch establishments, fees for industrial techniques,

royalties, copyrights, and many others. This, of course, should be tied in with the International Fund and should be consistent with its practices. There also must be some kind of agreement that the foreign country will not expropriate the American investors' property. There must be proper guaranty as regards taxation, a proper method of arbitration of disputes between the company and the government, what court will have jurisdiction, and whether the matter can be taken to an international court. These are some of the questions which readily come to everyone's mind, but there are many more that cannot be worked out overnight.

I have already pointed out that we have before us for ratification a Treaty of Friendship and Economic Development with the Republic of Uruguay. We also have before us a treaty for a convention with Ireland to avoid double taxation, and a claims convention with the Republic of Panama. An Italian treaty of friendship was ratified in June 1943, and a treaty with Ireland was submitted to the Senate on February 28, 1950. That is another treaty which is pending before the Senate. It takes time to draft those treaties. We also must consider various kinds of political considerations in the country with which we are dealing. I mention these matters briefly, as they are just some of the problems involved in creating an atmosphere to encourage our citizens to invest in other countries of the world. They point to the complexities of the whole problem, and lead to the necessity, in my opinion, for a further bipartisan study.

I have already discussed the expense to our Government of the technical assistance through the United Nations organizations and bilateral understandings that we are now conducting. The more I go into the problem, the more I believe that a bipartisan commission to study it and to make a report to the next session of Congress will be of very great value and will not delay to any degree the technical assistance in which we are now participating. I cite the fact that such a commission will not in any way stop the work on our inter-American activities, nor will it stop the assistance that we may be rendering of a technical and educational nature in southeast Asia, for the President has remaining, I understand, from a \$75,000,000 appropriation for this purpose, around \$45,000,000. The authorization act is sufficiently broad in scope, in my opinion, to permit the President to furnish in that area what we have been discussing, in the form of technical assistance. In addition, there may be other unallocated balances from previous appropriations. This makes a very substantial amount of money available for this purpose in southeast Asia. Let me make it clear that appointment of such a bipartisan commission for careful study of this problem in no way weakens or runs contrary to the objectives of the proposed point 4 program. Rather, it will go far toward assuring a sound, sensible, and productive implementation of point 4 in all its aspects, especially at that critical time when ECA comes to an end.

Therefore, Mr. President, I hope that we may adopt the amendment that will permit a bipartisan commission, a joint cooperative effort joined in by the President, the Congress, and the public, to study this problem and make a report to us next March. We can then be guided by circumstances as to how to proceed, with a much better background than we now have, which will lead to greater security for ourselves and a more secure peace in the world.

Mr. BREWSTER. Mr. President, I am sure that those Members of the Senate who have been privileged to listen to the Senator from Massachusetts will realize the importance of the problem which he has discussed, and which deals with the whole future of our relationships with the other countries of the world. I believe that the careful study which he proposes is well warranted in the interest of being sure that we shall make no false step. I particularly approve his emphasis upon the development of an atmosphere congenial to private enterprise.

We realize, I think, that whether the system of private enterprise under which America has made its amazing development is to continue to flourish in the world or is to be followed by a more and more completely socialized state, is one of the great issues in the world mind at the present time. The government-to-government dealings, which have perhaps necessarily been an aspect of relationships during the war and immediately thereafter, must not continue indefinitely, because they are so nicely calculated to force all private enterprise into the control of the Government, whether or not that be the intent. That is why I think we should be profoundly grateful for the careful documentation which the Senator from Massachusetts has given to his amendment and the reasons he has set forth why its adoption should at least be considered seriously.

The discussion in which I now desire to engage leads, or at any rate relates very closely, to the same problem, the problem of our trade relationships. Some 10 days ago the President invited to the White House the Senator from New Hampshire [Mr. BRIDGES] to discuss the reimplementation—if the word is correct—of the so-called bipartisan policy. The word "bipartisan" seems to be in some aspects a red rag to some bulls; so I should prefer to say "the matter of cooperation," in order that we may avoid any implications of language which is provocative. But certainly in the Republican platform and in the Republican statement of aims and policies issued recently there was a very clear indication that the members of the Republican Party associated in the drafting of those declarations recognized the very great responsibility upon every party to do everything in its power to arrive, so far as humanly feasible, at some common concert of action in our relationships with the other countries of the world.

In the progress which we have made in recent years in that direction—and the United Nations stands as one of the

great monuments to that achievement—beginning back during the bitter years of the war, under the leadership of the Senator from Texas [Mr. CONNALLY] as Chairman of the Committee on Foreign Relations, an entirely bipartisan committee was constituted for the first time, so far as I know, in the history of movements of this character, with equal representation accorded to each side of this political aisle, four members of one party, and four of the other, in order that they might work with the Secretary of State, Cordell Hull, in undertaking to lay broad and deep the foundations of a world structure which should be, it was hoped, equal to the great task of implementing peace throughout the world. That committee went forward in cooperation with the Secretary of State and achieved the success which was crowned at San Francisco. There was, so far as I know, no recognition of party lines in the considerations of that committee. We were equally represented on each side, and apparently the conclusions of the committee, if not always unanimous, at any rate had no trace, so far as the record shows, of partisan division.

Following that, we moved forward in order to carry on this world understanding. The Republican Party took over control for 2 years, and the chairmanship of the Committee on Foreign Relations passed to this side of the aisle, to the distinguished Senator from Michigan [Mr. VANDENBERG]. The same policy was continued in an attempt to eliminate, so far as humanly possible, all primarily partisan considerations in the conduct of our relations with the other countries of the world.

The control has now passed back across the aisle. We again have the Senator from Texas, with his long experience, in the position of Chairman of the Committee on Foreign Relations. When the suggestion was made that we should seek once again so far as practicable to arrive at an accommodation of viewpoints between the two sides of the aisle in the evolution of our foreign policy in these very critical days, I think all the country was interested and hopeful that this might perhaps be brought to pass; not that it would ever be completely realized, but that in substantial measure there might be accord.

I shall not look back to the controversies of recent years to determine the responsibility for any change in policy which has ensued, but shall look forward simply into the future, as one who, 30 years ago, first associated himself as a young man out of World War I with the so-called League to Enforce Peace, which was organized under entirely bipartisan auspices to achieve if possible a union of peoples of the world at that time. It was to me a matter of profound regret that the atmosphere in this country at that time did not seem to be congenial to its achievement. Whether the cause of world understanding would have been advanced, had we entered the League of Nations at that time, may always be a matter of debate. Unless the American people, by a very substantial majority, were in favor of that course, it would, in any event, have been abortive. However, the recent suggestion from the

President brought the hope to all those who have realized the significance of current events that, so far as practicable, we would seek that course.

So to me it was a matter of profound regret that on the day following the appeal by the President there should have been urged upon the Congress by the Secretary of State one of the controversial aspects of our foreign relations, a subject upon which there have been always, historically, the sharpest divisions between the two sides of the aisle.

As late as last year there was an issue presented in that very connection on which there was an absolutely partisan division, the only one I know of in the whole session of the last Congress, except for various minor matters.

It was to me a matter of profound regret that the administration felt impelled to urge upon the consideration of the Congress, in the closing months of the session, when there was an enormous amount of work ahead, the implementation of the so-called International Trade Organization. This subject has been under discussion for a long time. Two years ago, in fact, when this body was under Republican control, the matter was referred, I believe, by the Committee on Foreign Relations, to whom it was sent, to the Committee on Finance. The Senator from Colorado [Mr. MILLIKIN] held hearings upon the then draft of the charter of the International Trade Organization for, I think, a period of at least 20 weeks, going with meticulous detail into the question. The Senator from Colorado, I think it is safe to say, is probably more completely informed regarding this matter than is any other Member of the Congress, as a result of the application of his very great talent to a study of the situation. The Senator from Colorado feels it would be most unwise to proceed with this matter at this time, considering all the controversial problems involved.

Mr. DONNELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. KNOWLAND in the chair). Does the Senator from Maine yield to the Senator from Missouri?

Mr. BREWSTER. I yield.

Mr. DONNELL. I should like to ask the Senator whether the International Trade Organization would be the subject of a treaty, and that if this country should become involved in that Organization it would do so by means of the ratification of a treaty?

Mr. BREWSTER. That is a very interesting question and one which has been under debate for a very long time. As the Senator from Missouri knows, the question of what is a treaty and what is an agreement is still a difficult one. There is a twilight zone involved. I have seen it in the various questions we have considered, and I think I am correct in saying that the State Department itself has considered this question a very long time, and—the Senator from Texas will correct me if I misstate it—I think it finally concluded it would submit ITO to the Congress as an executive agreement, so that the House and the Senate could concur in implementing legislation, rather than submitting it as a treaty,

although it was referred to the Committee on Foreign Relations in the Senate and to the Committee on Foreign Affairs in the House. The Senator from Michigan [Mr. VANDENBERG], who was at that time, 2 years ago, chairman of the Foreign Relations Committee, asked the Senator from Colorado [Mr. MILLIKIN] as chairman of the Committee on Finance to hold hearings on the matter, saying they would like to have it considered by the Committee on Finance because probably 80 percent of the provisions were concerned with trade and tariff regulations.

So I am unable to answer the Senator from Missouri categorically, yes or no, except to say that the State Department at present treats it as an agreement, while I think the Senator from Colorado believes it should have the dignity of a treaty, because I recently heard him say it imposes far greater restrictions upon our sovereignty and freedom of action than do many matters which we have considered as treaties.

Mr. DONNELL. I thank the Senator for his response.

Mr. BREWSTER. So it is my very earnest hope that the distinguished chairman of the Committee on Foreign Relations, and those associated with him in that committee, in considering the questions which should appropriately receive our attention at this time, will give very careful consideration as to whether in the interest of the accord which we desire in many fundamental matters, it would be well to postpone until next year, at least, a study of the charter of the International Trade Organization, with all the matters which the Senator from Massachusetts [Mr. SALTONSTALL] has urged, which are most pertinent. It should also be realized that only 2 countries up to the present time, out of 30 or 40, have acted in the matter, and that the reciprocal trade agreements are still in full force and effect, with the power of the administration to move further in that direction.

It is my hope that the Senator from Texas will at least give his usual careful consideration to a possible delay in this matter, with the idea that other very much more pressing questions, which, perhaps, are of greater immediate importance, may be considered, and it may be possible to find an accommodation of viewpoints rather than to precipitate an issue which will inevitably involve a very heated discussion for a very considerable period, with the danger of a rather sharp partisan division upon the question, which might do very great injury to the attempt to bring about some understanding in other matters.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. BREWSTER. I yield to the Senator from Missouri.

Mr. DONNELL. I ask the Senator whether it has been his observation that in recent years there has been a strong tendency on the part of the State Department to treat a subject matter which previously would have been considered as a treaty, because of its nature, as an executive agreement, rather than as a treaty?

Mr. BREWSTER. That is unquestionably of considerable concern.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. CONNALLY. It seems to me there are factors which differentiate the ITO matter from the ordinary treaty. It deals principally with tariffs and international trade, of which the House of Representatives has primary jurisdiction because of its originating revenue bills. So some of the trend which the Senator suggests is caused by pressure of Members of the House and other persons who feel the Senate is taking over, instead of giving the House an opportunity. We remember the old Jay treaty in which a similar question was vigorously raised. So I do not regard it as any effort to evade the issue as to a treaty, because the House of Representatives is at this time holding hearings.

Mr. BREWSTER. The only answer to the Senator from Texas is that it was referred to the House Foreign Affairs Committee, and the Ways and Means Committee considered a resolution asking for its transfer to that committee for the very reason which the Senator from Texas so properly points out. But the Committee on Ways and Means, for some mysterious reason, was not prepared this morning to support it.

Mr. CONNALLY. I am not familiar with the details, but I know the House is giving attention to this very question, which we have not yet considered. I think the reason I have suggested is the primary one in this particular instance, and it is not the result of a desire to evade the constitutional provisions whereby the Senate alone ratifies treaties.

Mr. DONNELL. If the Senator from Maine will permit me, I want to thank the Senator from Texas for his statement.

Mr. BREWSTER. I do not know whether the Senator from Texas has considered the matter of agreement, in the light of what he says. Has there been any conclusion reached on that matter?

Mr. CONNALLY. I would say there has not been. Of course, agreements are ratified, in a sense, by both bodies, by a joint resolution of the Congress, so that both bodies are having a voice in the matter as we now look forward to it.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. DONNELL. I should like to ask either the Senator from Maine or the Senator from Texas whether there is any provision in the Constitution of the United States for ratification of a trade agreement? The point I have in mind is this: If a particular document is a treaty, it must be ratified by the Senate. If it is a trade agreement, is there any provision which requires any action by Congress, or does not the Executive have authority, under the law, to make such trade agreement? Am I correct in my understanding?

Mr. CONNALLY. I think the Senator has gone a little too far in the last part of his statement. A trade agreement

may be made effective without any action by Congress.

Mr. BREWSTER. That is what the Senator from Missouri said, I believe. In other words, if it is an executive agreement, by its very terms it means that the Executive can make it. Of course, he may have to come to Congress to get an appropriation to implement it. I think I used the word "implement" before. It may be that the agreement can be implemented only by action of Congress. However, so far as an agreement itself is concerned, it is binding by action of the Executive.

Mr. DONNELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. KNOWLAND in the chair). Does the Senator from Maine yield to the Senator from Missouri?

Mr. BREWSTER. I yield.

Mr. DONNELL. That is precisely the thought I had in mind. Perhaps I did not state it clearly. It would appear to me that if a particular document is in fact a treaty, the proper body to ratify it is the Senate. If, on the other hand, it is an executive agreement, there is no provision of law which requires ratification by Congress of such agreement. Am I correct in saying that an executive agreement can be made by the executive department? On the other hand, a document which is a treaty cannot be made by the executive department, save only subject to ratification by the Senate. Am I correct in my understanding?

Mr. BREWSTER. I think the Senator is correct in his understanding. I see not only the Senator from Texas [Mr. CONNALLY] but the Senator from Georgia [Mr. GEORGE] in the Chamber. Certainly they would be a better authority on that point than I would presume to be.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Texas?

Mr. BREWSTER. I yield.

Mr. CONNALLY. An executive agreement, in order to be valid without ratification, must be on some subject on which the President has authority to act. He cannot merely make any sort of agreement and call it an executive agreement. For instance, the matter of international mail has for many years been regarded as one on which the President can make agreements with other nations. I refer to arrangements with respect to foreign postal matters, and things of that nature. However, we are not in a field where the signposts are very clearly marked.

Mr. GEORGE. Mr. President, if the Senator will permit me to say so, the Senate has the power to ratify or reject a treaty. The practical question is whether it be a treaty or an executive agreement. There are many matters that lie within the jurisdiction of the Chief Executive. With reference to matters which clearly fall within the Executive power, agreements may be made by the Executive, and they do not require ratification by the Senate. If the matter rises to the dignity of a treaty, whatever may be the subject matter of the agreement, under the Con-

stitution, it must of course be ratified by the Senate alone, because while the House might act with respect to a treaty insofar as appropriating money for the purpose of carrying it out or implementing it is concerned, nevertheless the validity of a treaty itself is a matter entirely within the jurisdiction of the Senate.

It often has been a question of debate whether an agreement was a treaty or merely an executive agreement. That question arose—and not for the first time—in 1934 when Congress passed the Reciprocal Trade Agreements Act. It was contended by very eminent members of this body, among them the then Chairman of the Foreign Relations Committee, the Hon. Key Pittman, from the State of Nevada, that a trade agreement negotiated by the executive department could not become effective until ratified by the Senate, because, it was his contention, any such agreement was in fact a treaty. The contrary view prevailed. There was a very sharp division in this body on the question at that time. I may say that there is always a dispute as to whether an agreement assumes the proportions or dignity of a treaty or remains an executive matter, which the Executive himself may dispose of.

I was not in the Chamber to hear the first part of the remarks of the distinguished Senator from Maine, but I presume he has been directing his remarks to the International Trade Organization. My examination of that instrument convinces me that it does partake of the nature and dignity of a treaty. I think it is a treaty which must be finally ratified by the Senate. That would be my view. There is a contrary view which is held by eminent men in the executive branch of the Government, and, no doubt, in the legislative branch as well. Since first I have had an opportunity to study it, I have regarded it as a treaty. It will be recalled that the Committee on Finance several months ago gave very careful consideration to the ITO before it was drawn up in its present form. Indeed, for many weeks while it was being considered at Havana, or about to be considered, we launched into a study and detailed analysis of the instrument itself. We were not then concerned, with whether it was a treaty. It dealt with many things, but it dealt primarily with trade, and the Senate Committee on Finance is interested in trade and tariffs, particularly as trade is affected by our tariff policies, and for that reason we were trying to make an analysis of it. In my opinion, as I said, in its present form it is a treaty.

Mr. BREWSTER. I should like to ask the Senator about the nature of the action which the executive department is asking of Congress.

Mr. GEORGE. I do not know what is being asked. I understood in a general way that a resolution or an enabling act had been introduced in both Houses of Congress. If so, it would be a matter over which the House, concurrently with the Senate, would have jurisdiction under this instrument, whether it be a treaty or an agreement. However, in my own view it is a treaty and should be regarded as a treaty.

Mr. BREWSTER. It is my understanding from one who has been advising me in the matter that the executive department apparently has recognized that it is beyond the scope of authority contained in the so-called Reciprocal Trade Agreements Act, and therefore some further authorization is necessary. To what extent Congress may authorize the Executive to enter into an agreement which would be beyond the scope of the executive power, without congressional action, opens another field, of course.

Mr. GEORGE. Yes.

Mr. BREWSTER. I think it is true also that the International Trade Organization does contain one section which is strongly suggestive of the so-called point-4 program which the Senator from Massachusetts has discussed, and it does go to considerable length into rights, obligations, hopes, and aspirations of countries in developing their international trade relations.

Mr. GEORGE. I believe that is referred to as the investment section of ITO.

Mr. BREWSTER. Yes.

Mr. GEORGE. I believe that is what is referred to, although I am not quite sure about it. It has been several months since I studied it.

Mr. DONNELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Does the Senator from Maine yield to the Senator from Missouri?

Mr. BREWSTER. I yield.

Mr. DONNELL. I should like to ask the distinguished Senator from Georgia whether or not there has been submitted to the Senate at any time the Habana Charter for the International Trade Organization as a treaty for ratification by the Senate.

Mr. GEORGE. I do not know. The distinguished chairman of the Committee on Foreign Relations may be able to advise the Senator on that point.

Mr. CONNALLY. I will say to the Senator from Missouri that the Senate has not taken any action. No bill has been introduced. We have in our files in the committee a proposed bill which was forwarded to us, but it has not been introduced. It is a bill treating the instrument as a joint resolution, and not as a treaty.

Mr. DONNELL. Would the Senator from Maine object if, for the purpose of ready reference, I should offer for the RECORD, at this point, the numbers of certain joint resolutions which have been handed me within the last few minutes, coming from the House, which pertain to this matter?

Mr. BREWSTER. I think the information would be very helpful.

Mr. DONNELL. I should like to call attention to House Joint Resolution 14, introduced in the House of Representatives on January 3, 1949. I also call attention to House Joint Resolution 71, introduced on January 6, 1949, in the House of Representatives, and, finally, House Joint Resolution 236, introduced in the House on May 3, 1949.

I cite these measures not with a view of establishing whether or not the instrument is in fact a treaty or a trade

agreement, but for the purpose of ready reference, so that we may have these numbers before us during the address of the Senator from Maine, and in reading the address subsequently.

Mr. CONNALLY. Mr. President, if the Senator from Maine will yield, I should like to say just one more word.

What the Senator from Texas had in mind a while ago, when he said what the prevailing route should be where there were no clearly marked signposts, was that there always arises the question whether one of these instruments is in fact a treaty or an executive agreement, and the distinction is not clear. There is a field there which is not clear, and each case has to depend upon its own circumstances and the particular facts.

Mr. BREWSTER. Mr. President, it is interesting to note that the joint resolution bearing on this point, which is apparently what the House is considering, authorizes the President to accept membership for the United States in the International Trade Organization, I assume under the theory that he does not have the authority at the present time. That is evidently the form in which the question is approached, and I apprehend that subsequently there will be due consideration of whether or not the instrument should be considered as a treaty, in which event it would require a two-thirds majority of the Senate for ratification.

Bearing on this question, it seems to me it is most desirable that we should not proceed with the consideration of the International Trade Organization at this session, because the trade situation at this time is of a very transitory character, with the rapid changes which are occurring as a result of devaluation abroad, and as a consequence of the recovery which is going on in other countries, with the result that a very radical change is taking place at the present time. Accordingly, it seems to me most unfortunate to precipitate not only this highly controversial matter into what we hope will be a very calm and collected atmosphere in the next few months, because it will be impossible to consider wisely the course we should take until we shall see a little more clearly the implications of the current trend.

The changes which have occurred in the past 5 months are so radical, following devaluation last September, that it is impossible for anyone at this time to forecast what the situation may be a few months from today. Before we freeze the situation, as we would in large measure do by the ratification of the International Trade Organization, it seems to me it would be well to stop, look, and listen, to pause and consider and see a little more clearly the developing patterns of world trade, before we freeze arbitrarily the condition as it now exists.

ECA AND THE DOLLAR GAP

So I desire to address myself—and it has a very definite relationship to the pending legislation—to the ECA and the dollar gap.

Mr. President, for some years now the air has been filled with talk of the terrible dollar gap, and with agonized pleas for doing something about it.

We are told that ECA must continue indefinitely unless we take steps to supply a good many foreign nations with other means of support. I think Mr. Hoffman said some time ago that he thought it would be necessary for us to appropriate one billion or two billion dollars a year following the ECA in order to stabilize world trade.

Without in the least underestimating the desirability of bringing into reasonable relationship our outgo of dollars and our income, I must take serious issue with the desperate measures advocated by some of the Administration's free-trade economists.

Try as I will, I cannot visualize the cataclysm that we are told will soon come if our exports of goods and our imports are not equalized.

The constant use of enormous figures, hundreds of millions, billions, even trillions of dollars, has so numbed and injured some who hold positions of importance in our Government that a simple and not unusual gap in our foreign trade seemingly frightens them.

Like the horse that has inadvertently eaten of the loco weed, the twig becomes magnified into a tree and the meandering brook becomes a mighty torrent.

As the drug addict must continually increase his shot, so administration leaders seem to needle the public with larger and larger doses of the dire results of buying at home rather than abroad.

We are told that we must import to the tune of \$15,000,000,000 or more annually—or continue ECA indefinitely—if we are to keep the "bear" from the European door, or our own economy from complete collapse.

It seems an appropriate time to clear the air, so far as practicable, of certain widely held misconceptions of our foreign trade situation and its relation to our domestic economy and the peace of the world.

In this connection, two important questions may appropriately be asked.

Is the dollar gap as serious as administration leaders have painted it? And are more trade agreements the answer? Is ITO necessary in order to insure our future progress and our trade relations with the world?

The pending proposal to appropriate three billion more dollars for European recovery seems to require careful consideration of these questions and of our foreign trade situation in general.

This discussion will include a short analysis of our over-all trade and will show that a greater volume of exports than imports is normal and desirable for the United States.

It will show that we are, in the first months of 1950, very near to the long-term average ratio of our exports and imports.

That, to me, is a most astounding and dramatic fact, and certainly one very far removed from that suggested by the current agitation that we must immediately go much further in the reduction of our domestic tariffs in the interest of world trade.

The discussion will show that the situation is being deliberately overemphasized and will question the use of the

term "reciprocal" in our trade agreements.

It will show that our trade with Europe, which includes most of the ECA countries, has not approached a balance for many years and will explain that this is natural and normal and not the extreme crisis some would have us believe.

It will offer evidence that agriculture is taking a literal beating at the hands of our trade-agreement negotiators—and will serve as a warning to the agriculturalists and fishermen of the entire country.

It will show that 60 percent of our imports come in free of any duty and that hundreds of other rates are so ridiculously low that they have no protective value whatsoever; on the contrary, some rates are so low that the cost of collection often exceeds the amount collected in duty.

It will show that truly reciprocal agreements cannot possibly be the means of closing the trade gap.

THE DOLLAR GAP

The economists tell us that every dollar sent abroad eventually returns to us and therefore we cannot, over a long period, sell more than we buy. If a nation has dollars, but does not want United States goods, that nation will trade the dollars to some other country which does have a need for our products.

For many, many years the United States has exported much more in the form of commodities than it has imported. The figures given on this score are amazing.

Under the free-enterprise system and the doctrine of fair protection to American agriculture and industry, a large number of our citizens are financially able to travel abroad. These tourists spend many millions of dollars in foreign countries. Furthermore, millions are sent home by the Chinese laundryman, the Danish dairyman, the Italian delicatessen owner, and the hundreds of thousands of others who have come to this fabulous land to make their living. Also, many millions are sent to needy foreign areas each year by charitable individuals and churches and other institutions. I have spoken of the Rockefeller Foundation.

Transportation between the United States and foreign countries has greatly improved since the First World War and the amounts being spent abroad by tourists are increasing month by month. In the year 1949, according to the Department of Commerce, American tourists spent about \$700,000,000 in foreign countries, individuals sent money home or to relatives in the amount of almost \$350,000,000, and various foundations and institutions expended about \$250,000,000 in foreign countries.

This totals well over a billion and a quarter dollars that went to foreign countries last year, and for which there was no direct return. Those dollars, in other words, were in the hands of foreign countries to spend for anything they desired in this country. They did not involve any reciprocal trade. This does not include any ECA or other free dollars from the United States Government.

The average monthly exportation of the above-mentioned dollars is approximately \$108,000,000. Subtract that from the total excess of exports over imports in the month of January of this year—\$113,000,000—and we find the dollar gap narrowed to the insignificant amount of \$5,000,000—believe it or not. In other words, in January of this year, on the basis of these figures, the foreign trade gap was approximately \$5,000,000, not the billions of dollars of which we have heard so much.

The trade gap in February jumped to \$162,000,000, and the dollar gap would then be \$54,000,000. Averaging the 2 months we can forecast, taking that as a basis, a total dollar gap in 1950 of something less than \$400,000,000—not the billions of dollars of which we have heard—and this does not take into consideration any private capital invested in any foreign country. The Senator from Massachusetts has just shown to us how large those figures are. If the flow of dollars abroad in the form of investments in factories, machines, or similar productive equipment even approaches the hopes of the planners, the dollar gap will dwindle to insignificance.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. DONNELL. Does the Senator have any information as to how much in dollars is annually coming into this country from investments owned abroad by United States corporations or individuals?

Mr. BREWSTER. If the Senator refers to the question of investments by foreign interests in this country—

Mr. DONNELL. No, it was the converse of that to which I referred. May I amplify my question slightly?

Mr. BREWSTER. I think the correct answer to the Senator's question is \$1,200,000,000.

Mr. DONNELL. One billion two hundred million dollars?

Mr. BREWSTER. Yes.

Mr. DONNELL. That is to say there is income in dollars coming into this country of \$1,200,000,000 a year, by reason of investments which this country has made in foreign countries?

Mr. BREWSTER. Yes.

Mr. DONNELL. That is income coming in from those investments? Is that correct?

Mr. BREWSTER. Yes.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. BREWSTER. Yes.

Mr. DONNELL. What would be the effect of our making further foreign investments? Would not the effect be to increase the number of dollars which would come into this country, thereby increasing the dollar gap instead of decreasing it? It not that correct?

Mr. BREWSTER. That is unquestionably one of the factors to which the Senator from Massachusetts alludes in connection with this whole matter of private investment abroad, because the ultimate effect must be, if we are ever going to get any earnings into this country or get the principal repaid, that we will to that extent have to call on foreign American dollars to be paid to this country.

Mr. DONNELL. Will the Senator yield for a further question?

Mr. BREWSTER. Yes.

Mr. DONNELL. Am I correct in understanding that the view which the Senator takes is that if the United States does make extensive investments abroad, and does derive income from those investments, that will bring more dollars into this country, thereby increasing the gap between the dollars coming into this country and the dollars which we send out annually to the other countries? Am I correct?

Mr. BREWSTER. The Senator is correct, although I must say that I am in rather cordial sympathy with the idea that we should look forward to the increasing investment of American dollars abroad even though that is the consequence. In other words, I am in general sympathy with the so-called point 4 to the extent that it is related to private investment in productive enterprises under free enterprise in foreign countries with a congenial atmosphere.

Mr. DONNELL. I am not disagreeing with the Senator's view along that line, at least for the present, but I wanted to bring out clearly in my own mind just what the Senator's view is as to the effect on the dollar gap which, absent other factors, would result from increased investment of our money abroad.

Mr. BREWSTER. That is absolutely correct.

Mr. DONNELL. I have stated it correctly, have I?

Mr. BREWSTER. That is correct. It is my hope that in the long-range view we shall gradually be able to absorb the differences that would result. That is my hope as the other countries build up their economies. But this again is the point the Senator from Massachusetts makes, that we must take a long-range view, and not get into terms of billions of which we now speak so glibly, but, rather, in far more modest terms. A little later I shall point out another curious item, which is an investment of apparently some \$700,000,000 by foreigners in this country in recent years. That is the reverse, and that is a very curious and very interesting item to which I shall come shortly.

Mr. DONNELL. Mr. President, will the Senator yield at that point?

The PRESIDING OFFICER (Mr. Long in the chair). Does the Senator from Maine further yield to the Senator from Missouri?

Mr. BREWSTER. I yield.

Mr. DONNELL. If I am disturbing the continuity of the Senator's address please do not hesitate to say so. Has the State Department given out any information, so far as the Senator knows, in recent months as to how much foreign money is invested in the United States?

Mr. BREWSTER. That is a very interesting question, and it is one which the State Department for some years now has declined to answer, partly on the ground, as they state, that they do not have complete information. That is, to my mind, something the American people are entitled to know. Certainly, when we discuss the question of how pov-

erty stricken other countries of the world are, if it is true that billions of dollars are invested in this country by foreign citizens I think it is a fact that may well be taken into account in the development of our plans.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. BREWSTER. Yes.

Mr. DONNELL. Is it not true that in order to know what is the dollar gap to which the Senator is addressing himself, we must not merely know how many dollars are coming into this country but we must know how much is going out by way of income derived by foreigners from investments within the boundaries of the United States?

Mr. BREWSTER. That is quite correct.

Mr. DONNELL. So, in order to have the complete picture we must know not only what is coming into the United States by way of dollars, but we must know what is going out from income on investments of foreigners within our borders. Is that correct?

Mr. BREWSTER. The Senator from Missouri almost takes my words out of my mouth. My next paragraph is this:

In fact, if we consider all the factors, it has already dwindled to that point—that is, the point of insignificance.

I call attention, Mr. President, to some additional statistics which may surprise a great many of my colleagues and point up this whole problem. It is not so much the gap between imports and exports that is worrying our country's financial experts, as the gap—and I call this to the attention of the Senator from Missouri—between the dollars going out of the country and the dollars coming in—the very words the Senator from Missouri used.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. BREWSTER. I yield.

Mr. DONNELL. Has the State Department given any further reason as to its declination to give us information as to the amount of foreign investments in this country?

Mr. BREWSTER. No. I think they have simply said that they did not have adequate information. I am sure they must have a great deal of information, but they have declined to disclose it.

Mr. DONNELL. Does not the State Department have a Foreign Trade Division which we could question in connection with the International Trade Organization, and do they not have adequate facilities to discover how much foreign money is invested in this country?

Mr. BREWSTER. It is my hope that we are going to learn that in the course of time as America becomes conscious of the importance and significance of these figures, and I hope that we shall continue to press for them.

Mr. DONNELL. I thank the Senator.

Mr. BREWSTER. I think we should have that information before we go ahead with the International Trade Organization.

Mr. DONNELL. Mr. President, will the Senator indulge me for one further question?

Mr. BREWSTER. Yes.

Mr. DONNELL. If it be correct that the International Trade Organization agreement or charter is a treaty, as the distinguished Senator from Georgia [Mr. GEORGE] is inclined to think, and as he has expressed himself today, it would be one of those documents, would it not, which are referred to in article VI of the Constitution, as follows:

This Constitution, and the laws of the United States which shall be made in pursuance thereof, and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land; and the judges in every State shall be bound thereby, anything in the Constitution or laws of any State to the contrary notwithstanding.

I am correct in that statement, am I not?

Mr. BREWSTER. The Senator is correct.

Mr. DONNELL. So does it not become of very great importance for us to ascertain whether the International Trade Organization Charter is a treaty which has the dignity and effect cited in that article of the Constitution?

Mr. BREWSTER. It does; that is correct.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. MILLIKIN. On the question of whether the proposed International Trade Organization Charter is a treaty, I should simply like to say that it surmounts many times over more sovereignty than the United Nations Charter did. Yet, we found it necessary to consider the United Nations Charter as a treaty. If the United Nations Charter is a treaty—and it is—then, by the same reasoning, compounded by the seriousness of what would be done under the International Trade Organization, should not the International Trade Organization Charter be considered as a treaty?

I wish to say that in my opinion it undoubtedly should be considered as a treaty.

Mr. BREWSTER. Mr. President, I am sure that the Senator from Colorado will be interested to know that the Senator from Georgia, the chairman of the Finance Committee, a little earlier today stated that that is his considered conclusion as well.

Mr. MILLIKIN. Mr. President, will the Senator further yield?

Mr. BREWSTER. I yield.

Mr. MILLIKIN. I may add that, from the standpoint of the proponents of the International Trade Organization, a permanent trade relation system which is set up on the basis of the International Trade Organization cannot be founded or established by means of ephemeral legislation which may be changed every 2 years. From their standpoint—if they are serious—in order to have a new and revolutionary trade relationship with the rest of the world, such a measure should be considered as a treaty. Therefore, as a treaty, it will have precisely the effect of which the Senator is speaking.

Mr. BREWSTER. Mr. President, doubtless the Senator from Colorado is

familiar with the words used by the President of the United States in submitting this matter to the Congress on April 28, 1949, almost a year ago at this time, since when the proposal has safely reposed in the Senate Committee on Foreign Relations. I read the two opening paragraphs of the President's message:

To the Congress of the United States:

I submit herewith, for the consideration of the Congress, the charter for an International Trade Organization, prepared by a conference of the United Nations which met in Habana in 1948, together with a memorandum from the Secretary of State.

Please note the next paragraph, Mr. President:

The charter is designed to do two things: to establish a code of international conduct to guide nations in dealing with the fundamental problems of world trade—

There could scarcely be any more conclusive demonstration that, as the Senator from Colorado has pointed out, it is supposed to govern us, not for a year or two, as an ephemeral document which could be changed at any time, but as a very fundamental agreement affecting the life and the livelihood of every citizen of the United States, in some respects doing so far more fundamentally than will the United Nations. Although the long-range impact of the United Nations may be of greater import or more valuable, yet the effect of the proposed International Trade Organization program upon our agriculture and industry will be most profound. Now I read the next portion of the President's message to Congress on this subject—

and to create an agency, within the framework of the United Nations, to help implement this code.

In other words, in that connection we intend to enter into a code which will bind us, but also to enter into a means of binding ourselves to it.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. DONNELL. The Charter of the United Nations was a treaty, was it not, and was so considered by the Senate?

Mr. BREWSTER. Yes.

Mr. DONNELL. Is the Senator from Maine familiar with the fact that on Monday of this week there was rendered by a California court a decision—which I shall later this afternoon submit for the record, with some comments, if I am able to obtain an opportunity to do so—to the effect that the Charter of the United Nations invalidates the California alien land law. In that decision the court, in referring to the Charter of the United Nations, made the following statement:

Clearly such a discrimination against a people of one race is contrary both to the letter and to the spirit of the Charter, which—

I call especial attention to this portion of the decision—

as a treaty, is paramount to every law of every State in conflict with it.

Does not the Senator from Maine regard that language as very significant and as making it of the highest importance that we ascertain whether the Interna-

tional Trade Organization charter is a treaty, and that we bear in mind the fine words of wisdom stated this afternoon, with respect to that instrument, by the distinguished Senator from Colorado and by the distinguished Senator from Georgia?

Mr. BREWSTER. It is my earnest hope that in the development of the coordination of policy, for which the President has appealed, he will at least ask his agencies—in this case, particularly the State Department—to consult with Members of the Senate on both sides of the aisle as to the nature of the agreement and as to whether it seems wise and practicable to undertake to implement it at this time.

Mr. DONNELL. I thank the Senator.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. BREWSTER. I am happy to yield.

Mr. MILLIKIN. I should like to say that at the time when the United Nations Charter was being considered, I asked quite a few questions in regard to the impact of its provisions upon our domestic procedures and laws. The members of the committee at that time stated rather positively that in the Charter of the United Nations there is a saving provision expressly stating that nothing contained in the Charter shall interfere with the domestic business of a country.

If that is true, the decision the Senator from Missouri has mentioned may be off base.

If that is not true, it illustrates the point I was emphasizing a while ago, namely, that when we went into the United Nations Charter, we went into it as a treaty. However, the International Trade Organization charter contains numerous serious interferences with our domestic procedures and with many of our domestic laws. If the United Nations Charter had to be considered as a treaty—and it was so considered—surely the ITO instrument will have to be considered as a treaty.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. BREWSTER. I am happy to yield.

Mr. MALONE. I should like to ask the distinguished Senator from Maine whether he understands that the International Trade Organization charter, as now written—and it comprises approximately 125 pages of written material in respect to conditions, and also presents a good many ambiguities—in the main means that we transfer from the executive branch of our Government to an International Trade Organization, which presumably would have in it at least as many nations as the United Nations itself has—let us say 58—and in which we would have only one vote, the right to suggest the tariffs and import fees and quotas of production for its member nations.

Mr. BREWSTER. Oh, yes; that is a part of the whole idea of the International Trade Organization. I assume that we are not bound beyond our present commitments as to that proposal; but if we were to act in accordance with the spirit of that instrument we would have to proceed very much further than we might well be advised to go.

Mr. MALONE. I should like to ask the distinguished Senator a further question. If that be true, then let us recall that by means of the 1934 Trade Agreements Act the Congress transferred its constitutional authority to regulate the national economy, through the regulation of imports, to the executive branch of the Government—in that case meaning, of course, the Secretary of State.

This ITO proposal would be the second move toward the control of the national economy. Under the 1934 Trade Agreements Act, control passed from the Congress, to the Executive, including the State Department; and then, by the adoption of the International Trade Organization, that authority would be transferred to an international trade organization, made up, as I have previously stated, of at least 58 nations, and perhaps more, each with one vote. Then that organization would suggest regulations aimed toward one economic world.

Mr. BREWSTER. I read from the memorandum of the Secretary of State which was transmitted with the President's message. Under the heading, "Structure and functions of the organization," the memorandum, in part, says:

The Organization will be empowered to make studies in various fields, for example, standardization, uniformity, and simplification of customs regulations. It can be a means of the collection and dissemination of technological information.

I think with our experience we know what that means. In other words, we shall be told increasingly that this is a wise thing, and that if we do not do it we shall be obstructing. We are creating a very considerable power and authority.

Mr. MALONE. Then what we are doing, in the judgment of the senior Senator from Maine, is to establish an organization, and, when we do not follow its suggestions about dividing the markets of our country through this free-trade set-up, which they call reciprocal trade, we would then be accused of bad faith. Is that correct?

Mr. BREWSTER. The question is not simple. There will be undoubtedly much argument, but I think the statement of the Senator from Colorado, who I think everyone will agree knows more about the details of this thing than any other Member of the Congress, because of the exhaustive study he has given to it, is that it does involve more restrictions of our sovereignty than any other action we have considered. While there are all kinds of escape clauses, it was my impression, from the time I sat in while it was being considered, that the escape clauses were chiefly for the benefit of the other countries, that practically all the other countries had escape clauses by which they could get out, but we were a sort of rich uncle who would have to be the final goat. That is the way it looked in the original drafting.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. BREWSTER. I yield, unless the Senator from Colorado desires to comment at this point.

Mr. MALONE. I have just one more question.

Mr. BREWSTER. I yield

Mr. MALONE. Since we are the ones who have the rich markets of the world because of our higher standard of living, which during the past 70 years has been due, in the judgment of most of us, at least, to our protective tariff and import fees, making up that differential, if it is the purpose to divide the markets of this country with the nations of the world, with the direct objective of raising the standards of other countries and lowering ours, thus averaging the standards, would we not, if we failed to go along with this great one-economic-world idea, be accused of bad faith from the beginning?

Mr. BREWSTER. I think we would be very much embarrassed. Undoubtedly it would be said that we entered into this thing and were not playing ball.

Mr. MILLIKIN. Mr. President, I believe we should emphasize what has just been said by the distinguished Senator from Nevada, that since we originated the plan, since we are its chief promoters, if we decided to get out from under it, we certainly would be accused of bad faith and of breaking the heart of the world. On these various escapes which we might take, the other fellow is entitled to take retaliatory measures and many of the escapes, I bring to the mind of the distinguished Senator from Maine, can only be taken when authorized to be taken by the whole group of nations, in which we have one vote.

Mr. BREWSTER. Another statement in the analysis by the Department of State was:

This charter establishes a code of principles to be accepted in the conduct of international trade and an organization to help make them work.

That is certainly a clear and simple statement that this is supposed to settle things for some time to come. The figures I am about to give will answer in part a question the Senator from Missouri asked awhile ago. I am advised that the ECA countries whom we are assisting, according to a report by Mr. Hoffman, have a long-term investment in this country of their assets, by participants from those countries, of approximately \$5,000,000,000—\$4,800,000,000, to be exact. That is one figure which we have.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. DONNELL. Does the Senator have any information from Mr. Hoffman or from any other source as to the amount in dollars of yearly earnings on the \$4,800,000,000?

Mr. BREWSTER. I do not think that is shown. It would vary each year, I presume.

Mr. DONNELL. I thank the Senator.

Mr. BREWSTER. I had been saying that what we were interested in was the gap between the dollars going out of the country and the dollars coming in.

In 1948 this country sent \$1,900,000,000 to foreign countries as the net amount—that is excess of outgo to income—of new investments. Of this amount \$900,000,000 were Government and \$1,000,000,000 were private. In 1949 the net amount of investment added was \$1,200,-

000,000; \$700,000,000 Government and \$500,000,000 private. These additions brought up to thirty-one and one-half billion dollars of United States money invested in foreign countries—a sum that should be remembered when we take drastic Government action to promote and insure new foreign investments. That is, we must realize the investment we already have.

So, we must add another category of dollar outflow as we try to estimate the 1950 picture. There was a decline in foreign investment dollars going abroad in 1949 from 1948, but, with all the encouragement being offered we can expect an increase in 1950. The average of the last 2 years was \$1,500,000,000—probably as good an estimate as can be made for 1950.

Again, according to a very recent newspaper article, which is verified by official Federal Reserve Board figures, in 1948, foreigners obtained \$1,200,000,000 that we, somehow, are unable to account for, and in 1949, \$700,000,000 went abroad for which there is no definite or detailed record.

Because of the timeliness and startling nature of this article, I think I shall read it, because it seems to have such a bearing on this problem. It reads as follows: "LEAK" OF \$700,000,000 FOUND IN UNITED STATES OUTGO ABROAD LAST YEAR—FOREIGNERS' SCRAMBLE TO INVEST IN THIS COUNTRY COST UNCLE SAM A FOREIGN-AID SAVING

WASHINGTON.—Uncle Sam could have saved several hundreds of millions of foreign-aid dollars last year, but for a secret scramble on the part of foreigners to get good United States investments.

The Federal Reserve Board yesterday as much as acknowledged that foreigners had \$700,000,000 more United States dollars last year than policy-makers here realized. That was at a time when the United States was pouring out billions to help "needy" governments in Europe and Asia.

The elusive \$700,000,000 was mentioned in the Board's latest monthly bulletin in an article called The Balance of Payments Position of the United States.

Government figures indicate United States income from abroad last year was \$15,900,000,000. Since outgo was \$9,800,000,000, net income was \$6,100,000,000. If nothing else had happened, the foreigners would have drawn down their holdings by \$6,100,000,000.

But Uncle Sam loaned and gave away \$5,700,000,000, private United States citizens made investments and donations of \$1,000,000,000 abroad, and the International Bank for Reconstruction and Development and the Monetary Fund had net outlays of \$100,000,000. That meant foreigners got \$6,800,000,000 to cover a \$6,100,000,000 deficit. They should have been \$700,000,000 to the good, and this \$700,000,000 should have shown up in their private or government assets. But it didn't.

This isn't the first time this has happened. Back in 1948, the Board noted, foreigners apparently had \$1,200,000,000 that somehow went uncounted in statistics here.

What happens to these "lost" dollars? The Board—

That is, the Federal Reserve Board—figures a lot of this money is salted away in "unrecorded" investments foreigners made in the United States. Sometimes these deals are "unrecorded" simply because there are gaps in the statistics Uncle Sam collects—some of those bothersome questionnaires the bankers and securities dealer get from Federal agencies aren't quite complete enough.

Sometimes the investments are just plain evasions of rules laid down by other governments. Foreigners decide United States securities, commodities, real estate, or bank accounts are sounder than similar holdings at home. But regulations—in Britain, for instance—say they can't use their dollars this way—

That is, a citizen of England is not supposed to invest in the United States—so they invest under cover. They get a friend or business associate who is a United States citizen to make and hold the investment or bank account for them.

With all this added, what is the true dollar picture? Will the year 1950 find us putting out more dollars than we are taking in or will we be near the greatly hoped for balance that we hear so much about?

THE DOLLAR GAP IN 1950

If the January and February average of imports and exports is indicative of the full year's foreign trade, we will export goods valued at about \$9,000,000,000 and we will import goods valued at about \$7,300,000,000. That will leave an excess of exports over imports of \$1,700,000,000.

Not the \$7,000,000,000 about which we have been hearing so much, but it is less than \$2,000,000,000.

Tourist trade is increasing, but if we estimate 1950 to approximate 1949 and if individuals and institutions send the same amount abroad as in 1949, there will go out of this country to foreign nations about \$1,300,000,000. That will leave a dollar gap of \$400,000,000.

If foreign investments are made in 1950 to the amount of \$1,500,000,000 as estimated above, we will then be \$1,100,000,000 on the wrong side of the ledger, and if as many dollars go abroad in 1950 for which we cannot account as there were in 1949, another \$700,000,000 can be added, and we will be \$1,800,000,000 on the wrong side of the ledger.

Those figures are extremely interesting and, in the light of much of the current propaganda, somewhat astounding.

Our ECA commitments for 1950 have not been considered here. Neither has the amount of dollars presumably paid our experts who have gone abroad to aid other countries to increase production, help build roads, dams, and such services. A large number of foreign industrial and laboring men have come to this country to learn our ways, and that has, to a considerable extent, offset the dollars that might have been paid our own experts who went abroad.

The Senator from Massachusetts [Mr. SALTONSTALL] has indicated the amount we may pay for those technical assistants in the coming year.

I have discussed this matter of the dollar gap for the chief purpose of showing that the hue and cry about greater imports, greater foreign investments, greater amounts for ECA, for this, that, and the other foreign-aid program, is mostly in the nature of propaganda, free-trade propaganda, among other things.

The principal worry now should not be how to accelerate the closing of the trade gap, but how to control it so that injury to domestic industries may be minimized and our exports maintained sufficiently to balance our imports.

The following table compares imports and exports since 1920 and shows the excess of exports and the percentage of imports. It will be noted that the percentage figures for January and February of this year, 1950, approximate those of the peak 10-year period, 1926-36.

I shall read excerpts from it and then ask that the complete table be inserted in my remarks.

It is a very interesting table, showing the relation of our exports to imports over a period of years. The first period is 1921 to 1925. Our exports were a little more than \$4,000,000,000; our imports a little more than \$3,000,000,000, a difference of approximately \$1,000,000,000. Our imports were 78 percent of our exports.

In 1920 to 1930 we were close to \$5,000,000,000 in our exports, \$4,000,000,000 in our imports, and the balance, the excess, was \$750,000,000. Our imports were 84 percent of our exports. Note how close the figures are.

Coming on down, we find that in 1938 the imports were 63 percent; in 1939, 73 percent.

We now come to the current situation. In 1949 we were down to what was almost the lowest figure. The lowest figure was in 1947.

On the projected average, if, during the coming year, we continue at the same ratio between exports and imports which prevailed in the first 2 months of this year, January and February, then for the current calendar year we will have exports of approximately \$9,000,000,000, imports of \$7,326,000,000, and an excess of exports over imports of \$1,650,000,000. Our imports would be 82 percent of our exports.

In other words, the only trade gap we have to absorb is less than \$2,000,000,000.

Mr. President, I ask unanimous consent that the entire table be printed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparison of United States exports and imports for specified years and periods

[In millions of dollars]

Year or average of period	Exports	Imports	Balance, excess of exports	Percent imports are of exports
1921-25.....	4,307	3,450	947	78
1926-30.....	4,777	4,033	744	84
1931-35.....	2,025	1,713	312	84
1936.....	3,094	1,960	1,134	63
1937.....	3,123	2,276	847	73
1938.....	3,934	2,541	1,393	65
1939.....	5,020	3,222	1,798	64
War period.....				
1940.....	9,503	4,792	4,711	50
1941.....	14,252	5,043	8,609	40
1942.....	12,532	7,092	5,440	57
1943.....	11,885	6,598	5,287	56
1944.....	8,976	7,326	1,650	82
1945.....	735	622	113	85
1946.....	761	599	162	79

¹ Projected average of January and February for 12 months of 1950.

Mr. BREWSTER. Mr. President, I think it is high time that the American people should be treated to a little taste of the realities of our existing trade relations and realize that instead of five, six, or seven billion dollars, about which we hear so much, our trade gap is down

to less than \$2,000,000,000. If the trend of the past 5 months since devaluation continues, it is impossible to predict how much further it may decline. That is one reason why it seems to me tragic that we should be asked, in the closing months of this session, to take action of so comprehensive a character, freezing to a considerable degree our existing trade relationships, when one cannot possibly forecast what the situation may be 9 months from today. It is on that basis that I continue to hope and to urge that the Committee on Foreign Relations may go very slowly in the consideration of the international trade organization charter at this time.

A brief bit of tariff history seems in order at this point.

The tariff rates on dutiable goods under the Tariff Act of 1930 and prior to any modifications under important trade agreements, averaged about 45 percent.

Under the Fordney-McCumber Act, in effect from 1922 to 1930, tariff rates averaged approximately 38.5 percent.

While the Underwood Act, generally considered as a Free Trade Act, was in effect, from 1913 to 1922, tariff rates averaged about 27 percent.

I point out that 3 years after the First World War, as indicated by the action of the Congress, it was necessary very greatly to revise the Underwood Act in order to preserve the economy of the United States. Today tariff rates, under the existing so-called Reciprocal Trade Agreements Act, approximate 13 percent, which is less than a third of the rates under the Fordney-McCumber Act, which was considered a protective tariff, and further important reductions are in immediate prospect as a result of discussions planned this fall at Torquay, England.

I call attention again to the fact that these rates refer only to dutiable goods and not to the very important 60 percent of our total imports which come into the country free of any duty.

The average rate of duty on United States imports, applied to dutiable products only, has declined as follows:

	Percent
1944.....	32.7
1945.....	29.0
1946.....	26.3
1947.....	20.1
1948.....	14.3
1949.....	13.8

The average rate of duty on all imports, free and dutiable, was only 7.6 percent in 1947 and 5.7 percent in 1949.

Therefore, the suggestion that we must go forward with further import cuts in our tariff duties seems fantastic, in the light of the almost utter lack of protection which the American workingman and American farmer enjoy at the present time, and when we realize that European production is now from 35 to 40 percent greater than it was before the war, that these countries are recovering with assistance we have rendered to them, and that already many of their products are beginning to penetrate our own markets at home. They are not being used for the benefit of the so-called poverty-stricken lands, but are penetrating the markets of the United States.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. MILLIKIN. Is not the fantastic quality of the tariff cuts accentuated by the devaluation of the pound which has occurred, and the devaluation of other moneys which are inevitable?

Mr. BREWSTER. If I understand international trade relations, it was equivalent to a cut of 40 percent in our tariff.

Mr. MILLIKIN. There is some difference of opinion as to the amount. In some cases it would be 35 or 40 percent, and in some cases it would be nothing. However, on a conservative basis it is estimated that the average would be between 10 and 15 percent.

Mr. BREWSTER. The Scandinavian countries made a devaluation of almost 50 percent, I believe. That certainly went to great length.

Mr. MILLIKIN. When a foreign country had a product which it sold without competition with the products of this country, it did not give any reduction at all.

Mr. BREWSTER. No.

Mr. MILLIKIN. I think Scotch whisky and a few other things might be cited as examples of cases in which no reduction or very small reductions were made. In some cases I think the reductions were in an amount equivalent to the full value of the reduction of the pound. In other cases they adjusted themselves to competition and other factors. Therefore I have heard it said that probably reduction runs on an average of 10 to 15 percent, which is an enormous cut.

Mr. BREWSTER. It enables them to go as far as they need to meet competition in this country with our high-cost production. I think that the more profound impact of it has been on our foreign trade, because of the effect it has had on our export market. I know that in my own State of Maine the paper industry, which developed quite a business in South America and South Africa, suddenly found itself completely pushed out of those markets by Scandinavian and other countries of the world who were able completely to undersell them as a result of that type of devaluation. While we had thought chiefly of imports into our country, I believe the tragic collapse has been in our exports. That explains much of the decline in the trade gap. I believe, too, that the consequences of the administration's proposal looking to \$15,000,000,000 in imports are being little appraised. I believe that is the approximate figure the administration has used. We cannot very well increase our free imports, because they are copper, rubber, tin, and other commodities which are not susceptible of very great expansion. Therefore, an increase from the current \$7,000,000,000 or \$6,000,000,000 of imports to the projected \$15,000,000,000 would have to be made almost entirely in dutiable goods, which are competitive with American agriculture and industry. It would mean that from the current two to three billion dollars we would go up to around eight to ten billion dollars of dutiable, competitive imports. In other words, we would mul-

tively our dutiable imports by four or five times, not merely doubling them, as one might at first infer, unless we look at items which are free of duty. So the impact on industry and agriculture, which are competitive, would be profound.

We have reciprocal trade agreements with most countries which are important in world trade. We have not fared too well in the reciprocity. Mexico canceled all her concessions to us 2 years ago, but we still give that country and the rest of the world the full benefit of all the concessions we originally granted to that country.

The former foreign markets of the United States are now encircled with greater restrictions than ever before. On the other hand, the tariffs of our own country are lower than for a hundred years. The continual plea for greater and greater imports will carry us directly into free trade unless checked. The closing-of-the-gap obsession is resulting in the irreparable injury of some of our oldest and most independent small enterprises. However, the real impact of competitive foreign goods is just beginning to be felt, and 1950 and 1951 will be crucial years for millions of workers and many industries. To what extent it is related to the four or more million unemployed is a subject for very careful scrutiny.

It should be noted here that whenever this country makes a concession in a trade agreement, that tariff reduction is applied to every similar article imported from any country which is the beneficiary of the most-favored-nation clause, including, for instance, Germany and Japan at the present time.

All the world benefits when we make a concession, regardless of which country is negotiating with us. It would almost seem to be a Christmas tree, decorated for every trading nation of the world.

Almost every country with which we have made agreements has taken subsequent steps to render ineffective a large proportion of the concessions they have granted to the United States. In not one instance has our State Department "reciprocated." It should not be interpreted that these nations have been dishonest. Each one felt it necessary to their national interest to raise barriers to American goods. The dishonesty is found in the continual use of the term "reciprocal" by the free-trade group, which continually harps on that word as the basis of all our agreements.

In that connection, Canada found it necessary to rigidly restrict, and in many cases to completely prohibit imports of various items grown and produced in the United States, particularly potatoes. Included were many kinds of fruits, vegetables, and other products normally shipped to Canada in large quantities. The effect of these restrictions, even while mutual trade agreements were in force, was very severe on the farmers and fruit growers of California and other areas, yet our concessions to Canada remained unchanged and "unreciprocal." As a matter of fact, we imported millions of dollars' worth of potatoes and other farm items that were in great surplus in the United States at reduced

rates of duty, and under support programs.

Again, criticism should not be directed to the countries which found it necessary to negate their concessions to us. We should look askance, however, at any attempt to classify existing or future agreements as "reciprocal."

Administrator Hoffman of the ECA, with the blessing of the Secretary of Agriculture Brannan, recently granted the United Kingdom permission to use an extra \$175,000,000 of ECA funds to purchase Canadian wheat. The United States has an enormous surplus of wheat, and under the agreement could have required it to be purchased here. Canada which also had a surplus appeared grateful for this windfall, for the following paragraph is taken from a statement by Secretary Brannan made last September 15:

Finally (in return for the wheat deal), Canada will reexamine restrictions on imports of fruits and vegetables with the view of giving relief, where possible, from restrictions that are especially burdensome to the United States producers.

This "keeping in review" is typical of the kind of reciprocity our State Department apparently believes in. A release by the Department of Commerce, dated April 10, 1950, reports that exports from the United States to Latin American countries decreased by 14 percent in 1949. The export decline, according to the Department release, reflected the "tightening of trade and currency controls in nearly every South American country." As a result, our trade was restricted. Likewise, Canada shipped into our country 15,000,000 bushels of potatoes at a time when the State of Maine already had a surplus of 15,000,000 bushels. This means that it will cost the Government from fifteen or twenty million dollars to absorb the resulting surplus. Under the trade agreement, those commodities could perfectly well have been excluded, exactly as Canada excluded many of our fruits and vegetables when it served the purpose of their own agricultural program.

Most Latin American countries have made solemn agreements with us about these trade and currency controls. How long will the people of the United States be fooled by the glib use of the term "reciprocal" as used in these one-sided agreements? The general level of world trade barriers is far higher than ever before and makes the so-called "retaliatory" barriers of the period following the Smoot-Hawley tariff act of 1930 seem insignificant.

The public pronouncements and claims of glorious success broadcast by our diplomats after each trade agreement has been negotiated, are entirely misleading and will not stand up under even a cursory examination. Not one of our agreements can justify the use of the term "reciprocal."

Secretary Acheson and Administrator Hoffman are doing their best to put over the Administration's free trade theories. Bamboozling the public seems to be a part of the scheme.

A campaign, almost a door-to-door proposition, is being conducted at no little expense to the taxpayer, to convince

everyone that we should purchase goods made in Europe in preference to those produced at home. They even seem to question the patriotism of those who prefer home-made articles.

The propaganda is that the recovery of Europe depends on our purchases of more of their goods, and continually hints that we must increase purchases from Europe by \$3,000,000,000. The irresponsible use of such exaggerated figures only serves to alarm the American worker and owner of small enterprises.

HISTORY OF EUROPEAN TRADE

Now I should like to give a brief history of European trade in order that we may understand the situation with ECA countries. Let us see what the history is.

Imports from central and northwestern Europe, mostly ECA countries, seldom exceed one-half of the amount we export to that area. Furthermore, up to 1949 we had not yet reached the normal status of trade with Europe and some further adjustments were advisable. Those adjustments are rapidly taking place in the form of greatly increased imports and decreased exports in the first 2 months of 1950.

The temporary appointment of a stout whipping boy to take the pressure off the Secretary of State and the ECA Administrator is an evidence of the tightening up of the whole situation. The position of an international trade balancer is not likely to be an enviable one during the current year. Business declines, a rise in unemployment, and a general increase in apathy toward the whole free-trade program, make Mr. Gordon Gray's recent appointment a delicate one.

Mr. President, I wish to give certain figures appearing in a table I have had prepared, and I ask that the complete table be inserted at this point in the RECORD. The table is headed "United States trade with northwestern and central Europe." There are some 15 countries included.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

United States trade with northwestern and central Europe, 1910-40
(In millions of dollars)

Yearly average	Exports	Imports	Percent imports of exports
1910-14.....	\$1,222.9	\$725.8	60
1915-19.....	2,900.0	427.0	15
1921-25.....	1,960.6	885.0	45
1926-30.....	1,878.2	1,005.4	53
1931-35.....	795.4	412.5	52
1936-40.....	1,130.7	408.8	43
1947.....	4,025.1	581.5	14
1948.....	3,370.5	795.5	23
1949.....	3,264.0	708.9	21½

Countries included: Sweden, Norway, Denmark, Iceland, United Kingdom, Ireland, Belgium and Luxembourg, France, Netherlands, Austria, Czechoslovakia, Hungary, Germany, and Switzerland.

Mr. BREWSTER. In the period 1921 to 1925 the exports amounted to \$1,960,600,000, approximately \$2,000,000,000, while the imports amounted to \$885,000,-

000. So the imports amounted to 45 percent of the exports.

In the period 1936 to 1940 the exports were \$1,130,700,000, the imports to \$468,800,000, or 43 percent.

Coming down to the current year, the imports are at a low of 21½ percent of the exports.

Now let us see where this will lead us if we go on. According to this table, from 1910 to 1925, the ratio of imports to exports was substantially under 50 percent. According to the table normal imports were about 50 percent of exports from 1926 to 1936.

Imports from that area of Europe averaged 45 percent of exports in the 1921-25 period and increased to 53 percent in the 1926-30 period. However, in most years since 1915, the ratio of imports to exports has been substantially under 50 percent.

According to the above table normal imports from Europe seem to be just above 50 percent of our exports to that area. After the war that percentage was not reached until recent months, and it is obvious that some further rearrangements in trade will take place. However, it is not the impossible and frightening problem presented by propagandists who seek completely to break down the tariff structure of the United States before easing up in their campaign. There is concrete evidence that even before the end of 1950 a very large part of the larger-than-normal dollar gap will be closed.

If American capital continues to flow abroad and imports and exports become more similar in volume, we will be shipping out more dollars than we are getting back long before the end of ECA. That is a statement which may be interesting to those who are so vitally concerned in the problem we are to face at the end of ECA.

Furthermore, if we should purchase as much in the form of raw materials and finished goods as we ship to Europe, the total trade of the United States would show a large surplus of imports as compared with exports. This can be explained by an illustration.

This country imports upwards of \$300,000,000 worth of rubber per year. The normal sources are British Malaya and the Dutch East Indies. It is common knowledge that most of the rubber plantations are owned by firms, individuals, or corporations located in England, Holland or other European countries. It is also known that comparatively small percentages of the dollars spent for rubber go to the producing area. The laborers in that area get 10 cents a day. Similarly diamonds, tin, spices, and various other items contribute large sums to Europe rather than to areas in which they are produced.

This accounts for the normal wide discrepancy between imports from Europe into the United States and our exports to European countries. If we actually balanced our trade with the ECA countries, and continued to import the hundreds of millions of dollars worth of raw materials from other sources, our exports would be far below our total imports.

So we can take with a very large grain of salt the pleas to import from Europe as much as we export to that area.

Speaking, now, strictly of ERP countries—those receiving billions of dollars from the United States for rehabilitation and aid—and those from whom our diplomats say we must import billions more in order to balance our trade—may I present some very interesting figures?

In 1948 the so-called ERP countries sent goods to the United States valued at \$977,000,000; in 1949, although United States tariffs had dropped from an average ad valorem equivalent of 7.6 percent in 1947 to 5.7 percent in 1949—I repeat, despite that drop, 1949 imports from ERP countries decreased to \$846,000,000, a decline of \$131,000,000. At least we cannot blame our tariffs for that.

They had lower tariffs in the later years, but sent a smaller quantity of goods. It would be interesting to see where their goods did go, since England had balanced its foreign trade in that year.

On the other hand, receipts by ERP countries of United States dollars from travel expenditures of tourists and businessmen visiting those countries increased from \$186,500,000 in 1948 to \$272,000,000 in 1949. This means that 19 percent of all the dollars received by ERP countries, other than outright gifts, grants, or loans, were supplied by Americans traveling abroad in 1948. In 1949 the percentage of such dollars sent abroad had increased to 24.5 percent of all the dollars earned.

In other words, one-quarter of all the United States dollars received by ERP countries came from American tourists. I shall at another time undertake to show that those are the dollars susceptible of the greatest increase because air travel has now made it possible for a very much greater number of Americans to go abroad, and they are interested to go. Eighty percent of Americans have 2 weeks' vacation, but formerly they could not go abroad in that period. Now they can. The result is going to be a constantly increasing host of Americans from our vast population who will visit Europe. They include those with interests abroad, those concerned with the traditions of the war and war memories, and those who in recent decades have come to this country and have relatives abroad. In my judgment, the increase of travel by Americans in foreign countries may well be calculated to close the narrow dollar gap, which is now so rapidly narrowing. If we should spend in travel abroad the same percentage of our national income that we spent in the decade of 1920-30, we would close the dollar gap today. That is a development not at all impossible to contemplate under current conditions. That is why I am not so seriously concerned about the closing of the trade gap.

If we further implement the point 4 program by practical proposals in the coming year, such as made by the Senator from Massachusetts, I believe those two factors alone, the point 4 program as finally implemented and the in-

creased travel, will more than close any gap that can be reasonably anticipated.

These figures, supplied me by the Department of Commerce, graphically refute the claim of a few frenzied agitators for greater imports of pottery and chinaware, fish products, lumber and wood pulp, perfumes, liquors, toys, shoes, cotton textiles, petroleum, and oil products, which is a matter of interest to my good friend from Texas, the chairman of the Foreign Relations Committee, watches—remember Waltham—and other highly competitive items in order to buy as much as we sell. Actually, 1949 tourist travel was considerably greater than in 1948, and 1950 will, on account of Holy Year and other factors, far exceed 1949, when one-fourth of all the earned dollars that went to ERP countries were taken and left there by travelers from the United States.

It simply means that, leaving out the hundreds of millions that flow to ERP countries in the form of private, public, and institutional dollars for which there is no recompense, we can still ship to those areas 25 percent more goods than we buy from them. If the millions sent to those areas as private returns and gifts are counted, we could probably send to ERP countries twice as much as we buy from them—and they would still have the necessary dollars to pay for them.

There is additional proof of this in the fact that since 1915 the average imports from ERP countries have been only about one-third of our exports to those areas. In the most normal years, if we can identify any such years since 1915, imports have been 50 to 55 percent of exports, and the point I wish to establish here is that an approximate 50 percent ratio is safe, sane, and economically sound.

I hope the thousands of worried employers and the millions of workers who fear that unregulated imports will further seriously upset our economy will take cognizance of the true situation.

A really cooperative, bipartisan approach to our foreign trade problems and to our international policy would demand that full recognition be taken of all these facts. If one may presume to make a suggestion to those who are preaching free trade at any cost, the American citizen and taxpayer, the employee and the employer are all entitled to a full and complete statement of our trade situation. The constant cry that "our imports must be as large as our exports" if Europe is to be kept from communism is not likely much longer to fool the public.

It may be recalled that several weeks ago I made a public suggestion that the diplomats who manipulate our foreign trade "come down out of the clouds and get practical about our imports and exports." The answer seems to have been a redoubling of the efforts to get European goods into our home markets and a reiteration of the "industry subsidy and unemployment dole" plan to take care of those driven to the wall by artificially increased imports of competitive products.

It will interest and make very dramatic reading for the 4,000,000 of our unemployed today—the figure may soon be five or six million—to spend their time reading the brochure published by our own Department of Commerce at a considerable expense in research and printing, to show foreigners how to penetrate our markets at the expense of domestic producers on our farms and in our factories.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. DONNELL. Did the Senator from Maine refer to a recent publication with regard to 2,500 items which, it is suggested, should be permitted to come into this country?

Mr. BREWSTER. No. I refer to a publication last summer by the Department of Commerce giving very constructive suggestions to European producers as to how they can market their products in the United States, showing them what are the tariff limitations, and so on, and distributed very generally among them. The item of which the Senator from Missouri speaks is in preparation for the agreement at Torquay in England, to which I shall refer in a moment. That book deals with the question of how foreign producers can meet domestic competition.

AGRICULTURAL IMPORTS

The farm situation is becoming more and more alarming. Price supports and other agricultural programs are literally threatened with destruction because of a combination of circumstances.

During and after the war it was the patriotic thing to expand production and raise every bushel of wheat, potatoes, apples, and other farm products possible. The world was starving, and the American farmer came through in noble style.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. DONNELL. I should like to refer for a moment to the manufacturing industry. The question, of course, is very elemental, and I almost ask the Senator's pardon for asking it, but it is perfectly obvious, is it not, that not only are management and capital interested in the dangerous competition which may result, but labor has a vital interest in not being put out of work by undue introduction of competitive industrial products into this country?

Mr. BREWSTER. The Senator will be interested in knowing that the Wage Earners Conference, formulated first under labor auspices, has brought to Washington, within recent weeks, 17 national labor unions vitally concerned with the problem, along with many others in industry who are interested, and that they are going forward to see that the people of the United States, and particularly the laboring people, understand the impact of this program and what it is going to mean to them. That is one of the most significant developments in connection with this entire program that I have seen, and one of the most encouraging developments.

Mr. DONNELL. Mr. President, will the Senator yield for a further inquiry?

Mr. BREWSTER. I yield.

Mr. DONNELL. So it is not merely capital and management that are vitally concerned in this prospective importation of goods, but it is labor, which may find itself displaced and out on the streets, adding to the already considerable number of unemployed. Am I not correct?

Mr. BREWSTER. In my judgment, that is one of the most serious problems confronting our economy at this time.

Mr. DONNELL. I am correct in my statement, am I not?

Mr. BREWSTER. The Senator is absolutely correct. I think labor is most vitally interested. A manufacturer interested in this matter said to me that he was not so much concerned over the fact that it was not possible to produce cheaply in this country, for he could import from abroad, but he said, "In recent months large manufacturers have told me that they were compelled to go abroad to examine the possibility of production there, because it was impossible for them to meet the competition here at home."

Mr. DONNELL. Mr. President, will the Senator yield for a further inquiry?

Mr. BREWSTER. I yield.

Mr. DONNELL. It is a fact, is it not, that there are already large interests of American capital in Paris and Cherbourg. For illustration, the Singer Sewing Machine Co. has established a very large plant in France.

Mr. BREWSTER. Yes.

Mr. DONNELL. And if capital should find itself injured by importations, it might very well be that capital, instead of remaining in the United States, might go abroad, and there be invested, whereas labor could not leave the United States, pick up its families, sell its homes, and go abroad in the search for further work. Am I not correct?

Mr. BREWSTER. That is entirely correct. I have seen such situations all over the world. Some American industry may go abroad to develop in other countries—I have seen that happen in several European countries this year—to supply the local requirements. That has been done by many of our largest industries. However, when they go beyond that, I begin to be concerned.

For instance, traveling through the State of Maine I have seen hundreds and thousands of agricultural implements which have been manufactured in foreign countries by an American concern, but manufactured abroad by that concern under cheap labor conditions. That concern has produced those implements abroad because under such circumstances the implements it produces may come into this country free of duty. Therefore I begin to be greatly concerned. I think at that point the United States and its working men, above all others, are gravely injured.

Of course the manufacturer is not particularly injured, for under those conditions in many cases he makes more money by manufacturing commodities abroad and shipping them into this country than he does by manufacturing them in this country. That is why certain of our manufacturers operate in

that way. Under such circumstances, they get along all right. However, as I have pointed out, the American working men are the ones who are hurt. That problem is one about which I believe American labor will think more and more seriously in coming weeks and months.

To the extent that our ECA grants abroad have rehabilitated foreign industry, that is very good. In most cases those foreign countries are now producing from 38 to 40 percent more than they produced before the war, as a result of the use of the labor-saving machinery we have provided. However, when they turn around and begin to inundate our own markets, at the expense of American working men, that is something else again.

That is why I favor the proposal of the Senator from Colorado [Mr. MILLIKIN] and the Senator from Massachusetts [Mr. SALTONSTALL] that we very carefully consider the implementation of the so-called point 4. Along with our consideration of the ITO Charter, I hope we may defer the consideration of point 4 until a more careful study can be made of the situation under the rapidly changing conditions of the present time.

Mr. MARTIN. Mr. President, will the Senator yield for an inquiry?

Mr. BREWSTER. I am happy to yield to the Senator from Pennsylvania.

Mr. MARTIN. In addition to what the Senator from Maine has stated and to what has also been suggested by the distinguished Senator from Missouri, does not another factor enter into the situation? Not only is a deplorable unemployment situation brought about, but we lose a great many skills by reason of the closing of such plants? For example, let me refer to the closing of the Waltham Watch plant in Massachusetts. The precision instruments which we must use in wartime are largely produced by the skilled craftsmen of the watch industry. The closing of such plants will be very disabling to our national defense, will it not?

Mr. BREWSTER. Of course, I think it is estimated that during the last war approximately 80 percent of our watch industry was converted to the production of precision instruments which were vital to the prosecution of the war. We then had a great watch industry which was able to do that work. However, when we destroy that industry—and its destruction is exemplified by the case of the Waltham Co., and I have heard of others which are approaching that situation—what will we do? Then we shall find ourselves lacking in precision instruments, and confronted by an enemy equipped with ample precision instruments of a quality equal to or even better than the quality of the smaller number of precision instruments we then are able to produce.

Mr. MARTIN. We are now engaged in a cold war with Russia. If that war should be converted into a hot war, certainly it would not be expected that the workmen in the Swiss watch factories would be available to the United States.

Mr. BREWSTER. It would be most unlikely that they would be available to

us. Certainly that possibility is not to be depended upon.

Mr. MARTIN. Then we would not have anyone to fall back upon for the production of precision instruments; and in that event it would be almost impossible for us to wage war under modern circumstances, which require the precision instruments not only for airplanes, but for so many other purposes and uses, vital in wartime.

Mr. BREWSTER. Yes; as our armed forces become more and more highly mechanized, and as we move into the realm of guided missiles and similar instruments, the production of precision instruments becomes absolutely indispensable.

Mr. MARTIN. Yes.

Does not the Senator from Maine agree that before we entered into the Reciprocal Trade Agreements Act, approximately 15 years ago, more than 80 percent of the jeweled watches used in the United States were produced by American craftsmen and mechanics, whereas today they produce only about 15 percent?

Mr. BREWSTER. Yes; we now produce only about 15 percent, whereas formerly we produced more than 75 percent.

Mr. MARTIN. Yes.

Mr. BREWSTER. That is the difference.

Mr. MARTIN. To my mind, that is an appalling situation, and it is something about which the American people should be informed, because, as I understand the matter—and I am sure the Senator from Maine has more information on the subject that I have—in connection with the meeting next fall of 17 countries, at which meeting it is proposed to begin to reduce American tariffs, it is anticipated that the tariffs on 2,500 items produced in the United States will be affected.

Mr. BREWSTER. That is correct.

Mr. MARTIN. As the Senator from Maine stated so well a moment ago, of course the owner of a factory can very well conduct his operations in a foreign country, and by doing so perhaps will make more money than if he produced the articles he manufactures in a factory in the United States. However, our workmen are the ones who are injured by such a development.

If the Senator from Maine will permit an observation at this point, let me refer to the glass and china and pottery industries of western Pennsylvania, northern West Virginia, and eastern Ohio. Today goods similar to those made by those industries are being imported from countries in which the wage scale is from 10 cents to 30 cents an hour, whereas the wage scale in those industries in the United States is more than \$1.40 an hour. That development produces a situation with which we cannot compete very long.

Mr. BREWSTER. Mr. President, there is no question about it. The Senator from Pennsylvania will be interested to know, I am sure, that a few years ago we had 20 watch manufacturers in this country, whereas today we have only two.

Mr. MARTIN. Yes.

Mr. BREWSTER. One of them is in the Senator's State, I think, and the other is in Illinois.

Mr. MARTIN. As to the one which is located in my State, if it were not for the fact that it has built up an enormous surplus and has developed a great sales organization, I do not know whether it could remain open today.

Mr. DONNELL. Mr. President, will the Senator yield for a question at this point?

Mr. BREWSTER. I yield.

Mr. DONNELL. While the Senator is discussing the effect on labor which is involved in the situation in those industries and on management and capital, and also the effect as regards the loss of skills, a situation to which the distinguished Senator from Pennsylvania has alluded, let me inquire whether it is appropriate that we also mention that the effects of the closing of industries as a result of undue competition from imports will be felt throughout society, in every section of the country where that situation develops.

By way of illustration, let me refer to a town in which a certain manufacturing plant is located. Suppose it closes. In that event not only is the plant closed, and not only are those who have been employed in it then out of work; but in that community the butcher, the baker, the candlestick maker, the farmer who has been producing the food that has been consumed by those who have been working in that manufacturing plant, and the clothing merchant who has been selling clothes to the workers in that plant, are also disastrously affected. All of them, every portion of society in that area, feels the impact of the excessive competition, in the manner indicated. Is not that correct?

Mr. BREWSTER. I can agree with the Senator from Missouri in a peculiarly personal way, inasmuch as I grew up and still live in a small town of about 4,000 inhabitants, a town which for more than 100 years has had four small woolen mills, each employing between 200 and 300 persons. Despite all vicissitudes those mills have carried on for more than 100 years under local ownership and local enterprise. However, this winter—for the first time—under the operation of the theories we have been discussing today, one of those mills was liquidated, closed; and 250 persons, having altogether probably 750 persons dependent upon them, in their families, were thrown out of work. Consider the consequences of that situation to that small town; and then consider the consequences to the entire country, if that development is applied in many other localities! Such a consideration brings us to a realization of the direction in which we are moving.

In that connection, let me say that the other mills in that town are just hanging on by their eyelids.

Recently I talked with one of the larger manufacturers in New England. He is greatly concerned with that situation. He said that, as a matter of fact, the small mills are doing better than the large ones, because the small mills are

able to produce more economically; but he pointed out that the small mills are being forced to the wall, and many of the big ones, as well.

As the Senator from Missouri has stated, that impact reverberates through our entire economic structure, in a multitude of ways.

Mr. President, I have spoken of our industries, and now I am about to discuss our agriculture. I referred to the fact that our farmers were urged, during the war, to produce more agricultural commodities; and I said that at that time the world was starving. I pointed out that in response to those appeals, the American farmer came through in noble style. Now he must pay for his response to the pleas of ECA Administrators. He expanded his acreage and increased his yield per acre; he outproduced all prior agriculturists. Suddenly he found no market for his goods—except to the United States Government, and that only by the grace of the laws adopted by Congress.

Surpluses have been piled up until their volume staggers the imagination. Storing some of them may be insurance against famine or leanness within the next 2 or 3 years, but many products cannot be stored for any length of time. The taxpayer is being taught by an insidious form of propaganda that the farmer is robbing him, and all the time the very individuals and groups which prepare this propaganda are maneuvering and negotiating for greater and greater imports of the same farm products that are in such huge surplus.

We are actually importing millions of dollars worth of eggs, both dried and fresh. The same is true of potatoes and a large number of other price-support products. The old promises of President Roosevelt and others promulgating the trade-agreement program that agricultural and fishery products would not be affected by agreements with foreign nations have given way to a tariff-reduction project which affects those products more than any others. President Truman has assured us repeatedly that no tariff reduction would be permitted to injure any domestic producer or industry, yet we now see the impact of these increased imports upon the industries and the agriculture of our country.

I have included here certain statistics as to the import of many kinds of agricultural products, many of them on the price-support and surplus list.

We imported over 3,500,000 dozen of fresh eggs—valued at over \$2,000,000.

We imported dried eggs—about 2,000,000 pounds valued at nearly a \$1,500,000.

We imported \$16,000,000 worth of wheat for grinding and reexport.

We imported over \$3,000,000 worth for our own consumption.

We imported 17,000,000 bushels of oats valued at about \$13,500,000.

We imported nearly 13,000,000 bushels of barley valued at \$19,000,000.

We imported \$1,500,000 worth of corn.

We imported well over one-half billion pounds of potatoes valued at \$13,000,000. It is common knowledge that the whole

support program has been attacked, with potatoes as the whipping boy.

These are only a few of the huge imports of surplus products. More careful regulation of such imports would not cure the surplus problem, but it would make a great contribution both to the relief of the American taxpayer and to the protection of the American farmer.

Here is an interesting item: Potatoes, which of course is a subject rather near to my heart, are actually on the list of items released by the State Department for possible further tariff reductions this year. In view of the fact that we are utterly unable to absorb our own production, in view of the fact that we have imported 15,000,000 bushels from abroad and the Government has had to buy that many more, still it is proposed to reduce the tariffs further.

Dozens of other agricultural products and a number of fish classifications are also included.

What kind of economics is this? To what ridiculous limits can this program be carried, in the light of what has now occurred?

It was thought that the climax of this attack on domestic farmers and fishermen came in the last batch of agreements negotiated at Annecy, France, in 1949. A study of the concessions made by the United States in those negotiations reveals the startling information that over 83 percent of the tariff cuts made by this country were on products of direct interest to the farmer and the fisherman. The percentage would be slightly less if fish products were eliminated, but those were included because of their close relationship. So far as Maine is concerned, as well as all New England, the subject of fish means a great deal.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. DONNELL. In saying that 83 percent of the tariff cuts made by this country were on products of direct interest to the farmer and the fisherman, what does the Senator mean?

Mr. BREWSTER. I mean that by the volume of the imports, 83 percent of the tariff cuts affected the fisherman and the farmer.

Mr. DONNELL. That is to say, it affected them injuriously, or does the Senator mean beneficially?

Mr. BREWSTER. The assumption is that the domestic producer is normally injured by imports.

Mr. DONNELL. I may tell the Senator the thought I had in mind. Someone merely reading these few sentences by themselves might understand that the Senator was saying that the imports were of things that the persons affected were using, and therefore it was to their benefit. But I understand the Senator to mean—and I ask him whether I am correct—that the percentage to which he refers, estimated to be in excess of 83 percent, is injurious to the fisherman and to the agricultural interests.

Mr. BREWSTER. That is correct. Had I said, instead of "direct interest," "of direct and vital concern to the farmer and the fisherman," it would have

conveyed my meaning better. In other words, they were matters that very seriously affected their own markets.

Mr. DONNELL. They seriously affected them to their injury, that is?

Mr. BREWSTER. That is correct.

This means that the farmer absorbed about four-fifths of the tariff cuts made at Annecy. This is something the farmers do not always realize, because we think of the tariff so much in terms of industry. It should be noted here that the largest volume of our imports of agricultural products consists of items that have long been on the free list—such things as coffee and bananas are free of duty—so the brunt of tariff reductions falls upon competitive goods and not upon those which do not compete directly with our own products.

The farmer in the dell will be on the dole before very long if Secretary Brannan keeps planning and the free-trade trend continues. Our own market is opened wider and wider to competitive goods grown in foreign countries, while our own foreign markets are being closed tighter and tighter against our exports.

Secretary of State Acheson and ECA Administrator Hoffman are advocating greater and greater imports, even though it results in injury to independent farms and industries in the United States. They have actually recommended doles and subsidies to salve the wounds of those that must be hurt in the forcing of imports. Here, again, agriculture takes it on the chin.

In the 2 months of January and February of 1949—just a year ago—our exports of agricultural products amounted to \$662,000,000, and our imports were only \$490,000,000—a balance of \$172,000,000 in favor of exports. That was our agricultural export balance.

In the same 2 months of 1950 our exports had dropped to \$471,000,000, a loss of \$191,000,000 in 1 year, and our imports had increased to \$587,000,000. In only 2 months of this present year we imported \$116,000,000 worth of farm products more than we exported, and conservative estimates indicate the 1950 excess of imports over exports of agricultural products may reach \$1,000,000,000.

I think that is a figure which will be of interest to every farmer in the United States, if we are going to have an import surplus of \$1,000,000,000 of farm products this current year, under the current-trade program of this administration.

The full weight of the tariff cuts under trade agreements has fallen on agriculture and small, independent, free-enterprise industries, and the end is not yet. The 17 unions that have met here, many of them being engaged in the smaller industries, tell of the alarm of labor over this thing. Many more agricultural items are on the new list for the big tariff negotiations scheduled to begin next September in Torquay, England. The free traders will not be satisfied until they have cut every rate the full 75 percent allowed by existing law.

The list of items to be considered at the Torquay negotiations, released on April 14, contains some surprising infor-

mation. Only 11 of all the 34 nations now belonging to the general agreement have consented to negotiate, although six new countries, Austria, Germany, Guatemala, Korea, Peru, and Turkey, contemplate joining the meeting.

The complete list of items to be considered is available at the State Department of the Superintendent of Public Documents. The list includes 345 paragraphs and about 2,500 items which are dutiable and which are slated for consideration of cuts, plus about 50 paragraphs of free items which may be bound against any future imposition of duty by the Congress.

As stated earlier our tariff rates are the lowest in modern history. Furthermore—and this is interesting, I think, to those who attack us for our trade policies—the United States has lower tariffs and fewer import restrictions than any other nation of economic importance. The average rate of duty on all imported products is now between 5 and 6 percent and the average on dutiable products is in the neighborhood of 13 percent. Dozens of rates of duty are so low, ranging from 1 and 2 percent to as low as one-fourth of 1 percent, that they have no protective value whatsoever. In a number of instances the cost of collecting the duty exceeds the amount collected.

I might say in reference to the agricultural problem that cotton, for instance, while it is theoretically subject to import, is prohibited from import by the quota restrictions imposed by the President. I believe the figure this year is 90,000 bales of long-staple cotton. I speak of that because it indicates the power the President possesses to impose restrictions which could be absolutely protective of an American industry or of an item of production. I certainly commend the President for this measure of care, but I wish that our southern friends, who are concerned with cotton, would appreciate the problems of other sections. I wish they would think a little bit about my potatoes and about some of the other items which also need a little protection. I wish the President could be persuaded to use his power to give the same consideration to us as he does with reference to some other items in the schedule.

In the month of January, imports of dutiable items amounted to \$256,000,000 while those free of duty amounted to \$366,000,000. This means that in January almost 60 percent of the imports paid no duty whatsoever. That is the usual average. Over two-thirds of the imports of agricultural products were free of any duty. The ratio was approximately the same in the month of February.

State Department releases constantly refer to rigid trade restrictions, such as quotas and import licenses, as the most obnoxious of all forms of regulations, and freely admit that tariffs are the mildest of all of them. They, however, by ill-advised tariff cuts, have forced the use of quotas and licenses to keep segments of domestic agriculture and industry from being completely wiped out.

When the duty was reduced on butter, New Zealand, Denmark, and other dairy countries immediately prepared to invade the American market on a large scale. The huge surplus of butter in the United States made the tariff cut a foolish gesture, for the Department of Agriculture, despite pressure from the free traders, refused to grant licenses to those who would import the butter. Such working at cross-purposes has done much to antagonize friendly nations and it has not made life any easier or more certain for our own farmers.

The peril-point procedure adopted by the Eightieth Congress and repealed by the Eighty-first Congress would have prevented such fiascos. The President found the peril-point procedure extremely obnoxious because it would have called upon him to explain why he made such unwise concessions as the one on butter, although, only if and when he exceeded those peril points.

The trade gap is rapidly closing and the dollar gap is almost at a balance. There is nothing to stop the continuation of the trend. Severe injury to domestic agricultural programs, to the farmers themselves, and to hundreds of thousands of workers in small, independent industries is increasing by leaps and bounds.

The need for peril-point studies before agreements are made is acute. The so-called escape clause is no substitute at all and its administration and interpretation become more ludicrous with each attempt at application.

We tried that out in connection with the glove industry. Japanese gloves were coming into the State of my colleague from New York [Mr. LEHMAN]. It was stated that the fact that the industry had no orders had nothing to do with it; the fact that they had made their orders for millions of dozens of gloves in Japan had nothing to do with it. We had to wait until the gloves actually arrived in this country. In the meanwhile, the employees in the glove factories were starving to death. If the danger was anticipated when the cut was made in the tariff, then it is not within the scope of the escape clause. That is very small comfort to the fellow who lost his job. In other words, if it were anticipated that Japan or some other country would send in a lot of gloves, there was no redress whatever under the escape clause. We are going to get educated in the next few years or the next few months. I am sure it will be a matter of very great concern to many of my colleagues.

A truly reciprocal trade agreement will open the door of the two negotiators to the goods of each other in approximately the same degree.

I am sure we all agree with that. It is a matter of give and take. We give up on some items, and they give up on other items, and the reciprocal trade should be approximately the same.

Many factors enter into such negotiations, it is true, and State Department leaders have testified before congressional committees that when this country enters into an agreement, calculated risks are taken. In other words, the safety and life of domestic industries and producers are risked in order to obtain

questionable concessions from the other country. This has been openly admitted.

In general, however, if an agreement is reciprocal, the subsequent increase in trade between the two nations should be fairly evenly divided. Now, although administration economists have apparently not figured this out, no matter how many truly reciprocal agreements we enter into, we do absolutely nothing toward closing the trade gap. Pointing to trade agreements as essential because they will help balance our trade is just as misleading as is much of the prior propaganda that has been fed the public about the trade program.

If an agreement is negotiated, and it is truly reciprocal, both participating nations benefit in about the same degree. That means each country's imports and exports would be affected similarly, for if an agreement greatly increases imports and does not increase exports, where is the reciprocal benefit?

In other words, if the agreements are really reciprocal, they do nothing to close the trade gap. You get something and I get something, and we end up with the trade gap exactly where it was before. I think these gentlemen are intelligent enough to know that it is a very different situation. They have simply used the word "reciprocal" as a means of eliminating protection for American producers, knowing it will close the trade gap by closing out American producers.

When the public is finally informed of the facts about our trade agreements, they will no longer tolerate the use of the term "reciprocal." Proponents of free trade still glibly pin the label of reciprocity on past and proposed future agreements, but no one has yet been able to pin down what we have received in return for what we have given in any agreements so far. This is true of some of our treaties which apparently can be ignored or observed without any objection by our State Department.

In this connection, the able Senator from South Carolina recently told us about a shrinkage of our textile export trade in 1949; a \$33,000,000 drop was referred to.

Recently I visited one of the largest producers of suits in New York. He had no American cloth whatsoever. It was entirely foreign cloth. That was one of the great producers who serves thousands of our citizens.

I have been very much concerned about this and about competition of foreign textiles here at home, because both contribute greatly to our unemployment problem. I have studied the statements of the ECA Administrator in his correspondence with the Senator from New Jersey.

Apparently the Administrator claims that our textiles have no part in his plans for our export trade and quantities of foreign textiles are to be expected in our home markets. That was made plain in the correspondence I had with him last year.

I wrote him then about an embargo of our cotton goods from Morocco, formerly an outlet for substantial quantities of American cotton goods. The embargo was pointed up by the fact that cotton

goods were welcomed from Poland, Czechoslovakia, Switzerland, and other countries. The loss of this market, caused by the embargo imposed in Morocco, accounted for 10 percent of our 1949 loss of export volume.

Now, Mr. President, I find that Morocco is participating in some new trade agreements which provide for the purchase of cotton textiles from a number of countries, including Switzerland and Portugal, whose currencies are readily converted into dollars. Here we apparently find specific trade advantages being given to other countries in the very face of a solemn treaty between the United States and Morocco that American goods and American citizens shall have the same trading rights as are granted to any other nation. Yet our diplomats do absolutely nothing about the embargo of American cotton goods.

Furthermore, radios, cigars, and some other items purchased with dollars enter Morocco in unrestricted quantities, although necessities such as cotton sheetings are prohibited if purchased with dollars.

I have information that indicates our ECA operators support the Moroccan embargo of American cotton goods, even though private operators who have the dollars are willing to use their own money and in no way depend on ECA. Such goods are classed as luxuries, and therefore are prohibited. The incongruity is that radios and cigars are permitted, and, furthermore, the same ECA operators are shipping cotton goods into Moroccan markets from foreign producing areas and are even using the American taxpayers' money for that purpose.

The December 1949 issue of the ECA monthly report which was circulated in Paris shows cotton thread and piece goods are being shipped to Algeria, Guadeloupe, French Guinea, and Martinique. The relationship of these areas to France is about the same as that with Morocco to France, and I cannot help but feel that the Moroccan restrictions are designed to favor certain foreign interests.

It seems to be quite all right to send our textiles, bought with taxpayers' money, to French colonies in which only foreign interests can profit thereby. In Morocco, and perhaps in other areas where our citizens could and would like to compete, cotton goods have been ruled nonessential, and our diplomats apparently support those rulings.

I have pointed this out, Mr. President, to further show that our treaties as well as our trade agreements often completely lack reciprocity, and the final analysis shows that the United States is the one country which always provides the concessions in the end.

Most opposition to the whole trade agreement program has been a result of the shroud of secrecy, the calculated risks taken, and the overbearing treatment of domestic agriculture and industry in the negotiations. The misleading use of the term "reciprocal" and the complete abandonment of that principle has greatly damaged the theory of true, businesslike agreements between nations.

Trade agreements and the doctrine of true reciprocity were first espoused by Republicans. Prior to 1932 the other major party fought vigorously against the principle, saying it lodged too much power in the executive branch. The present law, without even peril points, is much more autocratic than was ever advocated by the Republican Party and the refusal of the President to divulge even the bases upon which he makes tariff cuts and his willingness to allow injury to domestic agriculture and enterprise may well destroy the whole trade-agreement program, and seriously damage the ECA program in the process.

Workers on the farm, or in the mine or factory, will probably have something to say about it when they have an opportunity to speak next November.

The PRESIDING OFFICER. Does the Senator from Maine yield the floor?

Mr. BREWSTER. I do.

Mr. LEHMAN obtained the floor.

Mr. DONNELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Missouri?

Mr. LEHMAN. I yield for a question.

Mr. DONNELL. I desire to take the floor in my own right. May I inquire how long the Senator from New York will take with his address.

Mr. LEHMAN. About 20 minutes.

Mr. DONNELL. I shall be glad to wait.

SOCIAL SECURITY COVERAGE FOR HOUSEHOLD WORKERS

Mr. LEHMAN. Mr. President, in my own behalf and in behalf of the Senator from Montana [Mr. MURRAY], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Illinois [Mr. DOUGLAS], I am submitting an amendment to H. R. 6000, which would extend the Social Security Act to cover an additional 900,000 domestic workers under the old-age and survivors' insurance program.

Household workers are one of the forgotten groups in this country so far as social security is concerned. They are not covered under our Federal Social Security Act. In general they are not protected under our State programs of unemployment insurance, sickness insurance, and workmen's compensation. Almost no governmental action has been taken to provide for the security of these employees.

Furthermore, there is no other organized method of social security available for household workers. Industrial workers, through collective bargaining, can obtain very good protection under union-management pension and welfare plans, but household workers by the very nature of their occupation are precluded from making organized efforts along this line. Even where industrial and commercial employees are not organized, many responsible employers have provided pension plans on their own initiative.

In the past, employers of domestic help sometimes made provision for the security of their employees in their old age, but with the disappearance of the old "family retainer" type of servant this custom, too, has largely disappeared. The average household employer today

is simply not in a position to assure the future security of her employees, no matter how sincere her interest and sense of responsibility.

If the household worker is to stay off the relief or assistance rolls in her old age, and to provide for her family in the event of her death, she must do so through her own individual efforts, out of her current income. Yet earnings figures show that it is utterly unrealistic to expect the average household worker, save in relatively few cases, to do this. Employees in domestic work are even less able to provide for their own security than are the groups now covered by social security and industrial pension plans. The best available estimates indicate that in 1948 over three-fourths of all domestic workers earned cash wages of less than \$1,000, and fewer than 5 percent earned more than \$2,000. It is obviously impossible to save enough out of such earnings to make one's old age secure against want. The typical household worker has no recourse in time of need but to apply for public assistance, with its means test and personal investigations, despite a lifetime of hard work.

It is true that few household workers are men with families. In 1948 only 7 or 8 percent of all workers in household employment were men. However, most women who engage in household employment do so because they have the economic responsibility, in whole or in part, for their families. According to the 1940 census, about 34 percent of the women in household work, as compared with only 20 percent of all women workers, were separated, widowed, or divorced. Moreover, single women in household work are generally older than single women in industry, indicating that they, too, are more likely to have family responsibilities.

Fortunately, it cannot be said that household workers have been entirely ignored. I am proud to be able to say that in my own State of New York, during my administration as Governor, I was instrumental in covering household workers under our State unemployment insurance law. That law now covers domestic workers whose employers hire 4 or more workers on at least 15 days in a calendar quarter. Subsequently our State workmen's compensation law was amended to include domestic workers in cities of 40,000 or more. Our State cash sickness insurance law applies to household workers whose employers hire 4 or more workers on at least 30 days in a quarter.

On the national scene, as long ago as 1940 my predecessor, the distinguished Senator Robert F. Wagner, introduced a bill which would have amended the Social Security Act to provide old-age and survivors insurance coverage for domestic workers; and in subsequent Congresses he and the distinguished Senator from Montana repeatedly sponsored similar measures. I am happy to carry on the tradition established by Senators Wagner and MURRAY. I am proud that Senator MURRAY is a cosponsor of this bill I am introducing today.

I am proud, too, to be able to say that during the present Democratic administration the first real progress has been

made toward providing for domestic workers under the Federal social security program. H. R. 6000, the social security bill which was passed by the House last year and which I hope will soon be reported favorably to the Senate by the Committee on Finance, will extend the old-age and survivors insurance program to cover 950,000 of the 2,500,000 persons who work in domestic employment during the course of a year. H. R. 6000 would do this by including under the program any "regularly employed" domestic worker who earns as much as \$25 from one employer in a calendar quarter. The worker would be considered regularly employed if he works for that employer on at least 26 days in the calendar quarter. This is a step in the right direction, a real forward step toward providing the protection that these workers so sorely need, and I am glad our colleagues on the House side have taken this action.

In my opinion, however, H. R. 6000 does not go far enough in this respect. It would cover household workers who are hired on a weekly or monthly basis, but it would not cover the typical household worker who is hired to work by the day—in other words, the great number of people who work for the same employer on the same day each week, but on each day of the week for a different employer. These people are just as regularly employed as those covered by H. R. 6000. They are just as much in need of social security—perhaps even more so—and they could be covered with little administrative difficulty and almost no trouble or inconvenience to their employers. There is no sound reason for leaving them out.

The chief argument against covering these people is the alleged administrative difficulty and the allegation that making the necessary reports would be an impossible burden on housewives and other household employers. In my opinion this argument is not sound. I am advised that the Social Security Administration has worked out some very simple procedures for administering the coverage of domestic workers.

Two alternative methods have been developed for securing wage reports for these domestic workers. Under the first, the simplified pay-roll reporting plan, the housewife would fill out a simple form showing the name of her employee, the social-security account number of the employee, the total wages paid, and the amount of the tax contributions payable. Moreover, the housewife would be required to do this only once in every calendar quarter—only four times a year. Under the second alternative, the stamp plan, the housewife would simply buy stamps at the post office and paste one in the domestic's book weekly. The worker would obtain the book and turn it in to the Government at the end of each reporting period. I am especially impressed with this latter plan, the stamp plan, which has been widely used in Europe, and makes record keeping an almost automatic process.

Surely this kind of record keeping is not too much to expect of the American housewife as the price of providing security for her employees. I do not believe it is too much to ask of anyone,

and I do not believe that those housewives who are in a position to employ household help will object to carrying out these simple tasks. In confirmation of this opinion, I may cite the fact that many women's organizations have supported social-security coverage for domestic workers. Among the organizations advocating such coverage are the YWCA, the National Federation of Business and Professional Women's Clubs, the National Women's Trade Union League, the National Council of Jewish Women, the National Council of Negro Women, the National Association for the Advancement of Colored People, the American Home Economics Association, the American Public Welfare Association, the Council for Social Action of the Congregational Christian Churches, the Federal Council of Churches of Christ in America, the National Conference of Catholic Charities, and the department of social education and action of the Presbyterian Church.

I earnestly hope that favorable action will be taken on this amendment to H. R. 6000.

I am including as part of my statement some questions and answers on the problem of social security for domestic workers, which I ask to have printed in the RECORD at this point.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

SOCIAL SECURITY FOR DOMESTIC WORKERS— QUESTIONS AND ANSWERS

1. What is the present social-security situation with respect to domestic workers?

At present domestic workers are excluded from the contributory Federal old-age and survivors insurance program. This is the part of social security under which most industrial and commercial workers are now assured cash retirement benefits after 65 or survivors' benefits to their dependents if they die. These payments are made to insured persons as a matter of equity right from an insurance fund built up by contributions from covered workers and their employers in contrast to assistance which is paid on an individual means test basis from general tax funds.

2. Is there any general recognition that domestic workers need the protection of the insurance program, or any likelihood that they will get such protection in the near future?

Coverage of domestic workers has been recommended by most authorities who have studied the problem. In particular, the advisory council on social security appointed by the Senate Committee on Finance, in its report to that committee in 1948, recommended that "the 2,500,000 persons who work in household employment during the course of a year should be covered under old-age and survivors insurance."

H. R. 6000, the social-security bill which passed the House of Representatives this year and is now scheduled for early consideration by the Senate Finance Committee, would cover regularly employed domestic workers. In order to be covered the worker would have to receive cash wages of at least \$25 from his employer in a calendar quarter and would have to work for that employer on at least 26 days in a calendar quarter. Thus, most household workers who are hired on a weekly or monthly basis would be covered while most day workers would remain excluded. H. R. 6297, a bill introduced by Representative KEAN which embodied the views of the Republican members of the Commit-

tee on Ways and Means, would substitute for the 26-day requirement a requirement of 6 days' work for an employer in a calendar quarter. There is every reason to believe that similar proposals for a broader coverage of domestic workers will be pressed in the Senate.

3. Why should domestic workers be covered under this insurance program?

The fact that domestic workers are not now covered by the program does not mean that they have no need for its protection. They are just as likely as any other group to grow old, to become disabled, or to die and leave their families with no earning power. Because their earnings are generally lower than those of other groups, they are even less able to provide individually for their own security. The best available estimates indicate that in 1948 over three-fourths of all domestic workers earned cash wages of less than \$1,000, and fewer than 5 percent earned more than \$2,000.

Moreover, domestic workers have no means of providing security for themselves as a group. The employer and union pension plans which are now developing so rapidly for the industrial worker do not, of course, apply to those in domestic service. In the past, employers of domestic help sometimes made provision for the security of their loyal employees in old age, but with the increasing mobility of the population and the disappearance of the old family-retainer type of servant this custom, too, has disappeared. The typical domestic worker nowadays has no recourse in time of need but to seek assistance, which is less satisfactory to him and more costly to the general taxpayer.

4. What are the advantages to the employer of bringing domestic workers under the insurance system?

The average household employer is not in a position to assure the security of an employee no matter how sincere her interest or sense of responsibility. Moreover, now that pension and retirement plans are increasingly recognized as a factor in industrial and commercial employment she is in a disadvantageous situation to compete with such employers even at an equivalent wage rate. Inclusion of domestic workers in the governmental insurance system would not only relieve the employer of a natural concern for the welfare of those who help her but would also make it easier to secure such assistance in a competitive labor market.

5. How would social insurance for the day workers among domestic employees be administered?

The Social Security Administration has indicated that such workers, as well as the more regularly employed domestic servants, could be covered without any difficulty. One of the ways this could be done is through the use of a stamp plan. Under this plan the domestic worker would be provided with a stamp book in which the employer would place special social-security stamps indicating the amount of wages paid to the worker. The employer would buy the stamps from the post office and would deduct half the cost of the stamps from the worker's earnings as his share of the contributions. The money value of noncash wages, such as meals and lodging, would be included in the wages reported. The stamp book would be sent to the Social Security Administration, which would credit the worker with the amount of the wages reported.

6. In view of the low wages which household workers receive, could they afford to pay for this insurance protection?

They cannot afford not to. Contributions are related to earnings, so that ability to pay is taken into account. In addition, while benefits are also related to earnings, they are so computed that the lower-paid workers receive greater benefits in proportion to their contributions than do higher-paid workers.

It must be remembered, too, that there is no other effective way for household workers to provide security for themselves.

7. How much would they pay for this insurance protection?

Under H. R. 6000, those domestic workers covered would pay 2 percent of their annual net earnings during the years 1951 through 1959; employers of domestic help would pay a like amount. Thus, a household worker earning, say, \$1,200 a year would pay \$24—or \$2 a month—for the next 10 years, for a total of \$240 over the 10-year period. After that the rates projected in H. R. 6000 are scheduled to increase gradually to a maximum of 3¼ percent in 1970. However, the Senate Advisory Council has recommended that when the contribution rate reaches 2 percent each on employer and employee a governmental contribution be considered as in other countries.

8. What protection would the domestic worker get for these contributions?

If he lived to age 65, he would receive a retirement benefit each month; the wife of a domestic worker would also receive a monthly benefit at that age; and if there were children under 18 they, too, would get benefits. If the worker died prematurely, a lump sum would be paid to his spouse or to the person who paid the funeral expenses, and the widow and young children, or aged dependent parents, would get monthly benefits. Monthly benefits would not be paid to the widower of a female worker, but her children would get benefits if she had worked recently and for a substantial length of time in covered employment, or if they had relied chiefly on her for support. H. R. 6000 would also provide for the payment of monthly insurance benefits to permanently and totally disabled workers, so that the household worker would receive benefits before age 65 if permanently unable to work. Benefits would not be paid for any month in which the beneficiary received as much as \$50 for covered work.

9. How large would these insurance benefits be?

Under H. R. 6000, if the worker had been covered for 10 years at \$1,200 a year he would be eligible at age 65 for benefits of \$52 a month. When his wife became 65 the family would get \$79 a month. If the worker died after 10 years of coverage at \$1,200 and left a widow and one child under 18, the family would get \$79 a month. If there were a child but no widow (including, of course, cases where the deceased worker was a woman), the monthly benefit amount would be \$39; if there were two children, \$65. Benefits would stop when the youngest child attained age 18, but the widow would again be entitled to benefits at \$39 a month when she reached 65. In addition, a lump sum amounting to \$156 would be paid.

10. How long would the domestic employee have to contribute to the insurance program in order to get benefits?

Under the provisions of H. R. 6000 he would be insured for survivor benefits after he had been covered for a year and a half. In most instances under this bill he would have to be covered for at least 5 years before he could get retirement or disability benefits. He would have to continue working in covered employment for about half of his time to remain insured, but after he had been covered for 10 years he would be insured permanently for retirement and survivor benefits.

However, under the so-called new start recommendation of the Senate Advisory Council newcomers to the insurance program would be fully covered for retirement after 1 year and a half (or six quarters) of covered employment. If the Senate considers extending coverage as recommended by the Advisory Council it will undoubtedly consider this corollary recommendation.

Many people now in domestic work have already spent sometime in covered employment, particularly during the war; this employment already credited to them will shorten the time they need to work in the future to become eligible for benefits.

AMERICAN PUBLIC WELFARE ASSOCIATION,
WASHINGTON, D. C., December 1949.

Mr. LEHMAN. Mr. President, on behalf of myself, the Senator from Montana [Mr. MURRAY], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Illinois [Mr. DOUGLAS], I submit for appropriate reference an amendment intended to be proposed by us, jointly, to the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.

The VICE PRESIDENT. The amendment will be received, referred to the Committee on Finance, and printed.

MESSAGE FROM THE HOUSE—ENROLLED
BILL SIGNED

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 247) to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes, and it was signed by the President pro tempore.

THE PRESENT SPY HUNT AND EARLY
WITCH HUNTS IN SALEM VILLAGE—ARTICLE BY EDWARD A. HARRIS

Mr. LEHMAN. Mr. President, the able Pulitzer prize-winning reporter, Mr. Edward A. Harris, of the St. Louis Post—

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. LEHMAN. I yield.

Mr. DONNELL. Did not the Senator omit one portion of the name of the paper, the St. Louis Post-Dispatch?

Mr. LEHMAN. I certainly did, and I appreciate the reminder. I should have said the able Pulitzer prize-winning reporter, Mr. Edward A. Harris, of the St. Louis Post-Dispatch. Is that correct?

Mr. DONNELL. That is correct.

Mr. LEHMAN. I have to be very correct in what I am saying here now, because I have a particularly critical audience. My youngest granddaughter, 3 years of age, is sitting in the gallery on her first visit to the Congress, and I must be careful not to make any slip.

I repeat, Mr. President, the able Pulitzer prize-winning reporter, Mr. Edward A. Harris, of the St. Louis Post-Dispatch, has written a very arresting article contrasting the present spy hunt with the hysterical witch hunts which took place in Salem Village, Mass., three centuries ago. This article shows the almost incredible parallel between the events of that day and events of today. I commend it to the reading of the Members of the Senate and to all the people of our country. I hope that more and more of our public leaders and publicists will have the vision and the courage to speak out boldly on this subject.

Mr. President, I ask unanimous consent that the article by Mr. Harris,

which was published in the St. Louis Post-Dispatch of April 28, be inserted in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE DEVIL IN WASHINGTON

(By Edward A. Harris)

WASHINGTON.—Pathological fear gripped the townsmen of Salem Village late in the seventeenth century when a little group of neurotic teen-age girls fell into hysterical fits as if possessed of the devil. Breaking the bonds of strict Puritan discipline, the girls talked blasphemously during their fits and cried out against those in league with the devil who were afflicting them.

Few escaped the spiteful vengeance of the girls, who suddenly found all the attention they had ever craved. A pious pure-hearted old grandmother, Rebecca Nurse, was cried out against by the girls as a witch, and carried from her sickbed to be hanged. An old man, sound in body and mind despite his age, was pressed to death because he remained mute, refusing to confess his witchery. The constables righteously piled rocks upon his chest as he lay prostrate until the mounting weight crushed him. Children as young as 5 years of age were carted to dank and foul prisons as bedeviled.

The madness and panic were contagious. As soon as one villager was named as a witch, corroborating witnesses marched to court to detail acts of witchery of the accused. These witnesses were not malicious liars; they fervently believed their own tales, as embellished by sick imaginations, and their hearsay gossip was accepted as evidence in the sick atmosphere of the day.

The Salem court, however, convicted the witches mostly on spectral evidence. What good was it for accused witches to swear to their innocence when even at that moment the teen-age girls rolled on the courtroom floor and shrieked wildly that the spectral shapes of the defendants were then afflicting them?

To some observers there appears a striking parallel between the Salem pathology and the current spy hysteria in Washington. A new book, *The Devil in Massachusetts*, by Marion L. Starkey, comes as a fresh shock in its vivid portrayal of the depths of cruelty and irresponsibility to which human beings can sink in the spell of fear and ignorance.

Then, as now, the accusers were the exalted, including ex-witches who recanted and pointed their cleansed fingers at former conspirators. It was safe, even noble, to be an accuser; there was no risk to it, but there was fame and glory. Spectral evidence was accepted then, even as hearsay evidence is today spread across the Nation's press.

Those who dared criticize the teen-age neurotic girls were promptly—within seconds—themselves branded by the girls as witches, and hanged. Anyone who dared to defend the good name of the accused was at once cried out against by this little feminine band of life-and-death givers.

There is no gallows as yet in the Washington manhunt, but character assassination serves as effectively. Here, too, it is safe to be an accuser, and perilous to back the good name of the accused. As to the accused himself, how can he ever prove he is not a witch? How can Prof. Owen J. Lattimore, of Johns Hopkins University, or Secretary of State Dean Acheson, for that matter, prove beyond a shadow of doubt that they are not Communists? It cannot be done.

The accusers must be well aware of this. But lest the trap be not tight enough, ex-Communist Louis Budenz has conveniently made it escape-proof. The truly dangerous Communists, he avers, do not carry party cards and may never join the party. They even remain aloof from the fringes of the

party and in order to conceal their true identity may pose as anti-Communists or supporters of the Marshall plan.

If Lattimore's writings show a party line, he stands condemned; if they show anti-Communist sentiment, the clever scoundrel is doubly damned. The trap is sufficiently elastic to apply to anyone.

In 5 years of constant communion with the FBI Budenz would have the public believe that he did not "have time" to mention the name of Lattimore. Only after Senator JOSEPH R. McCARTHY charged that Lattimore was the "top Red espionage agent" did Budenz find his memory refreshed and his time ample for long public dissertations on Lattimore.

The "corroborating witnesses" may continue to parade to McCARTHY's side as he continues to cry out his accusations. But more and more observers are wondering why the word of admitted ex-Communists is sanctified over the word of other citizens. Would not the same character markings that first led them into communism carry over to an intemperate opposite extreme? Here is the admission of one noted ex-Communist, Author Koestler, in this respect:

"Those who were caught by the great illusion of our time, and have lived through its moral and intellectual debauch, either give themselves up to a new addition of the opposite type or are condemned to pay with a lifelong hang-over."

Secretary Acheson, in a stirring speech before editors and publishers in Washington, described McCARTHY's crusade as "mad" and "vicious." In Salem Village many long years ago the madness was ended only when intelligent men with cool heads emerged from their neutral retreats to speak their minds, aware at last that no one was safe from such pathology. Until such an awakening takes place on a large scale, the Washington bedlam will go unchecked. Acheson has shown the way, but many more as courageous as he must speak up if common sense is to prevail over the devil in Washington.

ORDER FOR RECESS TO MONDAY

Mr. SPARKMAN. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in recess until noon on Monday next.

The PRESIDING OFFICER (Mr. STENNIS in the chair). Without objection, it is so ordered.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. DONNELL obtained the floor.

Mr. CONNALLY. Mr. President, will the Senator yield so that I may propose a unanimous-consent request for a vote on the ECA bill?

Mr. DONNELL. I shall be glad to yield for that purpose if I can do so without losing the floor. I assume the Senator will suggest the absence of a quorum.

Mr. CONNALLY. I will have to do that.

Mr. DONNELL. I will consent to the interruption on the understanding and agreement that I shall not lose the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CONNALLY. Mr. President, I ask agreement to the following unanimous-consent request—

Mr. WHERRY. Mr. President, inasmuch as a quorum call is necessary in

connection with such a request, can we not save time by having the unanimous-consent request presented after the quorum call?

Mr. CONNALLY. In order to come within the rule, a quorum call must be had after request is made for unanimous consent to the proposed agreement.

The PRESIDING OFFICER. The statement by the Senator from Texas is correct.

Mr. CONNALLY. Mr. President, I submit the following proposed unanimous consent agreement:

Ordered, That on the calendar day of Friday, May 5, 1950, at the hour of 1 o'clock p. m., the Senate proceed to vote, without further debate, except as hereinafter provided, upon any amendment or motion that may be pending or that may be proposed to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, and upon the final passage of the said bill: *Provided*, (1) That after said hour of 1 o'clock debate upon any amendment or motion, when proposed, shall be limited to not exceeding 20 minutes, to be equally divided between those favoring and those opposed thereto; (2) that no amendment or motion that is not germane to the subject matter of said bill shall be in order; and (3) that said bill shall not in the meantime be laid aside except by unanimous consent.

Ordered further, That on said day of Friday, May 5, the time between 11 o'clock a. m. and 1 o'clock p. m. shall be equally divided between the proponents and the opponents of said bill and controlled, respectively, by the Senator from Texas [Mr. CONNALLY] and—

Such Senator as may be designated by the opponents.

Mr. WHERRY. Mr. President, if the distinguished Senator from Texas will insert the name of the Senator from Missouri [Mr. KEM] I think it will be satisfactory. I have not gotten in touch with him, however.

Mr. CONNALLY. I will insert the name of the Senator from Missouri: and the Senator from Missouri [Mr. KEM]; and

Ordered further, That in the event of the passage of said bill S. 3304, the Senate shall, without debate, immediately proceed to the consideration of the bill (H. R. 7797)—

That is the House bill upon the same subject—

to provide foreign economic assistance; that it be deemed to be amended by striking out all after the enacting clause and inserting the text of S. 3304 as amended; that the engrossment of the amendment and third reading of said bill be deemed to be ordered, and a vote taken on the final passage of the House bill as amended; and that, if passed, the proceedings on the passage of S. 3304 be vacated and said bill be postponed indefinitely.

Pending action on that request, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Anderson	Connally	Flanders
Benton	Cordon	Frear
Brewster	Darby	George
Bricker	Donnell	Green
Bridges	Douglas	Gurney
Butler	Eastland	Hayden
Cain	Eaton	Hendrickson
Capchart	Ellender	Hickenlooper
Chavez	Ferguson	Hill

Holland	Long	Schoeppel
Humphrey	McClellan	Smith, Maine
Hunt	McFarland	Sparkman
Ives	McKellar	Stennis
Jenner	Magnuson	Taft
Johnson, Colo.	Malone	Taylor
Johnson, Tex.	Martin	Thomas, Okla.
Johnston, S. C.	Maybank	Thomas, Utah
Kefauver	Millikin	Thye
Kerr	Mundt	Tobey
Kilgore	Neely	Tydings
Knowland	O'Connor	Wherry
Leahy	Robertson	Wiley
Lehman	Russell	Williams
Lodge	Saltonstall	Young

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the unanimous-consent request of the Senator from Texas.

Mr. CONNALLY. I ask that the proposed agreement be read at this time.

The PRESIDING OFFICER. The clerk will read the proposed agreement.

The Chief Clerk read the requested unanimous-consent agreement, as follows:

Ordered, That on the calendar day of Friday, May 5, 1950, at the hour of 1 o'clock p. m., the Senate proceed to vote, without further debate, except as hereinafter provided, upon any amendment or motion that may be pending or that may be proposed to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, and upon the final passage of the said bill: *Provided*, (1) That after said hour of 1 o'clock debate upon any amendment or motion, when proposed, shall be limited to not exceeding 20 minutes, to be equally divided between those favoring and those opposed thereto; (2) That no amendment or motion that is not germane to the subject matter of said bill shall be in order; and (3) that said bill shall not in the meantime be laid aside except by unanimous consent.

Ordered further, That on said day of Friday, May 5, the time between 11 o'clock a. m. and 1 o'clock p. m. shall be equally divided between the proponents and the opponents of said bill and controlled, respectively, by the Senator from Texas [Mr. CONNALLY] and the Senator from Missouri [Mr. KEM]; and

Ordered further, That in the event of the passage of said bill (S. 3304), the Senate shall, without debate, immediately proceed to the consideration of the bill (H. R. 7797) to provide foreign economic assistance; that it be deemed to be amended by striking out all after the enacting clause and inserting the text of S. 3304 as amended; that the engrossment of the amendment and third reading of said bill be deemed to be ordered, and a vote taken on the final passage of the House bill as amended; and that, if passed, the proceedings on the passage of S. 3304 be vacated and said bill be postponed indefinitely.

Mr. CHAVEZ. Mr. President, reserving the right to object, I should like to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CHAVEZ. If unanimous consent is given to the proposal of the Senator from Texas, does that mean that a privileged matter, such as a conference report, cannot temporarily displace the consideration of the bill?

The PRESIDING OFFICER. The unanimous-consent request, as worded would exclude everything except a privileged matter. It contains the provision—

This bill shall not in the meantime be laid aside except by unanimous consent.

That provision would exclude the consideration of any other matter.

Mr. CHAVEZ. Unless privileged matters are excepted, I shall be constrained to object.

Mr. CONNALLY. Mr. President, would the Senator agree if we insert "except conference reports"?

Mr. CHAVEZ. Privileged matters, including conference reports. I would not object if that modification is made.

Mr. CONNALLY. Mr. President, I agree to the modification.

Mr. CHAVEZ. Mr. President, may the Clerk read the provision as modified?

The PRESIDING OFFICER. The Clerk will read the modification.

The Chief Clerk read as follows:

That said bill shall not in the meantime be laid aside except for privileged matters.

Mr. CHAVEZ. Including conference reports.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request as amended or modified by the Senator from New Mexico?

Mr. SALTONSTALL. Reserving the right to object, should there not be something said about the Senate meeting at 11 o'clock on Friday?

Mr. WHERRY. Mr. President, there is no objection to the unanimous-consent request, and I am satisfied that the acting majority leader will assure us that when the Senate takes a recess on Wednesday or Thursday it will be to convene at 11 o'clock on Friday.

Mr. HOLLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HOLLAND. In the event it is sought to take up the conference report on the basing-point bill, what vote would be required in order to bring up that matter for determination?

The PRESIDING OFFICER. A majority vote would be required.

Mr. HOLLAND. I thank the Presiding Officer.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the unanimous-consent agreement, as modified, is entered into.

The Senator from Missouri had the floor and yielded for the discussion of the unanimous-consent agreement. The floor will now be returned to him in good order.

CALIFORNIA ALIEN LAND ACT HELD INVALID UNDER UNITED NATIONS CHARTER

Mr. DONNELL. Mr. President, this afternoon we have had the very rare treat of a discussion, most interesting and learned, and at the same time practical, with respect to the interests of our Nation, labor and management, and the general public as well. The Members of the Senate should be congratulated upon being the beneficiaries of the research and the work of the distinguished members of this body who have presented these various facts to us.

Among the very interesting questions which have been laid before us this afternoon is the question of whether or not the charter of the International Trade Organization, into which this country is asked to enter, and entrance into which is being considered, would constitute a treaty or an executive agree-

can Society of International Law, Washington, D. C., April 29, 1950, which appears in the Appendix.]

COOPERATIVE FOR AMERICAN REMITTANCES TO EUROPE—STATEMENT BY GOVERNOR DEWEY

[Mr. IVES asked and obtained leave to have printed in the RECORD a statement by Hon. Thomas E. Dewey, Governor of New York, regarding the observance of Care Week, May 1 to May 7, 1950, which appears in the Appendix.]

HON. HERBERT HOOVER'S SUGGESTION ABOUT RECONSTITUTION OF UNITED NATIONS—ARTICLE BY JOHN W. OWENS

[Mr. O'CONOR asked and obtained leave to have printed in the RECORD an article regarding Mr. Hoover's suggestion about the reorganization of the United Nations without Russia and her satellites, written by John W. Owens, and published in the Baltimore Sun of April 30, 1950, which appears in the Appendix.]

CONTRIBUTION OF CAPITAL TO AMERICAN STANDARDS OF LIVING—EDITORIAL FROM THE MAGAZINE PARTNERS

[Mr. BUTLER asked and obtained leave to have printed in the RECORD an editorial entitled "Capital Punishment," from the April issue of the magazine Partners, which appears in the Appendix.]

REPLY OF THE BROOKLYN TABLET TO MR. FRIENDLY'S ARTICLE IN WASHINGTON POST

[Mr. LEHMAN asked and obtained leave to have printed in the RECORD a letter from Patrick J. Scanlon, managing editor of the Tablet, of Brooklyn, N. Y., regarding the activities of Mr. Alfred Kohlberg in connection with United States China policy, which appears in the Appendix.]

PROPOSED EXTENSION OF FEDERAL RENT CONTROL—LETTERS TO SENATOR CAIN

[Mr. CAIN asked and obtained leave to have printed in the RECORD letters addressed to him by Earl J. Glade, mayor of Salt Lake City, Utah, Lt. (jg) C. L. Edwards, United States Naval Reserve (retired), New Orleans, La., and Richard W. Lenington, of Seattle, Wash., relating to the proposed extension of Federal rent control, which appears in the Appendix.]

STRENGTHENING THE SPIRITUAL VALUES OF AMERICAN DEMOCRACY

[Mr. MORSE asked and obtained leave to have printed in the RECORD a memorandum received by him from C. E. B. Ward, of the League for the American Home, Inc., relating to cooperation between the American home and the American church in strengthening the spiritual values of democracy, which appears in the Appendix.]

ONE HUNDRED AND FIFTY-NINTH ANNIVERSARY OF POLAND'S CONSTITUTION

Mr. LEHMAN. Mr. President, today is the one hundred and fifty-ninth anniversary of the promulgation of Poland's constitution, containing her famous bill of rights. I have prepared a statement commemorating this anniversary, which is a day to be noted by all liberty- and freedom-loving people. I ask the unanimous consent of the Senate to have my statement printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LEHMAN

Americans of Polish descent and Poles in all the free countries observe today one of the greatest Polish national holidays—the anniversary of the signing of Poland's bill of rights—the Third of May Constitution.

One hundred and fifty-nine years ago, in 1791, the Polish leaders, encouraged and inspired in part by the American Constitution, proclaimed a new constitution for the Polish Nation.

The Polish Third of May Constitution was the most liberal and the most democratic of its day. The constitution's recognition of equality for all men, the proclamation of religious liberty, and all the new freedoms were more than Catherine the Great of Russia could bear. This Russian monarch had perceived that the Polish constitution presented a great danger to the tyrannical form of government in Russia. With the connivance of the rulers of Prussia and Austria, Poland was attacked, partitioned, and enslaved.

All during the century and a quarter of Poland's enslavement, the Polish Third of May Constitution served the Poles as a guiding light in their struggle for freedom, independence, and democracy.

It seems that the tragic part of Poland's history repeats itself. In the eighteenth century the tyrannical ruler of Russia, the infamous Catherine, destroyed Polish freedom, Polish institutions, Polish culture, and Polish national life. Today the Kremlin is again carrying out Catherine's work. Catherine's and Stalin's methods are basically the same, only Stalin's are more insidious and deadly.

The people of Poland are, of course, opposing Soviet designs upon them in every way they can under the existing conditions of oppression and terror. The Polish people look to us for encouragement in their struggles.

What can we say to them?

We can say that their cause is our cause and that we will never sacrifice them to permanent slavery behind the iron curtain.

Let every true American stand with Poland in her hour of sorrow and oppression and let us do everything we can as a people and a nation to secure Poland's early liberation.

On this day we may also note the fact that the United States Senate recently recognized the contribution of Polish men at arms in the recent conflict. I refer to the inclusion in the displaced-persons bill of a special provision for admittance into this country of 18,000 members of the Polish armed forces who fought under Allied banners in the recent war. These men who a few years ago were fighting for the liberty of all mankind will now be able to apply for immigration into this country, together with members of their immediate families. Here in this free land of ours they may find a home. I am proud and glad of the opportunity I had to fight for and support this legislation. I hope it will be included in the final version of this bill when it becomes law.

OWEN LATTIMORE—CORRESPONDENCE BETWEEN SENATOR TYDINGS AND FORMER SECRETARIES OF STATE

Mr. TYDINGS. Mr. President, the matter of correspondence between four former Secretaries of State and myself having occasioned some discussion on the floor of the Senate, I think it most appropriate that the Senate and the country be advised that on April 17 I wrote similar

letters to the four living Secretaries of State who have held office since 1932, inquiring into certain phases of charges made on the Senate floor and elsewhere. I ask that my letter, together with the reply of each of the Secretaries, be printed in the RECORD as a part of my remarks.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

TEXT OF LETTERS ON LATTIMORE

WASHINGTON, April 29.—Following is the exchange of correspondence regarding Owen Lattimore between Senator Tydings (Democrat, Maryland) on the one hand; Dean Acheson, Secretary of State; and Gen. George C. Marshall, James F. Byrnes, and Cordell Hull, all former Secretaries of State:

APRIL 17, 1950.

DEAR GENERAL MARSHALL: It has been stated by Senator McCARTHY during the course the hearings now being held by the subcommittee of the Senate Foreign Relations Committee under Senate Resolution 231, that Mr. Owen Lattimore is "the principal architect of our far-eastern policy."

It is important for our committee to determine the truth of this contention for whatever bearing it may have on other evidence adduced in the Lattimore matter. For that reason, I would appreciate it greatly if you would inform me at your earliest possible convenience of the extent to which, in your opinion, Dr. Lattimore was "the principal architect of our far-eastern policy" or the extent that Dr. Lattimore influenced our far-eastern policy during the period in which you were Secretary of State.

I am addressing a similar letter to Secretary Acheson, Mr. Hull, and Mr. Byrnes.

Thanking you for your kindness in giving the committee this information, I am

Very respectfully,

MILLARD E. TYDINGS.

[TYDINGS sent similar letters to Secretary Acheson, former Secretary Hull, and former Secretary Byrnes.]

GENERAL MARSHALL'S REPLY

APRIL 22, 1950.

MY DEAR SENATOR TYDINGS: I have received your letter of April 17 in which you refer to a recent statement in connection with the hearings of the subcommittee on foreign relations under Senate Resolution 231, that "Owen Lattimore is the principal architect of our far-eastern policy." Your letter then asks the extent to which, in my opinion, "Lattimore was the principal architect of our far-eastern policy" during the period in which I served as Secretary of State.

The statement referred to above is completely without basis in fact.

So far as I and my associates can recall I never even met Mr. Lattimore.

I take the liberty of commenting on the harmful effect on our foreign relations of such statements, charges, or insinuations broadcast with so little regard for the truth. They undoubtedly confuse our friends abroad, undermine and weaken our position before the world and actually lend assistance to the powers that would destroy us.

Faithfully yours,

G. C. MARSHALL.

TEXT OF BYRNES' LETTER

APRIL 24, 1950.

DEAR MILLARD: I have your letter of the 17th asking the extent to which, in my opinion, Mr. Owen Lattimore was "the principal architect of our far-eastern policy" or the

extent he influenced our Far-Eastern policy during the period I was Secretary of State.

I do not know Mr. Lattimore. If he ever wrote me about the far-eastern policy the letter was not called to my attention. If, while I was Secretary of State, he discussed our far-eastern policy with any officials of the Department concerned with that policy, in their discussions with me, they did not quote him.

Early in December 1945, Gen. George C. Marshall went to China and thereafter his reports to the President and me influenced our policies in China and the Far East.

I do not think General Marshall was influenced by Mr. Lattimore.

To my former colleagues, I take the liberty of adding, that regardless of the merits of complaints as to what has heretofore occurred, the President and Secretary of State have given proof of their desire to restore the bipartisan policy in our foreign affairs, and I earnestly hope the Members of the Senate will cooperate in that effort.

While I was Secretary of State I found I could talk to Senator VANDENBERG with the same freedom with which I talked to Senator CONNALLY and to my assistants, and I profited by his advice. I am sure that in his absence other Republican Senators will cooperate just as did Senator VANDENBERG.

It is extremely important at this time, in view of the tenseness of the situation in world affairs, that we do not give to either our friends or enemies abroad, the false impression of a serious division among us in our policies as to the Soviet Government. Seldom in history have our people been so united on any issue.

I hope that, regardless of our difference on domestic issues, our political leaders can present a united front in our foreign relations.

Sincerely yours,

JAMES F. BYRNES.

CORDELL HULL'S ANSWER

APRIL 20, 1950.

MY DEAR SENATOR TYDINGS: A have your letter of April 17 in which you inquire concerning the extent to which, in my opinion, Dr. Owen Lattimore was "the principal architect of our far-eastern policy" or the extent he influenced our far-eastern policy which I was Secretary of State.

In my opinion he was in no sense the principal architect of our far-eastern policy during the period I served as Secretary of State.

Although his position in academic circles as a student of and writer on some aspects of Chinese life and history was of course known to us, I am not aware that during this period he had any appreciable influence on our far-eastern policy. I do not remember having consulted with him on that subject or on any subject at any time.

Sincerely yours,

CORDELL HULL.

SECRETARY ACHESON'S LETTER

APRIL 27, 1950.

MY DEAR SENATOR TYDINGS: In a letter dated April 17, 1950, you asked that I inform you of the extent to which, in my opinion, Mr. Owen Lattimore was the "principal architect of our far-eastern policy," or the extent to which he influenced our far eastern policy during the period in which I have been Secretary of State.

On April 17, Mr. Peurifoy, Deputy Under Secretary of State, wrote you in full detail concerning Mr. Lattimore's connections with this Department in the past.

The far-eastern policy of this Government, like all other foreign policy, is the responsibility of the Secretary of State and has been made by me in my administration subject, of course, to the direction of the President.

I welcome this opportunity to state personally and categorically that during this period in which I have been Secretary, Mr. Lattimore, so far as I am concerned or am aware, has had no influence in the determination of our far-eastern policy.

There is clearly no basis in fact for describing Mr. Lattimore as the principal architect of our far-eastern policy. I might add that, so far as I am aware, I have never met Mr. Lattimore.

The far-eastern policy of the United States has at all times been determined after careful study by the responsible officers of the Department and an objective evaluation by me of all the facts available to this Government.

The Department of State has explored all avenues to arrive at the relevant facts. The measure of the participation of Mr. Lattimore, so far as this Department and I are concerned, is fully and fairly indicated in the letter of April 17 from Mr. Peurifoy.

Sincerely yours,

DEAN ACHESON.

DEVASTATION WROUGHT BY CORN BORERS

Mr. LUCAS. Mr. President, at the request of the junior Senator from Iowa [Mr. GILLETTE], who is absent because of illness, I ask unanimous consent to insert in the body of the RECORD a letter he received from Dr. Harold Gunderson, of the Iowa State College of Agriculture, Ames, Iowa, concerning the appropriation for research work on the control of the corn borer.

I also ask unanimous consent to have printed in the RECORD a reply, prepared in behalf of the Senator from Iowa and myself, to the letter from Dr. Gunderson.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

IOWA STATE COLLEGE OF AGRICULTURE,
Ames, Iowa, April 24, 1950.

Senator GUY M. GILLETTE.

Senate Office Building, Washington, D. C.
DEAR SENATOR GILLETTE: I must apologize for my delay in answering your letter of April 14 and April 18 in regard to the European corn borer.

We feel, and justifiably I think, that the corn borer is the most important crop pest in the United States. During the past 10 years the borer has struck at the major corn-growing area of the country, Iowa, Illinois, Nebraska, and Minnesota, where more than half of all the corn in the United States is produced. In Iowa alone, losses have been tremendous. In 1948 our loss was \$93,000,000 and in 1949 it was either \$171,000,000 or \$112,000,000, depending on which corn-price figure was used. The pattern shown in these two years merely followed that set earlier, since the annual loss from borers has doubled or more than doubled each year since the borer entered Iowa in 1942.

If this pattern continues in 1950, our loss in Iowa alone could approach \$300,000,000. Winter survival of borers has been high, according to surveys now in progress in Iowa. These surveys, like the other corn-borer work, are cooperative between Iowa State College and the United States Bureau of Entomology and Plant Quarantine.

I'm sure that anything you can do to restore or increase research funds for corn-borer work will greatly benefit everyone in the Corn Belt States.

Very truly yours,

HAROLD GUNDERSON,
Extension Entomologist.

MAY 1, 1950.

Dr. HAROLD GUNDERSON,
Extension Entomologist,
Iowa State College of Agriculture,
Ames, Iowa.

DEAR DR. GUNDERSON: Your letter concerning the increased destruction of corn by corn borers was brought to our attention. One of the most important farm problems facing the entire Midwest is the destruction of corn crops by this pest. It is not merely the annual destruction which causes con-

cern, but it is primarily the trend of increasing destruction. The annual loss from borers has more than doubled each year since its introduction into the Midwest.

Your letter clearly shows the destruction caused by corn borers in Iowa. Taking the Nation as a whole, this pest destroyed approximately 85,000,000 bushels of corn in 1948, and about 313,000,000 bushels in 1949. In Illinois 58,000,000 bushels were destroyed last year, representing a money value of about \$69,000,000.

The cost of research into the control of the corn borer is an investment in our future. If methods of controlling this pest are not discovered, the great resources of farm production will be dried up and we will be faced, not with problems of abundance, but with problems of scarcity of basic food commodities.

With every best wish,

Sincerely yours,

GUY M. GILLETTE.

SCOTT W. LUCAS.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. KEM. Mr. President, I have proposed to the pending measure an amendment reading as follows:

Section 118 of such act is amended by adding at the end thereof the following new sentence: "The Administrator shall terminate the provision of assistance under this title to any participating country whenever he determines that such country exports or permits the exportation, to Russia or any of its satellite countries, after the date of enactment of the Economic Cooperation Act of 1950, of any article or commodity which, in the opinion of the Administrator, could be used to maintain or expand, directly or indirectly, the military forces of any such country."

Mr. President, there are strong indications that the Marshall plan is operating in reverse. All too much evidence is coming to light that the real beneficiaries of the program may be the Communists.

Mr. JENNER. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Indiana?

Mr. KEM. Mr. President, I should prefer to make a short statement first, and then to yield to my able friend, the Senator from Indiana. In due course I shall gladly invite his inquiries.

I wish to call the Senate's attention to certain rather startling facts, some of which have not received the public attention which they deserve.

The Marshall plan was designed to create a bulwark in western Europe against communism with a wall of dollars taken under the taxing power from the American people. But, it soon became apparent that dollars alone could not do the job. The administration then asked the Congress to approve a program of military aid—to send weapons of war to prop up our toppling dollar wall. Congress acceded to the request of the administration.

Only quite recently Washington echoed with the roar of B-29 bombers on their way to Great Britain under the military-aid program. Almost daily, shipments of heavy artillery and other arms leave American ports, bound for Europe.

Unfortunately, there is no certainty—no certainty at all—that European gov-

ernments now receiving our gifts of arms and dollars would be effective allies in a war against Russia. Would they indeed be allies—that is, our allies—at all?

Britain and France are principal beneficiaries under both the Marshall plan and the military-aid program.

The British Government that was our loyal ally in World War I and World War II has passed into other hands. It is now entirely different.

In Great Britain, the ruling government is a Socialist government. It follows closely the doctrines of Karl Marx. The Government of the U. S. S. R.—the Union of Soviet Socialist Republics—also adheres to the teachings of Karl Marx. In event of a war with Russia—and God forbid it—the Marxist government of Britain would decide with whom Britain would cast her lot—with the U. S. S. R. or with the United States.

It is true, of course, that Britain's Socialist government has a 20-year military alliance with the United States and 10 other Atlantic Pact countries. That is what we call the North Atlantic Pact.

But it is also true, as pointed out a few days ago by the Senator from Nevada [Mr. MALONE], that Britain has a 20-year military and economic alliance with Russia.

The miners' union of Britain is dominated by its secretary, Arthur Horner, who is a Communist. He has announced publicly that if England goes to war with Russia, no coal will be mined in England.

British Prime Minister Attlee has said that in economic matters the British look to Russia, rather than to the United States.

Mr. President, I have none but feelings of friendship and affection for the British people. We Americans have both admiration and gratitude for the England of Shakespeare, Milton, Kipling, Disraeli, and, of course, Churchill. But I oppose the use of American aid by the present British Marxist government to coddle communism.

After the British election last February, Prime Minister Attlee appointed John Strachey to head the vital British Ministry of War. It so happens that Mr. Strachey has quite a record as a Communist writer and Communist worker. He has written numerous books on the virtues of Soviet socialism, as he calls it. He once wrote, "the coming of communism can alone render our problems soluble."

Think of that. The man who now heads the British Ministry of War has said, "The coming of communism can alone render our problems soluble."

As late as 1945 Mr. Strachey welcomed the prospect that two Socialist powers, Great Britain and Russia, as he said, would shortly join in an effort to rid the world of capitalism.

In 1935 Mr. Strachey made a lecture tour of the United States. While on this tour he was accused of declaring that he was a Communist, and was arrested by United States immigration agents. The immigration authorities dropped deportation proceedings when Mr. Strachey departed voluntarily for Europe.

Again in 1938 Mr. Strachey sailed for the United States, only to have his visa canceled while in mid-Atlantic by the

American Consul General in London, who declared he was "convinced that he is a member of the executive committee of the British Communist Party." Accordingly, Mr. Strachey again faced deportation proceedings in this country, which were dropped when he decided to return voluntarily to Britain.

As Minister of War, Mr. Strachey also is in charge of Britain's intelligence system, which has the job of tracking down Communist spies. This is the same agency which cleared the notorious spy-scientist Klaus Fuchs for work on the atomic bomb in the United States. Mr. Fuchs kept himself quite busy. As fast as we learned something new about the atom, Mr. Fuchs slipped the information on to Stalin. As a result, or at least as a coincidence, the Russians now have the atom bomb—at least a year ahead of the time we expected them to have it.

The Washington Post, in a recent editorial, referred to the appointment of Mr. Strachey as "plain stupidity." But the British are not a stupid people. They have earned the reputation through the years of being brilliant and shrewd, particularly in the conduct of their foreign affairs. Certainly Mr. Attlee, the Prime Minister, could not have been unfamiliar with the reputation and activities of Mr. Strachey. I do not agree, I cannot agree, that the appointment of Mr. Strachey can be properly laid to stupidity. I believe it is a key move in a carefully calculated plan of Communist forces to dominate the world.

The Socialist Government in Britain has recognized communism in China. I am glad to say we have not done so—yet—and I hope we shall not do so. The bitter experiences endured by our State Department in recent months should afford sufficient proof to convince us of the folly of trying to appease Russia and her satellites.

I frequently receive letters, as I am sure other Members of this body do, saying, in effect, "There must be no compromise with communism."

But the British Socialist Government has compromised with communism. It not only chose to recognize the Red government in China; it also recently turned over to the Chinese Communists about 90 airplanes claimed by Gen. Claire Chennault's air line.

It is utter folly for us to supply arms and money to Britain, supposedly to check communism in Europe, while, at the same time, her Socialist government is encouraging and actually aiding Communists in the Far East. So much for Britain.

Let us look for a moment at the situation in France. The largest single group of delegates in the French national assembly is made up of Communists.

France, like England, has a 20-year military and economic alliance with Russia.

Dr. Frederick Joliot-Curie, until last week the head of the French Government's atomic-energy program, is a notorious Communist. He served in that position for quite some time, and during that period, had he been so disposed, could have supplied to the Russians all the information he obtained. Changes in the French Government occur almost as frequently as changes of the moon.

The next government may reinstate him. Quite recently, in an address before the national congress of the French Communist Party, Dr. Joliot-Curie vigorously attacked the atomic-energy policies of the United States, though he stoutly defended those of Russia.

As Life magazine recently said in an editorial:

An active Communist has no business being at the head of the French Government's atomic program. A Marxist of John Strachey's stripe has no business being the British Minister of War. It just won't do.

I agree, Mr. President, it just will not do.

It is argued that we should take a calculated risk. It is said that Socialist governments in western Europe might side with us in case of a war with Russia. But the hour is late to be gambling, speculating, with the security of our country. If the people of Europe want our assistance, let them clean house. If they do not, we should halt our aid. That is the philosophy behind the amendment to which I am now addressing myself.

We should concentrate our energies and our money on building our defenses here at home.

A few days ago there came to me startling evidence that Marshall plan countries are making substantial shipments of war material, including arms, to Russia and her satellites, material which we ourselves have refused to ship to those countries.

Let us take a look at the picture. It will not be a complete look, because I was able to obtain information about only three of the Marshall plan countries—Great Britain, France, and Belgium. But the information I have will give a pretty good idea of what is going on.

First, here are just a few of the things that Belgium shipped to Russia and her satellites last year: Firearms, to Czechoslovakia, iron, cast iron, steel, copper, lead, tin, and zinc. Belgium also sent substantial quantities of electrical machinery, articles for electrotechnical use, and measuring and precision instruments.

Mr. President, I ask unanimous consent to have inserted at this point in my remarks a partial list of exports during 1949 from Belgium and Luxemburg to Russia and satellite nations.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Partial list of exports from Belgium-Luxemburg during 1949 to Russia and satellite nations¹

Item	Amount in dollars ²	Amount in thousands of francs	Metric tons ³
Arms (to Czechoslovakia)....	6,040	302	.....
Iron, cast iron, and steel....	19,782,840	989,142	151,749
Copper.....	11,028,820	551,441	23,523
Lead.....	1,583,160	79,158	4,836
Zinc.....	3,003,780	150,189	10,413
Tin.....	941,060	47,053	485
Other base metals and alloys.....	1,387,360	69,368	623
Boilers, machinery, mechanical apparatus and appliances, and parts....	7,937,880	396,894	6,273
Electrical machinery and apparatus, and articles for electrotechnical use, and parts.....	5,840,660	292,033	.....
Railway and tramway rolling stock and material....	430,600	21,530	872

Footnotes at end of table.

Partial list of exports from Belgium-Luxembourg during 1949 to Russia and satellite nations¹—Continued

Item	Amount in dollars ²	Amount in thousands of francs	Metric tons ³
Optical, measuring, precision, and other instruments and apparatus.....	2,480	124	-----
Chemical products.....	1,709,540	85,477	8,573
Explosives, fireworks, matches and other inflammable materials.....	1,447,960	72,398	2,014
Rubber and manufactures.....	942,600	47,130	1,355

¹ Complete list available in my office, including a break-down of exports by importing country.

² Computation based on current exchange rate of 50 francs to the dollar.

³ 1 metric ton is equal to 2,204.6 pounds.

Mr. KEM. Now for Great Britain. Last year the British Socialist Government permitted more than \$45,000,000 worth of machinery, including electric generators and machine tools, to be sent behind the iron curtain. Substantial shipments of ball and roller bearings also went into Communist hands. The British Government also let the Reds have sizable shipments of barbed wire and railway construction material.

Mr. President, I ask unanimous consent to have inserted at this point in my remarks a partial list of exports during 1949 from the United Kingdom to Russia and satellite nations.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Partial list of exports from United Kingdom during 1949 to Russia and satellite nations

Item	Amount in dollars ¹	Amount in thousands of pounds sterling	Quantity
Ball and roller bearings and parts.....	243,600	87	² 2,000
Iron, steel, and manufactures (total).....	12,140,800	4,336	² 88,000
Steel bars and rods, not alloy.....	1,736,000	620	² 20,000
Bars and rods of alloy steel.....	504,000	180	² 1,000
Hoop and strip.....	422,800	151	² 3,000
Railway and tramway construction material.....	708,400	253	² 10,000
Barbed wire.....	420,000	150	² 3,000
Cable and rope (except insulated telegraph and telephone cable).....	425,600	152	² 1,000
Nonferrous metals and manufactures (total).....	4,062,800	1,451	-----
Aluminum and alloys.....	618,800	221	² 21,000
Brass and other alloys of copper, other than nickel alloys.....	1,142,400	408	² 63,000
Copper.....	694,400	248	² 1,000
Electrical goods and apparatus.....	6,806,800	2,431	-----
Machinery (total, excluding ball and roller bearings and parts).....	45,172,400	16,133	² 867,000
Electric generators.....	11,986,800	4,281	² 181,000
Electrical machinery, other than motors and generators.....	2,864,400	1,023	² 46,000
Machine tools (metal-working) other than portable power tools.....	5,138,000	1,835	² 129,000
Vehicles (total, including locomotives, ships, and aircraft).....	13,361,600	4,772	-----
Rubber tires for motor vehicles, other than motorcycles and tri-cars).....	220,600	82	² 9,000
Chassis for motor vehicles, with engines.....	1,660,400	598	² 1,000

¹ Computation based on present exchange rate of \$2.60 to the pound sterling.

² Hundredweight (112 pounds).

³ Long tons.

Mr. KEM. France permitted all sorts of war material to go to Russia, and other countries behind the iron curtain, such as lead, aluminum, transportation equipment, chemicals, scientific instruments and apparatus, and so on.

Mr. President, I ask unanimous consent to have inserted in the RECORD at this point in my remarks a partial list of exports during 1949 from France to Russia and satellite nations.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Partial list of exports from France during 1949 to Russia and satellite nations

Item	Amount in dollars ¹	Amount in thousands of francs	Metric tons
Chemicals:			
Inorganic.....	1,546,759	533,365	23,425
Organic.....	983,283	339,063	610
Rubber and rubber products.....	1,678,616	578,833	1,426
Steel-mill products, hot-rolled, sheets and plates.....	4,198,881	1,447,890	41,696
Steel-mill products, cold-rolled, tubular products and wire.....	3,087,703	1,064,725	19,283
Aluminum, crude and semi-manufactures.....	369,245	127,326	815
Aluminum alloys.....	408,688	140,927	833
Lead and lead alloys.....	316,349	109,086	1,115
Metal manufactures.....	2,046,376	705,647	3,985
Machinery and apparatus.....	10,272,238	3,542,151	6,771
Machinery, electrical and apparatus.....	2,015,239	694,910	525
Transportation equipment.....	8,281,011	2,855,521	7,913
Optical, surgical, scientific, and photographic instruments and apparatus.....	1,113,145	383,843	115

¹ Computation based on current exchange rate of 350 francs to the dollar.

Mr. KEM. This information is official; it was furnished to me by the Office of International Trade of the Department of Commerce.

Many of the same materials which are being sent to Russia and her satellites by Marshall plan countries are being supplied these same countries by the United States under the Marshall plan and the military-aid program. In other words, Mr. President, we are giving these materials, or their equivalent, to the Marshall plan countries which, in turn, sell them to Russia and the satellite nations.

For example, we are supplying arms to Belgium. Belgium last year sent a shipment of firearms to Czechoslovakia. We are sending iron and steel to Belgium under the Marshall plan—\$12,000,000 worth since the program began. Last year Belgium sent \$19,782,840 worth of iron, cast iron, and steel to Russia and her satellites, \$5,744,520 of which went directly to the U. S. S. R.

J. Mishell George, assistant to the Director of the United States Office of International Trade, writing in the March 27, 1950, issue of Foreign Commerce Weekly, an official Department of Commerce publication, had this to say:

While United States exports of security items to Soviet bloc destinations were being severely restricted, such shipments continued to move as freely from other source countries as supplies permitted. * * * Examples of such shipments were quick to arise, indicating that the United States export market, for security items, was to some extent shifting to western Europe.

In other words, Mr. George said that when we cut off these shipments to the Russian satellites, the Marshall plan

countries in western Europe took our place and engaged in a profitable trade in the vacuum which was caused by our refusal to make the shipments. We are declining to permit manufacturers and merchants in the United States to go into the market, but our friends, the so-called participating countries in the Marshall plan, are invading the market with great success. Mr. President, does that make sense?

I continue to quote from Mr. George:

This trade both created the undesirable discrimination and threatened to undermine the effectiveness of the United States security effort to restrict the growth of the Soviet war potential.

Mr. President, I interpolate to say that is a triumph of understatement.

I continue to quote from Mr. George:

Many of these governments have export control over weapons and certain other strategic goods. For the most part, however, their controls have not been as extensive as our positive list.

Both the trade community and the Office of International Trade have been deeply concerned about the trade inequities implicit in the possibility of United States exports of security items to friendly countries being diverted from use there and transshipped to destinations in the Soviet bloc, as well as about the effect of such action on the attainment of our security objective. * * * Examples of such transshipments have been numerous in western Europe.

A partial list of such transshipments, as Mr. George calls them, are incorporated in the three tables which I have inserted in the RECORD. I invite the earnest consideration of Senators to those tables.

I should like to remind the Senate that the information I have obtained pertains to only three of the 16 Marshall plan areas: Belgium-Luxembourg, France, and Great Britain. I have endeavored to obtain similar information for other countries, including Sweden, which, there is some reason to believe, is perhaps the worst offender of all. However, the administration has not been able, or perhaps not willing, to make this further information available to me.

The Office of International Trade has advised me that domestic merchandise exported to Russia during the year 1949 amounted to \$6,434,000, the lowest annual figure since 1923, and approximately one-fourth of 1948 exports. In other words, we are cutting down the exports of so-called positive-list materials to the Russian satellites, and enforcing our regulations. Apparently it is these potential war materials which Russia is interested in buying in the United States.

As I have said, our export trade with Russia has fallen in 1949 to about one-fourth of what it was in 1948. The low level of exports to the U. S. S. R. during the past year, following the trend of the last 8 months of 1948, came about in consequence of United States restrictions on the export to eastern Europe of commodities regarded as having direct or indirect military significance in effect since March 1, 1948.

It may be asked by someone looking at the tables, "Why do you refer to these materials as war materials?" Mr. President, we have called them war materials and we have prevented their sale

directly to Russian satellites. I pose this question: If they are not war materials when the Marshall plan countries sell them to Russia and its satellites, why are they war materials when our own manufacturers and merchants want to ship them there? It seems to me that what is sauce for the goose should be sauce for the gander.

This policy, says the Office of International Trade, practically brought to a halt the exportation of such industrial equipment as machine tools, electrical machinery, and construction, mining, refining, and conveying machinery, which formerly comprised the bulk of Soviet procurement in the United States.

Mr. President, I firmly believe that it is essential to the national security that we continue to ban shipments of war materials to the Soviet Union. I do not wish to be misunderstood as suggesting otherwise. However, it does seem to me that it is tragically absurd for us to pour into western Europe vast quantities of war materials under the Marshall plan and the arms aid program, only to have our friends export the same materials to Russia and other countries behind the iron curtain.

The amendment which I have proposed would shut off further aid to any Marshall-plan country which continues to funnel war materials behind the iron curtain.

In view of the tense international situation, it is shocking that Marshall-plan countries are still permitting—right at this moment—substantial shipments of war materials to the Reds. While this is going on, the Russians cold-bloodedly shoot down an American plane and its crew in the Baltic. I understand that some Senators will assign that as a reason for voting for ECA. I make no such charge, but it could be that this plane was shot down with materials provided by us. During World War II our ships and planes were blasted with ammunition which had been made out of scrap iron furnished to the Japanese by us. Millions of American men risked their lives facing it. Tens of thousands were killed or maimed for life.

And yet, here we are again supplying, indirectly, materials of war to an unfriendly nation. Surely we should not permit this to go on much longer.

I hope the Senate will see fit to adopt this amendment.

Mr. President, I am glad to yield now to the Senator from Indiana for a question.

Mr. JENNER. How would the adoption of the Senator's amendment affect the 96 trade pacts which the Marshall plan countries now have with Soviet Russia?

Mr. KEM. That would be a problem for the Marshall plan countries to work out. Under my amendment, they could continue to ship war materials to Russia and the satellite countries if they considered it to be to their advantage to do so, but the amendment would say to them, "If you are going into that kind of business, you cannot at the same time get war materials and supplies from the United States."

Mr. JENNER. Last year, under the 96 trade pact agreements, Marshall plan countries had a trade exchange with Communist Russia of \$3,000,000,000. If the Senator's amendment is adopted and the \$3,000,000,000 trade which western European countries have been engaged in with Communist Russia is stopped, does not the Senator believe that some Senators will say that the American taxpayer must make up to these European countries the \$3,000,000,000 which they have lost in trade with Russia?

Mr. KEM. That might be said. I have been very much surprised at some things which have been said in this discussion of ECA. Surely no father or mother of a son who fought against the Japanese would take such a view.

Mr. JENNER. Is not the Senator afraid that argument might be made; and if so, could our economy stand it when we cannot pay our debts now? We are running \$7,000,000,000 in the red this year; and if we have superimposed another \$7,000,000,000 gift to Europe, we will have that much more of a deficit, resulting in printing-press money and an inevitable inflation. Or, does the Senator think Congress would advocate making up the \$3,000,000,000 by increasing taxes in order to put American taxpayers' money in Europe, as has been done during the past several years under UNRRA, the North Atlantic Pact, and the like?

Mr. KEM. President Truman suggested some time ago that taxes be raised, but evidently the reaction to that suggestion was such that he has not seen fit to renew it. It seems to me that it is impractical for us to shore up the entire economies of the countries of western Europe. The further we get along with this ECA program the more foolhardy the project is shown to be.

Mr. JENNER. Mr. President, will the Senator yield for a further question?

Mr. KEM. I am glad to yield.

Mr. JENNER. In the Senator's remarks he referred to the fact that the air over Washington was filled with the noise of B-29's, American B-29's on their way to England. I presume the Senator was referring to the fact that we are sending the B-29's, the heavy bombers, to England, as a part of our treaty obligations under the North Atlantic Pact.

Mr. KEM. Yes; but is is the unkindest cut of all for the British to sell war materials to the Russian satellites, at the very time of, and coincident with, our gifts of these same materials.

Mr. JENNER. Does the Senator know that Great Britain cut her own military budget last year almost \$700,000,000?

Mr. KEM. I did not, but I have in mind that the Minister of War of Great Britain is Mr. John Strachey, who until recently was an avowed Communist.

Mr. JENNER. Our Government has been able to get along pretty well with Communists. We can get along with them in our Government. Alger Hiss had no trouble in the State Department for years. But there is a fact I desire to bring out. Does the Senator know

that Great Britain itself does not have one single heavy bomber, and that she is completely relying upon America and the American taxpayers to furnish her defense?

Mr. KEM. That is a very alarming situation.

Mr. JENNER. I was in England last fall, and I went to the head of our military mission there. I asked him how many heavy bombers England had, and he said, "None." I said, "Who is furnishing the heavy bombers at this time?" This was in October. He said, "The American taxpayers are. We have three fields here, all equipped with American heavy bombers." England, after she entered into the North Atlantic Pact, further cut her military expenditures, while we are increasing ours every day. But I ask the Senator, what good is it going to do us to increase our military expenditures if we are to take the equipment and send it all over the world?

Mr. KEM. Particularly if it is to be funneled into Russia and the satellite countries.

Mr. JENNER. And England with a Communist Minister of War.

Mr. KEM. It does not make sense to me. I was about to ask the Senator whether he could have confidence in military operations conducted by Great Britain, as the ally of the United States, against Russia under the leadership of a man with the views held by John Strachey?

Mr. JENNER. The Senator has asked me a question. I would answer by saying that certainly I could not. But that is a question which General Bradley should be asked, and Mr. Johnson, the head of our Defense Department. They have been over in Europe in conference. I presume there cannot be a conference on defense with the North Atlantic countries unless we can consider the Minister of War of England being one of the conferees. Those are the gentlemen who should answer the Senator's question for the American people.

Mr. KEM. I should like to ask the Senator whether he thinks the Members of the Senate should vote for a program like that, or whether he thinks General Bradley should decide that question.

Mr. JENNER. He was over there in conference.

Mr. KEM. If we authorize the program and vote appropriations for the program, can we of the Senate escape responsibility for it?

Mr. JENNER. Primarily, the responsibility is ours.

Mr. KEM. And does not the responsibility rest on the shoulders of every Senator who votes for a program of that kind?

Mr. JENNER. I should think so.

Mr. SCHOEPEL. Mr. President, will the Senator from Missouri yield?

Mr. JEM. I yield to the able Senator from Kansas.

Mr. SCHOEPEL. I should like to ask the distinguished Senator from Missouri in relation to the statement—and I hope I am quoting him correctly—to the effect that some of the war materials being sent to England have been resold or have

found their way from that nation into Russia. Is that a correct statement?

Mr. KEM. Materials of the same kind have gone to Russia. I have introduced into the RECORD a table showing the items, the kind of supplies which were shipped during the year 1949 by Great Britain to Russia and the satellite countries.

Mr. SCHOEPPPEL. The question I desire to ask the Senator from Missouri is this: In view of the recent conference on the part of this country's high military command with the military officials of western Europe—and I assume the British Empire was represented at the conference—I am wondering if the military representatives of the United States knew of the situation the Senator mentioned; or does the Senator have any information along that line?

Mr. KEM. I do not know. The information came to me from the Department of Commerce. Mr. Botner, a member of my staff, secured the information for me from the Department of Commerce. I quoted from Mr. J. Mishell George, in the March number of an official publication of the Department of Commerce, in which Mr. George said that this was going on, and protested against it in as diplomatic language as the situation permitted.

Mr. SCHOEPPPEL. In view of that situation, I am wondering if the Senator has any information to the effect that that condition has been brought to the attention of our Committee on Appropriations of the Senate or the Committee on Foreign Relations.

Mr. KEM. I am bringing it to the attention of the Senate and the public today. The table will go into the RECORD. I think it is fair to say that every Member will be charged with notice of the facts from this point on.

Mr. SCHOEPPPEL. I thank the Senator.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from New Hampshire.

Mr. BRIDGES. The Senator from Indiana [Mr. JENNER] raised a question about England's large bombers, and the fact that the British were depending upon us to supply such bombers. He referred to a trip he made abroad.

I should like to call the attention of the Senator to the fact, and ask him if he is aware of it, that in the latter part of 1947, when, with a group of Senators, I went to Germany where we were told about two great airfields where American planes had been junked. Some members of the party visited the airfields, which were in remote places, and as far as our eyes could reach we could see American planes, the same type of planes that won the war in 1945, wing to wing, mile after mile of them. A charge of dynamite had been put in the noses of the planes and they had been blown up. But that is not the end of the story about which I desire to ask the Senator.

When we went to Greece, we found we were helping Greece and Turkey. I voted for and supported that movement, and I am glad I did. But I was surprised to find that one of the things we were

supplying Greece at that time was planes. Where did those planes come from? Did they come from the United States; were they new planes supplied from here? Were they some of the used planes of the type we had destroyed in such great numbers in Germany? No. Our money was taken, and used to buy second-hand planes from the British to supply the Greeks who were at war. To my mind that is something beyond comprehension. I cannot understand it at all. But it illustrates in reverse what the Senator from Indiana was speaking about.

Mr. KEM. Mr. President, I ask the Senator from New Hampshire if it is not the same sort of transaction that was cooked up during the dollar talks held here in Washington whereby \$175,000,000 of ECA funds were allocated to buy Canadian wheat for shipment to Great Britain? Is not that the same sort of transaction?

Mr. BRIDGES. Yes; I think so. I believe in the theory of the so-called Marshall plan and the ERP. I have supported that program and intend to support it now. But I believe that the Senator from Missouri is rendering a great service in approaching the whole problem on a realistic and sound basis. I was a member of this body before the days of World War II, when scrap iron and steel were being shipped to Japan. I then introduced a resolution to prohibit the shipping of scrap iron and steel to Japan, because war might come between us and Japan. It was lost in committee.

My proposal was opposed by the administration, because it said we must not take an unfriendly attitude toward the great power Japan. I see the same thing happening now. If what is now happening is total diplomacy, if it is an all-out effort to stop communism, then there is no object in putting a bottom in the barrel of we are leaving the top off.

Mr. KEM. It seems so to me. I should like to ask the Senator from New Hampshire whether he has any confidence in socialism as an antidote to communism? Does he believe that by building up socialistic countries in western Europe we are erecting an effective barrier to communism?

Mr. BRIDGES. I should like to quote from a gentleman whom the distinguished Senator from Missouri has just quoted, Mr. Strachey, the Minister of War for Great Britain. I cannot give the exact words he used, because I do not have them at hand at the moment. They are in my office. He said in effect, "We do not move to communism directly. We do not go from capitalism to communism. But there is an in-between space which is called socialism to which we must move first. That is the transitory stage between capitalism and communism."

I think that statement should satisfy the Senator that I do not condone socialism at all.

Mr. KEM. It does. The Senator from New Hampshire has in mind that Mr. John Strachey is the author of books on the virtues of British Socialism and Soviet socialism, is he not?

Mr. BRIDGES. I am.

Mr. KEM. And has he not welcomed the prospect that two Socialist powers, as he calls them, Great Britain and Russia, would shortly join in an effort to rid the world of capitalism?

Mr. BRIDGES. Yes.

Mr. KEM. The Senator from New Hampshire has had wide experience in this body, and has had unusual opportunity for observing during two great world wars, the war efforts in which we have engaged. Can the Senator have any confidence in military operations of an ally conducted under the leadership of a man like John Strachey, who is committed to the same ideology as our potential enemy?

Mr. BRIDGES. No. To me it is a very questionable thing. I think the Senator from Missouri is rendering a fine service in bringing out the point he has. I believe we must face the situation in a realistic way. We cannot talk about a total diplomacy and an all-out war against communism, and then put on blinders or close our eyes to the supplying of war materials and war potential to Russia and her allies behind the iron curtain.

Mr. KEM. I should like to ask the distinguished Senator another question. Are we not compromising with communism when we permit our money and our materials to be used in the way I have described?

Mr. BRIDGES. Yes. I agree absolutely.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Indiana.

Mr. JENNER. The distinguished Senator from New Hampshire has just referred to another one of the booby-trap expressions which have been sprung upon us by our great and illustrious Secretary of State, Dean Acheson, the expression being "total diplomacy." Does the Senator from Missouri or the Senator from New Hampshire, either one, know what Dean Acheson means when he uses the expression "total diplomacy?"

Mr. KEM. On that question I shall defer to the Senator from New Hampshire.

Mr. JENNER. I should like the two Senators and other Senators to hear from the author of that expression, as to what he, Dean Acheson, means. Following is his definition. In his April 22 speech Dean Acheson defined what he meant by the expression "total diplomacy." I quote from his speech, as follows:

I mean by "total diplomacy" that there is no longer any difference between foreign questions and domestic questions.

So the expression "total diplomacy" is another trap to put us all as goose-steppers behind the line, so that not only can we not raise the question, as the distinguished Senator from Missouri has done here today, about our foreign policy, but we will not even dare open our mouths about anything respecting our domestic policy. There we have Mr. Acheson's total diplomacy.

Mr. KEM. Would the Senator from Indiana consider it total diplomacy,

within Mr. Acheson's definition, for us to shut off shipments of war materials from the United States to Russia and her satellites, but at the same time permit the participants in the Marshall plan to carry on a profitable trade of the kind to which I have referred? Would Mr. Acheson call that total diplomacy?

Mr. JENNER. I would call it almost anything. I would even call it destroying our domestic economy, throwing American laborers out of work in order to give jobs to Europeans. I would call that a part of total diplomacy, because Dean Acheson says there is no difference between foreign questions and domestic questions.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. BRIDGES. Did I correctly understand the Senator from Missouri to say that he placed in the RECORD and offered as evidence during the course of his speech figures and facts to show that some of the ECA material which we, the United States, have been giving to certain countries has in turn been sold or has passed into the possession of the Russians?

Mr. KEM. I said that war material was being given by the United States to Marshall plan countries and identical material was being sold to Russia and her satellites. I gave as an instance Belgium, which has received from us a large quantity of iron, cast iron, and steel, and in turn sold in the year 1949, a large quantity of iron, cast iron, and steel to Russia and the satellite countries.

Mr. BRIDGES. That would mean, then, that Belgium, if she had that material to sell to Russia, certainly did not need it from us. Is that not correct? And that we should reappraise the Belgian application for aid under the ERP?

Mr. KEM. I would think Belgium did not need such materials from us. I gave the following instance. We have sent \$12,000,000 worth of iron and steel to Belgium under the Marshall plan, since the program began. Last year Belgium sent \$19,782,840 worth of iron, cast iron, and steel, to Russia and her satellites, \$5,744,520 of which went to the U. S. S. R. I gave another instance, namely, our giving of firearms to Belgium, under the Marshall plan, and last year Belgium sold a shipment of firearms to Czechoslovakia.

Mr. BRIDGES. I think the Senator from Missouri has offered fairly good evidence of what has been taking place. I want him to know that, as one Senator who has supported the Marshall plan, I am shocked at the information he has given on this point. I knew something of the trade between the Marshall plan countries and the iron curtain countries and Russia, but this is the first evidence which has come to my attention of the transfer of identical material.

Mr. KEM. I should like to say to the Senator from New Hampshire that he may be interested in the fact that it is said by apologists for this business that the firearms sent by Belgium to Czechoslovakia were hunting rifles. I should

like to ask the Senator if it is not true that hunting rifles were about what his ancestors, the embattled farmers at Concord Bridge, had when they "fired the shot heard round the world."

Mr. BRIDGES. That is correct. In fact, the hunting rifles to which the Senator has just referred, as being shipped to Czechoslovakia by Belgium, undoubtedly are more effective than the rifles which were used at Concord Bridge.

Mr. KEM. Similarly, are not hunting rifles the arms which Gen. Andrew Jackson's troops had when they crouched behind the cotton bales outside New Orleans and stopped what was said to be the finest troops in Europe?

Mr. BRIDGES. That is correct.

Mr. KEM. So hunting rifles are not to be sneezed at, as munitions of war.

Mr. BRIDGES. That is quite correct.

Mr. FREAR. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. FREAR. Did the Senator from Missouri say that the shipments went from Belgium to Russia in 1929?

Mr. KEM. No; it was in 1949.

Mr. FREAR. I am sorry that I misunderstood.

Mr. KEM. I said that since the Marshall plan had begun, we had sent to Belgium \$12,000,000 worth of iron and steel, and that during the year 1949 Belgium had sent to Russia and the satellite countries more than \$19,000,000 worth of iron and steel, \$5,000,000 of which went to Russia alone.

Mr. FREAR. I thank the Senator for correcting my impression. I thought the Senator said that was in 1929.

Mr. KEM. No; it was in 1949.

Mr. FREAR. I should like to ask another question, if the Senator will yield further.

Mr. KEM. I yield.

Mr. FREAR. I believe the Senator from New Hampshire said that during his visit to Greece he found that United States dollars which had been loaned to Greece were used by Greece to purchase second-hand war planes from Great Britain. Did the Senator from Missouri understand the Senator from New Hampshire to say that?

Mr. KEM. I understood him to say that at the same time we were sending money to Greece, Greece was buying second-hand war planes from Great Britain.

Mr. FREAR. Does the Senator know whether Greece used the money we sent to her to buy those planes, and whether Britain ultimately got that money from Greece?

Mr. KEM. I suppose the national treasury of Greece was swollen to the extent that we contributed to it, and that the credits which were used for the purchase of the war materials from Great Britain were the same as the credits coming from us.

Mr. FREAR. Yes; but did Greece actually use dollars to buy those planes, or did she use Greek currency or some international exchange?

Mr. KEM. I apprehend that she used international exchange. I do not know

whether the drafts were drawn on New York or London or Paris or Amsterdam.

Mr. FREAR. So, in effect, England got the dollars. Is that correct?

Mr. KEM. Yes; she got the credits.

Mr. FREAR. Would the Senator care to say whether those dollars came back to the United States, in return for the purchase of new planes by Britain from the United States?

Mr. KEM. Suppose they did. I am not at all intrigued by the suggestion that we give away dollars and then get orders for planes. The same argument was made when \$175,000,000 of ECA money was used for the purchase of Canadian wheat for shipment to Great Britain. It was said that Great Britain would also use some of the ECA money to buy wheat in the United States. But what of it? Can we build a sound economy by such transactions?

Mr. FREAR. I did not want to intrigue the Senator with any question. I am seeking information.

Mr. KEM. Perhaps my use of the word "intrigue" was unfortunate. I meant that such transactions do not arouse my interest favorably. I am glad to cooperate with the able Senator from Delaware in developing the facts.

Mr. FREAR. What I am trying to learn from the Senator is this: If United States dollars go to Greece, and if Greece uses those dollars to buy second-hand British planes, and if Britain buys new United States planes with the same dollars, is that undesirable from our viewpoint?

What I would really like to have the Senator comment upon is this: Does he think it better that Great Britain have new planes, rather than for Greece to have new planes? Does the Senator think it would be better for us to send the dollars to Greece originally, to permit Greece to buy new planes from the United States? Or if Greece bought used planes from Great Britain, and Great Britain bought new planes from the United States, would our dollars be used to the best advantage? In other words, would our dollars be used to the best advantage if they were used to permit Greece to buy new planes or if they were used to permit Britain to buy new planes?

Mr. KEM. I have indicated that I would not have great confidence in war operations conducted by Great Britain under her present Minister of War against Russia or against any of the countries behind the iron curtain. As I am presently advised, I think I would as soon have the new planes go to Greece. However, comparisons are odious.

Mr. FREAR. I agree with the Senator. I merely wondered whether he thought the exchange we have been discussing would be beneficial to the United States.

Mr. KEM. I think we cannot lift ourselves by our own bootstraps. To the contrary, I think we would do much better to strengthen our own economy. I cannot believe that our frontier is either in Greece or in Great Britain. I think our real frontier is in a sound American economy.

Mr. FREAR. I thank the Senator.

Mr. KEM. I believe the greatest contribution we can make to the peace of the world is to build a sound economy here at home.

Mr. FREAR. I would not disagree with the Senator that we need a sound economy here in the United States.

I thank the Senator for yielding to me and for replying to my questions.

Mr. KEM. It has been a pleasure.

Mr. BRIDGES. Mr. President, will the Senator yield at this point?

Mr. KEM. I yield.

Mr. BRIDGES. If I may, I would like to say a further word in relation to the inquiry made by the distinguished Senator from Delaware regarding this matter. What I am about to relate occurred 2½ years ago. At that time, when we were struggling to pay our bills and balance our budget, and when we had appropriated \$400,000,000 for Greek-Turkish aid—an appropriation which I supported and for which I voted—it was shocking to go to Germany and see in the airfields and air bases or former airfields and air bases, hundreds and hundreds of planes, the most modern we had, decomposing or being destroyed by demolitions, and then go to Greece and find that instead of our providing Greece with new planes, the purchase of which from the United States might bolster, for instance, the manufacturing industry in this country, or instead of our providing the Greeks with some of our surplus used planes, which at that time we were destroying, in effect we were using our money to permit the Greeks to buy second-hand planes from the British. That did not make sense to me then, nor does it now.

Mr. FREAR. Mr. President, I believe the Senator will admit that I was agreeing with the Senator's remarks about the necessity for the maintenance of a sound economy, and I was trying to determine whether the exchange which had been referred to was the one which would have been of assistance to our economy.

Mr. KEM. Yes; but are we developing a sound economy when we give away the money, and then expect to recoup by means of orders for goods placed with us by countries abroad?

Mr. FREAR. I do not know but what that may be sound thinking. It is somewhat difficult to frame a question to ask the Senator from New Hampshire which, perhaps, would strengthen the point I am trying to bring out, but might it not have been better to give to Greece the used planes which we had in Germany, rather than the dollars we were sending to Greece? The distinguished Senator from New Hampshire said he voted for the loan to Greece. I do not think I had the opportunity of doing so, at that time, but I believe he was very serious when he voted for it, thinking it would do something for Greece and would not injure our economic standing or situation in this country.

Mr. BRIDGES. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. O'Connor in the chair). Does the Senator from Missouri yield to the Senator from New Hampshire?

Mr. KEM. I yield.

Mr. BRIDGES. I should like to indicate to the Senator from Missouri, if I may be permitted to do so, the nature of my approach to this question. I realize many people differ with me. There are people who want to go blindly into a Marshall plan or an ERP, or something of the kind. On the other hand, there are people who are opposed fundamentally to the whole thing. But I believe that, properly administered, properly worked out, the plan could be a real force for stopping communism in Europe. Yet, if there are to be allowed as many leaks in it as there are holes in a sieve, certainly much of it represents wasted effort and wasted money. Therefore, what I should like to do, through various amendments, is to plug as many of the loopholes in the bill as possible. That is my fundamental approach.

Mr. KEM. I should like to ask the Senator from New Hampshire whether it is not more than waste if our money is being used to arm our potential enemies?

Mr. BRIDGES. I would say that it is not only wasteful, but it is a very sinister and dangerous thing we are doing. I was shocked at the Senator's revelations.

Mr. FREAR. Mr. President, may I ask the Senator from Missouri another question?

Mr. KEM. I am glad to yield to the Senator from Delaware.

Mr. FREAR. In the exchange which Belgium made in connection with the steel, to which the Senator referred, to the Senator's knowledge, did Belgium make any economic gain on the exchange?

Mr. KEM. Belgium made a distinct gain, because we gave the iron and steel to Belgium, who in turn sold it to Russian satellites. It is decidedly a gain if one country is given free material which it in turn sells to some other country. That is a clean-cut gain, I should say.

Mr. FREAR. I am glad to hear the Senator make that plain. I wanted it to be clear in my own mind. I may say to the Senator I certainly would not approve of our giving dollars to those countries, to enable them to make money on them ultimately in any financial transaction through which the dollars would go to Soviet Russia or to one of her satellites.

Mr. KEM. I invite the attention of the able and distinguished Senator from Delaware to the tables I have inserted in the RECORD today.

Mr. FREAR. I thank the Senator.

Mr. LODGE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Massachusetts?

Mr. KEM. I yield.

Mr. LODGE. I agree that this is a very important subject, but I do not feel that we are justified in saying that anything sinister is being done. It is a field in which honest men may differ. It is a field which involves an exercise of judgment. If we thought there was to be a war within 6 months or a year, there are many of these things we would not do; but if we thought and if we hoped there was some chance of peace

within the next 5 or 6 years, then the things would be justifiable. It is all a question of judgment and estimate as to the future, and it is very difficult for me to see how anyone can be absolutely dogmatic and say, "This is right, and this is wrong."

Take the question of a British automobile, for example, a British passenger car. We all know that in the Army in time of war a passenger car has military value. There can be no question about that. It does not have as much military value as a rifle or a cannon or a tank, but it has some military value. But if we take that principle and follow it through to its logical conclusion, then it means that we would eliminate all exportation of goods having the slightest possible military use, and we would be increasing the dollar gap by about \$3,000,000,000. I do not think anyone seriously advocates doing that.

Mr. KEM. Mr. President, will the Senator permit me to ask him a question?

Mr. LODGE. Yes.

Mr. KEM. My question is whether the Senator agrees with the so-called positive list, in other words, the list of items which citizens of the United States are restricted from selling to Russia and satellite countries? Is the Senator in accord with that policy?

Mr. LODGE. I think the items on the list, whatever it may be called—the 1-A list—are not being sent from this country.

Mr. KEM. No; that is my understanding. But is not the Senator in accord in believing that it is sound and in the public interest to have such a list in effect?

Mr. LODGE. I may say to the Senator from Missouri that, while the Senator from Massachusetts has spent a good deal of time in the military, he is not a military expert and does not pretend to be one. All I say about the list, from the military standpoint, is that it is my understanding that every item on it is either cleared by the military or else the military know about it and have made no complaint.

Mr. KEM. I assume that is correct.

Mr. LODGE. And that "cuts some ice" with me as I am sure it does also with the Senator from Missouri.

Mr. KEM. Exactly. Would not the Senator agree that it is not in the public interest for any materials to be funneled through Marshall plan countries, the shipment of which directly from the United States is not permitted?

Mr. LODGE. I do not quite follow. Why would that be a bad idea?

Mr. KEM. It would not be a bad idea; I think it is an excellent idea to forbid such shipments. In other words, it seems to me the positive list which we apply to ourselves, to restrict shipments from the United States to Russian satellites, should be equally applicable to other Marshall plan countries. In other words, it does not make sense for us to forbid shipments by our own people to Russia and her satellites, and then permit the shipment of identical materials from the

Marshall plan countries to Russia and her satellites.

Mr. LODGE. Will the Senator give me an illustration of what he has in mind?

Mr. KEM. I just read—

Mr. LODGE. Let me say I regret I have not been able to be present during all the debate, and I shall not be able to be in the Chamber most of the day, because I am on a subcommittee that is making an investigation, which takes most of my time.

Mr. KEM. Take a shipment of firearms. Let us say hunting rifles, from Belgium to Czechoslovakia. No firearms can be cleared from any American port for Czechoslovakia or any of the countries behind the iron curtain. Does it make sense for us to continue to give firearms to Belgium, with Belgium selling rifles to Czechoslovakia?

Mr. LODGE. I do not know about that particular case. I would say if they were rifles which had a military value, the Senator's argument would be very sound.

Mr. KEM. Let us say they were hunting rifles. The Senator has had a fine record in World War II. Would he not say that hunting rifles are munitions of war?

Mr. LODGE. They are, of course, and so is an automobile. I understood there were some shotguns from Belgium in the list which the Senator put into the RECORD. I did not realize there were any rifles, but it may be there were. There is this consideration, that if we are trying to get the nations of Europe off our backs and onto their own feet, then obviously we want them to export as much as possible without endangering the security of anyone, and we would encourage them to export items which we can produce, but which it is better for us not to export, because it is cheaper for us in the long run to have those countries more or less independent.

Mr. KEM. Exactly. I may ask the Senator, would it not be a sound rule for us not to send aid to any Marshall plan country which is sending to Russia or her satellites war materials which we forbid our own people to send to Russia or the satellites? Is not that a matter of sauce for the goose being sauce for the gander?

Mr. LODGE. I should rather leave it the way it is, and let the military approve of these items.

Mr. KEM. Does the Senator want to continue this vast trade in war materials between the Marshall plan countries and Russia and the satellite countries at the same time we are taking money from the American people, under the taxing power, and making gifts of arms and military equipment to the same Marshall plan countries?

Mr. LODGE. No; that is not what the Senator from Massachusetts wants to do.

Mr. KEM. What does the Senator want to do?

Mr. LODGE. He does not want to do anything which will be of positive benefit to the military preparations going on behind the iron curtain. That he definitely does not want to do. The Senator from Massachusetts does want to build up the nations of western Eu-

rope so they will be able to stand by themselves. I think we can send steel and iron, noncritical items, automobiles, and things of that sort, which have some military value, a slight and indirect military value, but which help to build up the industries of those nations.

Mr. KEM. What would the Senator from Massachusetts say with reference to scrap iron?

Mr. LODGE. I think that is a question which depends upon the estimate of the imminent possibility of war. I was very much opposed to sending scrap iron to Japan before the war.

Mr. KEM. Is the Senator opposed to sending scrap iron from the United States to Russia and her satellites?

Mr. LODGE. I have not studied that question.

Mr. KEM. Is the Senator opposed to sending scrap iron from the Marshall plan countries to Russia and the satellite countries now?

Mr. LODGE. It depends upon what the quid pro quo is, in other words, what we get back from it. As I have stated, I am not an expert in that line at all. I was trying to indicate the general issues involved. It depends entirely on judgment as to the imminence of a crisis. If we think the crisis is imminent, we probably want to shut down on the whole business.

Mr. KEM. I am glad the Senator has raised that point, because I should like to say, Mr. President, that I think the Senator from Massachusetts is in a better position to pass on this subject than are most of the other Members of the Senate, because of his military experience, his intimate acquaintance with the nations of western Europe, and his service on the Senate Foreign Relations Committee.

I should like to ask the Senator if he knows how imminent war may be.

Mr. LODGE. I wish I did.

Mr. KEM. The Senator's opinion is certainly as good as that of any other Member of the Senate. Is he willing that items like these shall be shipped from the United States to Russia and the satellite nations: arms, scrap iron, steel, copper, lead, zinc, tin, and other base metals and alloys; boilers, machinery, chemical apparatus, appliances, and parts; electrical machinery and apparatus, articles for electro-technical use, and parts; railway and tramway rolling stock and material; optical and measuring instruments; chemical products, matches, inflammable materials, rubber, and so forth? Those are articles which are included in the partial list of exports from Belgium and Luxemburg to Russia and the satellite nations which I have placed in the RECORD.

My question is whether the Senator from Massachusetts is willing that exports of those items be made from the United States to Russia and satellite countries?

Mr. LODGE. As I have previously stated, I am not an expert. I do not know what harm there would be in sending some rubber hose to the Soviet Union. It might be a beneficial thing to do.

I simply want to say two things to the Senator from Missouri. First, I think he has put his finger on a very important

subject. I do not go along with persons who flatly disagree with the Senator from Missouri and who say there is nothing to it and that we should forget it. I think this is a subject into which there enters the exercise of judgment. Our guess as to the future also enters into it. It is a subject concerning which it is almost impossible to be dogmatic. I think its details involve so much expert knowledge that I should like to leave the clearance of these special items, whether rubber goods, cast iron, or whatever they may be, subject to the approval of the military authorities. I do not think either the Senator from Missouri, or I, or the Senator from Delaware, or the Senator from Colorado, or any of us have qualifications to decide as between cast iron and rubber goods and the other materials which have been mentioned. That, in general, is my position.

Mr. KEM. The Senator from Massachusetts would agree, would he not, that the question of whether war materials from the United States should be shipped to Russia is a proper subject for debate?

Mr. LODGE. Yes; that is a proper subject for debate; and the Senator from Missouri, who is a very good lawyer, which I am not—I am not even a bad lawyer; I am not a lawyer at all—knows that the term "war materials" is a very comprehensive one and subject to a great deal of definition. So when we have said we want to control war materials, we have not really said very much.

Mr. KEM. I believe that the items which appear on the so-called positive list, shipments of which from the United States directly to Russia and her satellites are severely restricted, should likewise be restricted in case of shipment from Marshall plan countries to Russia and her satellites, so long as those nations are receiving shipments of war materials as a gift from the United States.

Mr. LODGE. I would accept that, subject to one qualification, namely, the approval of the military authorities.

Mr. KEM. Next Friday this bill will be voted on. Looking around the Senate, I notice that the Senator from Massachusetts is the only member of the Foreign Relations Committee present on the floor while the subject is being discussed. Would it be proper for me to suggest that sometime before the bill is voted on, some member of the Foreign Relations Committee come to the floor, and after having informed himself as to what is going on, discuss the matter in detail?

Mr. LODGE. I should like to repeat what I said before, that if it were not for my membership on the subcommittee which is investigating disloyalty charges in the State Department, I would be on the floor all day, because I think it is my duty, and it would also be a privilege to debate with the Senator from Missouri. But that subcommittee is meeting in the morning, in the afternoon, and last week it met at night. We are instructed by unanimous vote of the Senate to investigate the subject assigned, and that is why I have not been present. I am here for only a moment at this time, because I have not yet discovered how to be in two places at the same time.

I think the Senator from Missouri is entitled to have some member of the Foreign Relations Committees here. I think the Senator is entitled to a connected, reasoned statement of the subject, and I shall prepare one and try, at some time later on in the week, to make a statement regarding the whole matter and will subject myself to interrogation. I wish I could remain here this afternoon, but I have to go now.

Mr. KEM. Will the Senator permit me to say that I do not suggest that anything is owed to me in the matter. I have in mind the fathers and mothers of the boys who may have to go out and be met by these munitions if they are shot back at us.

Mr. LODGE. I would be definitely opposed to that. I am a father, myself, and I am very much interested in the fathers, mothers, and boys of the Nation. I would not vote one nickel for ECA, I would not authorize one paragraph or one comma in the bill, unless I thought it was directly in the interest of the young men of this country and of their fathers and mothers. Let us not have any misunderstanding about that.

Mr. KEM. I am sure the Senator does not rely on any instinctive judgment on that matter. The only way to arrive at a sound conclusion is by logical processes. Is not that correct?

Mr. LODGE. That is correct.

Mr. KEM. And the Senator will agree, will he not, that his judgment is no better than his information?

Mr. LODGE. I say we have to form judgments sometimes without knowing all the facts.

Mr. KEM. Are they apt to be sound judgments?

Mr. LODGE. Sometimes they are not.

Mr. KEM. Are they not unfortunate, when the very security of the United States is at stake?

Mr. LODGE. We are getting into generalities now. I believe we should not send anything that is of military value behind the iron curtain unless it has the approval of our military authorities.

Mr. KEM. Will the Senator from Massachusetts join me in an effort to incorporate in the pending measure a provision which would prevent that from being done?

Mr. LODGE. I would if I thought it would be effective. I am inclined to think that the full list has the approval of the military.

Mr. KEM. Will the Senator advise me whether the so-called positive list, which applies to shipments from the United States directly to Russia and its satellites, has the approval of the military?

Mr. LODGE. My understanding is that everything either has to go out with their approval or they know about it and have a chance to complain, and they have not made a complaint.

Mr. KEM. Do I understand that the military authorities differentiate between items which are properly shipped by the United States to Russia and her satellite countries and items which are

properly shipped by Marshall plan countries?

Mr. LODGE. I think so.

Mr. KEM. What is the ground for that distinction?

Mr. LODGE. I think the ground for the distinction is that they have definite statutory power insofar as shipments from this country are concerned, which they do not have to the same extent and to the same degree with respect to foreign countries.

Mr. KEM. I think the Senator misunderstood me. I meant to ask the Senator whether the military authorities, from a military standpoint, have any less concern about shipments of military material from Marshall-plan countries to Russian satellites than they have with shipments directly from the United States?

Mr. LODGE. I should not think so. It would not be any different, it seems to me.

Mr. KEM. Is it not our duty, therefore, to see that there is incorporated in the pending bill an amendment which will prevent money and military materials from being funneled from the United States through Marshall-plan countries into Russia and its satellites?

Mr. LODGE. If it can be done without creating other problems and getting into worse situations. However, I should first want to see the language of any such proposed amendment. I am inclined to think that perhaps it would do more harm than good if we were to undertake to do that. However, the Senator from Missouri is an able lawyer and he may be able to draft a provision which will accomplish the good things without creating some new problems. I shall be very glad to study such an amendment.

Mr. KEM. Will the Senator permit me to invite his attention to the amendment which I have prepared? I have no pride of authorship. In all probability, it could be improved upon. The amendment reads:

On page 7, between lines 3 and 4, insert the following new section:

"TERMINATION OF ASSISTANCE"

"SEC. 107. Section 118 of such act is amended by adding at the end thereof the following new sentence: 'The Administrator shall terminate the provision of assistance under this title to any participating country whenever he determines that such country exports or permits the exportation, to Russia or any of its satellite countries, after the date of enactment of the Economic Cooperation Act of 1950, of any article or commodity which, in the opinion of the Administrator, could be used to maintain or expand, directly or indirectly, the military forces of any such country.'"

Mr. LODGE. That would keep British passenger cars out of Czechoslovakia.

Mr. KEM. It would keep out of Czechoslovakia, in my judgment, if the act were properly administered by the Administrator, any articles which the United States could not directly ship to Czechoslovakia.

Mr. LODGE. The Senator does not wish to answer my question?

Mr. KEM. I should like to apply the maxim: *Facit per alium, facit per se*. What he does through another, he does

himself. If it is unsound for us to sell items of military equipment directly to Russia and the satellite countries, then it is not sound for any Marshall-plan country to sell such materials to Russia and its satellites.

Mr. LODGE. I understand that the Senator does not desire to answer my question.

Mr. KEM. I wish very much to answer the Senator. I say that would be a matter for the sound discretion of the Administrator.

Mr. LODGE. The Senator uses the word "indirectly." That could include passenger cars, radio sets, bathtubs, and practically anything. Why not be frank about it and cut off the whole business?

Mr. KEM. No. We have some trade with Russia. We have not cut that trade off entirely under the present regulations.

Mr. LODGE. But under the Senator's proposed amendment we would have to do so, because the word "indirectly" would cover everything.

Mr. KEM. I do not think so. The Administrator might decide to cut off shipments of such items as appear on the so-called positive list. I would regard this as the exercise of a sound discretion.

Mr. LODGE. That is not the way the Senator's amendment reads. The Senator's amendment uses the word "indirectly."

Mr. KEM. "In the opinion of the Administrator."

Mr. LODGE. It would even include soap.

Mr. KEM. All the Administrator would have to do would be to take the positive list and invite the attention of Marshall-plan participants to that list and say, "Our merchants and our manufacturers are not selling this kind of material to Russia and its satellites, and we do not want you to sell it to them, either."

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LODGE. I must leave to go to a hearing, as I said before.

Mr. WHERRY. Will the Senator from Missouri yield so that I may ask the distinguished Senator from Massachusetts a question?

Mr. KEM. I yield for that purpose.

Mr. WHERRY. I do not wish to take any more time than is absolutely necessary. If the Senator from Massachusetts and the Senator from Missouri are so close together, why could we not modify the Senator's amendment? Would the Senator from Massachusetts be agreeable to modifying the amendment by taking the positive list of shipments from the United States to Marshall plan countries and limiting that positive list to ECA countries?

Mr. LODGE. I was merely asking the question about the word "indirectly." I believe the amendment would go further than I think the Senator from Missouri wishes it to go. All I can say is that I shall be very glad to study the amendment, and I shall be glad to study it very carefully and sympathetically, and then I shall be prepared to take a position on it when I get the floor.

Mr. WHERRY. May I ask the Senator another question, with the same understanding?

Mr. KEM. Certainly.

Mr. WHERRY. I am very much interested in a statement in the report of the committee because of the general feeling with respect to the establishment of east-west trade, which has been very clearly presented by the Senator from Missouri and the Senator from Massachusetts. The only part of the report which has any bearing on the subject appears at page 22, as follows:

In executive session the committee received a full report from ECA officials on this subject and is satisfied that proper action has been and is being taken to safeguard the security interests of the United States and western Europe.

I note that the report speaks of an executive session. No doubt the able Senator from Massachusetts thoroughly discussed it at that time. Was there anything said about the positive list?

Mr. LODGE. All I can say to the Senator about the confidential report is that it gives ground for great optimism about this whole matter. I shall be very glad to discuss the question with the Senator in private. If we do so, I know he will see why it cannot be discussed in public. However, it is of an encouraging nature and one which should tend to dispel any great feeling of alarm.

Mr. WHERRY. If the Senator from Missouri will yield further, I should like to ask another question of the distinguished Senator from Massachusetts.

Mr. KEM. I yield.

Mr. WHERRY. I appreciate the offer just made by the distinguished Senator from Massachusetts to discuss the matter with me in private, and I shall be very happy to do so. However, it seems to me that, in order to vote intelligently upon this amendment, Members of the Senate should have all facts before them and should have information as to whether or not the materials on the positive list, which United States merchants are not now permitted to send to satellite countries are the same materials which ECA countries are permitted to ship into satellite countries. If there is a difference, why should a difference exist? If it is for security reasons, that is one thing. If there is another reason, that is another thing. That is what I was going to ask the Senator from Missouri.

Mr. LODGE. I must leave now.

Mr. WHERRY. I should like to ask the Senator from Missouri whether there is another reason why this bar exists. Before the Senator from Massachusetts leaves, I should like to ask him another question. Is there anything in the report, confidential or otherwise, which would foreclose or prohibit or not meet with the approval of the Senator from Massachusetts in narrowing this amendment to the identical language suggested, namely, that the basis of exports from the United States to satellite countries be identical with that of ECA countries to satellite countries.

Mr. LODGE. That is not what the Senator's amendment as now framed proposes to do.

Mr. WHERRY. Would the Senator from Massachusetts be in accord with

an amendment which would modify the amendment of the Senator from Missouri to include an identical list of materials? In other words, would he be in accord with an amendment providing that ECA countries can ship into satellite countries only those materials which the United States can now ship into those countries? What would be wrong with that? What would be wrong with narrowing the amendment to that extent?

Mr. LODGE. I shall be very glad to look into it, and I shall be glad to report on it later.

Mr. WHERRY. Will the Senator yield for another question?

Mr. KEM. Yes.

Mr. WHERRY. It seems to me that this is very pertinent. I am not suggesting that the distinguished Senator from Missouri narrow his amendment. That is up to him. I understand the general intent of the Senator's amendment, and I think it is one which certainly deserves very careful consideration on the part of the Members of the Senate, because it seems to me that American manufacturers should be permitted to ship the same kind of merchandise into satellite countries which ECA countries are permitted to ship into satellite countries. That seems sensible to me. Does the Senator know whether or not the positive list, to which the Senator has referred, is in the interest of national security? Is that the reason for the restriction, or is there some other reason which the Secretary of Commerce gives for saying that these items cannot be shipped to satellite countries? I cannot find any statement on that subject in the Record, and I do not know whether the distinguished Senator has searched it out.

Mr. KEM. They are regulations promulgated by the Office of International Trade of the Department of Commerce, in the interest of national security.

Mr. WHERRY. So that, generally speaking, one could assume that the reason for this positive list is that American manufacturers are barred from making these shipments in the interest of national security. Is that correct?

Mr. KEM. Exactly.

Mr. WHERRY. With that statement, I do not see how any Member of the Senate could help looking with favor on narrowing the amendment at least to that point, so that only those materials or finished products could be shipped from ECA countries into the satellite countries which are permitted to be shipped by American industry. Does not the Senator agree with me in that?

Mr. KEM. It seems to me so. It further seems to me that we should not be lulled into a sense of security with the idea that all we have to do is merely to give a blank check to the Administrator and everything will be all right, we cannot evade our responsibility by saying that he is a man of sound judgment, and if we simply give him this money everything will turn out all right in the end.

In view of some of the experiences we have had in the past 2 years, particularly in view of the shipments being made, of our own materials through the Marshall-plan countries to the satellites, it is up to the Senate, before we authorize this

program for another year, to look into it and discharge its responsibility. I do not think that our people are going to be satisfied to have their elected representatives turn all of these matters over to Mr. Hoffman, and get a clearance in that way. I think we have to grapple with the problems ourselves.

Mr. WHERRY. I do not wish to belabor the point, because I think it has been amply covered, but I desire to ask once again whether the Senator knows, from his research, or from any other source of information, whether or not American manufacturers today can send the same items into the satellite countries which now may be exported by the ECA nations into those countries.

Mr. KEM. They cannot under existing regulations. I invite the attention of the able Senator from Nebraska to the tables which I have incorporated in the Record, which show shipments made in 1949 of materials from Great Britain, Belgium, Luxemburg, and France. Most of these items could not be shipped during that period by American merchants and manufacturers directly to Russia and the satellites.

Mr. WHERRY. Does the Senator feel that the suggestion made by the junior Senator from Nebraska that if the amendment of the junior Senator from Missouri were limited to these specific items it would cure the situation, or does the Senator feel that it should be left up to the Administrator as to what items are war materials?

Mr. KEM. When the amendment was drafted I felt, as did members of my staff, that the sound approach is to make clear the intention of the Congress, and then to give the Administrator certain latitude in carrying it out.

Mr. WHERRY. I think that, ordinarily speaking, that is the soundest course, but we had difficulty with the administrative provision already written into the authorization for ECA, and I suggest to the Senator to make it a clean-cut issue, if he can possibly see his way clear to do so, and limit the amendment to the specific items he has already brought to the attention of the Senate. If that can be done, offhand, without studying the record further, or having had the benefit of research of the members of the Committee on Foreign Relations, it seems to me that is a constructive way to handle the matter, and there would be no chance about the administration of the act, so that it would be a mandate of the Congress, and at least we could depend upon that much in the authorization of the proposed ECA act.

Mr. KEM. I thank the Senator.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 277. An act to enhance further the security of the United States by preventing disclosures of information concerning the cryptographic systems and the communication intelligence activities of the United States;

S. 2590. An act to amend section 3526 of the Revised Statutes relating to coinage of subsidiary silver coins;

S. 2853. An act to authorize the acceptance of foreign decorations for participation in the Berlin airlift;

S. 2874. An act to amend titles 18 and 28, United States Code, with respect to the time of reporting to Congress rules of procedure adopted by the Supreme Court for criminal, civil, and admiralty cases and the time of their taking effect;

S. 3117. An act to amend the act entitled, "An act to authorize the Postmaster General to impose demurrage charges on undelivered collect-on-delivery parcels," approved May 23, 1930, as amended (39 U. S. C. 246c); and

S. 3255. An act to amend section 415 of the Career Compensation Act of 1949, to extend the effective date of that section to December 31, 1950, and for other purposes.

The message also announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 2919. An act authorizing the issuance of a patent in fee to Paul High Horse and Anna High Horse;

H. R. 5609. An act authorizing the Secretary of the Interior to issue a patent in fee to B. M. (Bud) Phelps;

H. R. 5610. An act authorizing the Secretary of the Interior to issue a patent in fee to Emma Phelps Glenn;

H. R. 5611. An act authorizing the Secretary of the Interior to issue a patent in fee to Charles M. Phelps; and

H. R. 5860. An act authorizing the Secretary of the Interior to sell the land of Frank Phelps under existing regulations.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 7302) to amend the act of July 14, 1943, relating to the establishment of the George Washington Carver National Monument, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PETERSON, Mr. MURDOCK, and Mr. CRAWFORD were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendment of the Senate to the concurrent resolution (H. Con. Res. 184) authorizing the holding of ceremonies in the rotunda in connection with the presentation of a statue of the late Brigham Young.

The message further announced that the House had agreed to the amendments of the Senate to the concurrent resolution (H. Con. Res. 186) authorizing a statue of the late Brigham Young, of Utah, to be placed in Statuary Hall.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. JENNER obtained the floor.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. JENNER. For what purpose?

Mr. WHERRY. I wonder if the Senator would permit me to suggest the absence of a quorum, or would the Senator prefer to proceed?

Mr. JENNER. I should not care to yield for that purpose. Senators are all busy.

Mr. WHERRY. Very well.

Mr. JENNER. Mr. President, with every day that passes, this Marshall plan, European recovery program, Economic Cooperation Act, becomes more of a fraud and swindle. The distinguished Senator from Missouri [Mr. KEM] has clearly pointed out enough facts and given enough evidence to sustain that statement. It is no wonder, Mr. President, that the name of this international hand-out scheme has been changed often, and that now before it is half over, the President has appointed Mr. Gordon Gray to devise a new scheme to put this give-away program on a permanent basis after 1952, the Secretary Acheson has appointed a new policy committee in the State Department to help chart the course Mr. Gray will pursue.

I wonder where the bipartisanship is in the appointment of Acheson's committee? Did he consult any of the Republican Members of the Congress in regard to this policy committee which was to help Mr. Gordon Gray figure out what the new international give-away program would be at the end of 1952, when the Marshall plan will end? Of course not.

Meanwhile, the political sleight-of-handers who are juggling these programs about, continue deliberately to make it impossible for the American people, or the Members of Congress, themselves, to keep up with the actual facts of what is happening.

No one knows any better than I how grave the international crisis is that now confronts us. No one more passionately hates every foreign "ism" or more completely loathes communism and all its works. I know that America today along with western civilization hangs on the edge of the abyss of disaster.

Yet, I still believe what we need today, if our way of life is to be made secure, is an aroused and informed American public opinion.

The distinguished Senator from New Hampshire [Mr. BRIDGES], for example, who said he had voted for and supported the Marshall plan from its beginning, was astounded at the facts disclosed by the distinguished Senator from Missouri, which clearly indicates that it is not possible to keep up with what is actually happening. Without a knowledge of the facts, there is not a chance of avoiding disaster.

This is why I believe the continuing propaganda and misrepresentation of facts which is poured out by this administration and its jingoistic gigolos, is the most criminal disservice that could be rendered the American people in this hour of crisis.

We cannot win this cold war by resorting to the techniques of our enemies. We cannot continue to feed the American people a daily diet of lies, deceit, subterfuge, smear, and hypocrisy and expect the strength of their convictions of mind and heart to grow in defense of the understanding and the justice of our cause.

Can there longer be any doubt that such has been the diet of the American people for long years now? This diet has become so nauseating that April 24, 1950, none other than General Eisen-

hower, himself, urged leaders of the Nation's press to an increasing effort "to get the facts, because only an informed public opinion can win the peace."

Then General Eisenhower went on to make the startling charge that—

The shattering of our dream of permanent peace has brought a confusion that is almost a bewilderment to our minds. The danger of our confusion * * * is that the world will make a mistake about our courage and confidence.

To my mind it means that we have not yet got sufficient facts. We just do not have * * * information and we must get it in order to have moral strength. * * *

Our confusion is compounded by the fact that some of our leaders—at least we have the right to look on them as leaders—are "shooting from the hip." They give us didactic, arbitrary answers on things which need facts and interpretation and not merely someone's prejudiced view.

Mr. President, where did the Marshall plan originate? We were told in the development of its background that it was a humanitarian effort to relieve temporarily the terrible suffering following in the wake of the war.

We were told also that it was supposed to be an honest, intelligent, patriotic approach to the tragic postwar situation that had developed on the European continent, as the only means of preserving the basic, economic foundation of western civilization, against the growing threat of the spread of communism, which could thrive only on want, misery, and disunity in the western world.

However, in order to understand how gigantic a swindle these assurances continue to be we have to pause for just a moment to reflect on the actual consequences of the war which the Marshall plan was supposed to be designed to help alleviate, correct, and cure. What were these actual consequences?

As a result of America's sell-out at the secret conferences of Tehran, Yalta, and Potsdam, the economic basis of the Western World was cut in half, and that was done in three different ways. First, western Europe's vast industrial potential was cut off from eastern Europe's storehouse of raw materials and food; second, eastern Asia, with its vast population, was cut off not only from the raw materials and surplus-food producing areas, but also from the vast industrial potential of Manchuria and western Asia; third, the prewar pattern of relationship between the industrialized nations of Europe and the raw materials and markets of the colonial possessions in southeast Asia, had the foundations knocked completely from under it. It was perfectly obvious that these were the basic, economic consequences of these secret sell-outs of the war.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. JENNER. I yield for a question.

Mr. BREWSTER. In connection with the Senator's discussion, I wonder if he has had occasion to see the recently published book written by Admiral Leahy, entitled "I Was There"?

Mr. JENNER. No; I have not.

Mr. BREWSTER. The Senator, then, perhaps is not familiar with the fact that Admiral Leahy, apropos of the con-

ference at Cairo, states in the summary of the whole book, at the very start:

The Allies made an agreement with Ohlang Kai-shek which they did not keep.

In those few words he characterizes the situation correctly, and he is even supported by President Truman, who says in his introduction to the book:

This is an authoritative exposition of what went on.

In the second chapter of the book Admiral Leahy says that he accompanied the President to the conference at which the entrance of Russia into the war with Japan was discussed, and his very terse comment with respect to that is:

We entered into discussions regarding the entry of Russia into the war with Japan which, in my opinion, were not necessary.

In the two sentences to which I have just referred I think Admiral Leahy, from the point of vantage of Chief of Staff both to President Roosevelt and to President Truman, has made a contribution which may well be contemplated by those who may be disposed to question the loyalty of anyone who does not worship at the shrine of the infallibility of those who were carrying out our plans.

Mr. JENNER. I thank the Senator for his quotations from Admiral Leahy's book. I am sure that is what General Eisenhower had in mind when he made the statement from which I quoted. That is what he meant when he said that if we are to preserve our form of government and to retain America as we know and love her, people must be given the facts instead of lies, deceit, and hypocrisy.

It was also obvious that Germany and Japan, whose greatest access to raw materials and markets had been cut off from them by the iron curtain, would have to be incorporated into any realistic plans by restoring a realistic economic basis to the anti-Communist world.

In other words, the stopping of the spread of communism demands our welcoming of Germany and Japan as equal partners into an intelligent and honest cooperative effort to reintegrate the industrial potential of the Western World with the raw materials of southeast Asia, South America, and Africa.

Yet, Mr. President, what do we find? Was the Marshall plan such an intelligent and honest effort to undertake this kind of a program? No, Mr. President. In the Atlantic Monthly of January 1950, under the title of "Our Worst Blunders in the War," Mr. Hanson W. Baldwin, one of our ablest interpreters of military and international affairs, wrote:

The major American wartime errors were all part and parcel of our political immaturity. We fought to win, period. We did not remember that wars are merely an extension of politics, by other means; that wars have objectives; that wars without objectives represent particularly senseless slaughters; * * * that the general objective of war is a more stable peace. We forgot that the unity of outlook between allies in war never extends to the subsequent discussion of peace terms. We forgot that

while the attainment of military objectives brings victory in war it is the attainment of political objectives which wins the subsequent peace. The United States, in other words, had no peace aims; we had only the vaguest kind of an idea * * * of the kind of postwar world we wanted. * * * We were idealists, not pragmatists. We embarked upon total war with all the zeal and energy and courage for which Americans are famous, but we fought to win; in the broader sense of an objective, we did not know what we were fighting for.

On the basis of testimony of the Marshall planners themselves, we still have no plan within or outside the so-called European recovery program to build either genuine economic recovery or to win the cold war.

Why, Mr. President, Mr. Acheson, himself, admitted in answer to consistent prodding by my colleague the Senator from New Jersey [Mr. SMITH] during the recent hearings on ECA, and I quote from page 97:

I think it is not the purpose on the part of the administration to recommend the same sort of organization or program which was devised for these highly industrialized countries of western Europe with the particular economic problems that they had. It is not the idea to apply that to the very different situations which exist in the far eastern area that you spoke of. The problems there are quite different. Also, there is not the same interrelation of economic factors in that part of the world as there is in Europe.

The very inception of the Marshall plan proves it was designed, not to stop Russia, but to try to bribe her, for no one knew of this program until on June 5, 1947, when speaking—oddly enough—at Harvard University, General Marshall pulled the Marshall plan right out of the blue, and offered it equally to Russia and her satellites, along with western Europe.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. JENNER. I yield for a question.

Mr. KEM. Are we to understand from what the Senator from Indiana has said that the idea of using the Marshall plan as a wall of dollars against communism was an afterthought?

Mr. JENNER. It was purely an afterthought, because when General Marshall proposed the plan, it was offered to Russia in the same way that it was offered to the western European allies.

Since that time, this Marshall plan has not only been a plan; it has been nothing but a catch-all for "calculated riskers," "dollar gappers," and "do gooders," leading us from one crisis ever deeper into another. This Marshall-plan project reeks of politics both domestic and foreign.

For illustration, let us recall that before the Marshall plan began, the nations of western Europe were asked to submit to our big-hearted State Department estimated deficits in their trade balances for the years 1948 and 1952. Their first estimate amounted to \$29,000,000,000. But our State Department officials immediately went to Europe, on the "QT," and told our friends that \$29,000,000,000 was too much. A revised estimate of twenty-two billion

came back; but our State Department replied it still was too risky to try on Congress. The final estimate of \$17,500,000,000 was accepted and the plan got under way. Senators will remember that it was said, "We want the whole 4-year program authorized," and President Truman said, "All or nothing." That is how the Marshall plan started.

Mr. President, the second year's estimates of ECA were just as much of a farce. For illustration, I refer to page 499 of the hearings on ECA, in February 1949:

Mr. HOFFMAN. Senator, I think I can add a little light on this. In July, when I first met Mr. Stafford Cripps, we were talking about the second year's program. I told him I thought it should be understood that the Americans were very insistent that the second year's program be less than the first year's program, and he asked what amount of cut I had in mind. Well, I said, I think that as it is to be a 4-year program, it would be a good thing to aim at a 25-percent cut. What figure he had in mind up to that time I do not know. He came out with a 24-percent cut.

Senator TYDINGS. What did he say in response to your suggestion?

Mr. HOFFMAN. He said, "That is a very drastic downward revision." I said, "Nothing less than a marked revision will convince the Americans that the Europeans are really serious."

Senator TYDINGS. The original picture encompassed 100 percent and the final figures encompassed a 25-percent cutting. He had approached you with the idea that he was going to get a lot more than you finally agreed upon.

Mr. HOFFMAN. I cannot be sure what was in his mind, but the British must be credited with attacking the problem and coming out with this.

Senator VANDENBERG. How do you get your 24-percent figure if you have no original figure to get your percentage from?

Mr. HOFFMAN. Twenty-four percent less than for 1948-49 the first year.

Mr. KEM. Mr. President, will the Senator from Indiana yield for a question at this point?

Mr. JENNER. I yield for a question.

Mr. KEM. I should like to ask the Senator whether the Senate was told by the Marshall planners, when the original bill was introduced, that there was no commitment, moral or otherwise, extending beyond the first year.

Mr. JENNER. No; originally, as I remember, the President of the United States said, "I want all of it or nothing." However, the Marshall planners knew they could not cram that down the throat of Congress; even that was too much for the bipartisan "do-gooders." So finally they decided to approach the matter a year at a time. Their first step was to approach it on an authorization basis; they told the Senate, "This is merely a little authorization. These figures are not sacred. After all, the appropriation has to be made. If it is a little high this year, we will take care of it next year," and so forth. That is the history of the Marshall plan.

Mr. KEM. Was not the Senate told, before the vote was taken on the original authorization bill, that there was no commitment, moral or otherwise, extending beyond the first year?

Mr. JENNER. Oh, yes; before the vote was taken the Senate was given that information, because those who were sponsoring the program knew they had to take it a bite at a time, and that they could not cram a 4-year program down our throats.

But, Mr. President, as I have previously stated, now the President has appointed Gordon Gray to devise a new scheme by means of which to put this give-away program on a permanent basis after 1952, and Secretary Acheson has appointed a new policy committee in the State Department to help chart the course Mr. Gray will pursue. So Gordon Gray is to determine what the program in 1952 will be, under point 4. In other words, Mr. President, the plan is not to be terminated at any time, but is to continue. Point 4 should be called "Point forever."

Third, Mr. President, I want to read, from the official record, proof of just how political these techniques have been from the start, to show my colleagues that the Marshall plan is merely underwriting the total deficit of the Marshall-plan countries, which is obtained by lumping together the estimates of the deficits of the individual countries.

In spite of the fact that Mr. Acheson said no plan that related the requirements for European recovery to the problems of the Far East existed, on page 7 of the February 1949 hearings on ECA, Mr. Hoffman admitted:

I want to begin by explaining how we divided the aid provided by Congress among the participating countries, and how we arrived at the estimate of money needed for the coming fiscal year.

To make intelligent judgments on these matters, we have had to have (1) a thorough knowledge of the domestic economy and use of resources within each ERP country; (2) of the economy of Europe as a whole; (3) of the economic relationships among the ERP countries; and (4) of their economic relationships with the rest of the world.

In other words, Mr. Hoffman assured us he was doing the very thing which Mr. Acheson said was not being done.

Yet, Mr. Hoffman also admitted that so far as the second year requests were concerned, even up to the time of the hearings on ECA, and I quote from page 9 of these 1949 hearings:

The Organization of European Economic Cooperation has not yet had time for a thorough review of individual country programs for the fiscal year 1949-50.

Yet, Mr. Hoffman said we had to have that information before we could make an intelligent decision.

Then we discover, on page 72 of the House Appropriations Committee ECA report, that the following testimony was given in response to Representative WIGGLESWORTH's question:

If the ECA is to accomplish the results which we all have at heart * * * why has the OEEC failed to screen the 1950 requests?

Mr. BISSELL. I think, sir, because the kind of judgments that they had time to form in the month or 6 weeks that the organization had for the study of the national programs were judgments about the total volume of commodity imports that would be required and the potentialities for exports

in the whole group of the European communities, and it requires a much fuller and more detailed analysis to go into them individually.

Mr. President, these facts are alarming enough in themselves. Yet they can be substantiated time and again by countless facts to prove not only that there is no plan underwriting this hand-out scheme, but that we have actually been financing the deficits of individual countries, which have gone madly on their own way, sticking knives in each others' back, and setting in motion the most vicious economic, financial, and trade war in European history.

On page 29 of the Senate hearings of 1950, we find that even our colleague the Senator from Texas [Mr. CONNALLY] was so shocked to discover what ECA has been financing in Europe during the past 2 years under the guise of the so-called intra-European payments plan, that he exclaimed, "I am astounded."

Mr. TAFT. Mr. President, will the Senator yield for a moment?

Mr. JENNER. I yield.

Mr. TAFT. The Senator referred to the distinguished chairman of the Foreign Relations Committee.

Mr. JENNER. That is correct.

Mr. TAFT. I wonder whether the Senator saw the chairman's statement of last fall.

Mr. JENNER. I saw it in the RECORD. He said, "I am astounded."

Mr. TAFT. No; what I am referring to is a dispatch which I have here from the New York Herald Tribune, bearing the date line Washington, October 26, in which the chairman is quoted as saying:

Congress will cut next year's funds for the European recovery program at least a billion dollars.

Mr. JENNER. I think I recall reading that somewhere. I thank the distinguished Senator.

In other words, all this ballyhoo about the great success of the Marshall plan merely covers up the political manipulations the American taxpayer has been financing during the past 2 years, manipulations which are not merely a waste of money nor merely WPA hand-outs, but which have now become explosive boomerangs. For in financing recovery in England and France at the expense of Europe, we have played directly into the hands of Russia.

The Marshall planners may continue to try to fool the American people, but they are not fooling Mr. Stalin, they are not fooling the Communists, for they are playing directly into the hands of communistic strategy which is based upon encouraging the private-enterprise system to destroy itself.

To show the Communist plan which we are financing under ECA, I quote from a speech that was delivered in the Bolshoi Theater in Moscow, January 21, 1950, in celebration of Lenin's anniversary:

The whole progress of historic development has confirmed the wise and scientific foresight of the great strategists of the proletariat, Lenin and Stalin, on the inevitability of the further development and deepening of the general crisis of capitalism,

that a number of countries will fall (away) on a revolutionary road from the capitalist system.

The world historic victory of the country of socialism over Fascist Germany and imperialist Japan in the Second World War, the formation on the basis of this victory of the states of people's democracy in a number of countries of Europe and Asia, the fact that these countries have fallen away from the capitalist system—all this testifies to a further deepening of the general crisis of capitalism which more and more loses its former stability, and to the fact that the rule of capitalism in the colonial and semicolonial countries is being shaken.

Mr. KEM. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Missouri?

Mr. JENNER. I yield for a question.

Mr. KEM. Is it not true that Lenin himself said, shortly before his death, "We must cause the Americans to spend themselves to their destruction"?

Mr. JENNER. As I recall, he said, "Do not worry about the capitalistic nations. They will destroy themselves by spending themselves into bankruptcy." And we are certainly playing into their hands. We are being bled white all over the world, in connection with the cold war. Stalin will get exactly what he wants, and he will not fire a gun or spend a ruble.

Mr. KEM. Did not Lenin indicate that that was a part of the grand strategy of the Soviets?

Mr. JENNER. He did, of course.

Mr. KEM. Are we not, therefore, playing into the hands of the Russians when we spend something like \$7,000,000,000 or \$8,000,000,000 more than the people of America have made available for appropriation?

Mr. JENNER. I do not know a shorter road to bankruptcy than to keep going into debt to the extent of \$7,000,000,000 a year, when we supposedly have prosperity all around us.

Mr. President, is it not time that we recognize the suicidal course we are pursuing? Is it not time the American people realize that the Marshall plan is being used to destroy what remains of the private-enterprise system in the anti-Communist world? Has not the time come to force a show-down on these issues and to call a halt on this homicidal, suicidal mania called "international cooperation" which the American people are continuing to be compelled to finance under the Marshall plan?

Why, General Marshall, himself, admits that to make this fantastic plan a success, "We must work for and expect another miracle." And Paul Hoffman admitted that "the OEEC countries will need to accomplish within the next 25 months—between now and the termination of the ECA—what would normally take 25 years." Also, the top economist of Europe, Dr. Roepke of Zurich, gave an analysis of what the ECA was doing to Europe, when he said:

It is a bit of irony that the Marshall plan, which should have pulled western Europe out of the muck of collectivistic nationalistic economic policy, has threatened to create a new collectivism on a superstate level. The way things are today, everything

seems to indicate that the Marshall plan will achieve the exact opposite to what most of its American creators and clear-seeing Europeans had originally expected.

The truth is, the so-called successes of the Marshall plan may be going to the heads of our ECA officials, but they are digging the ground from under the feet of the American people, for the Marshall plan is merely continuing to carry out the functions described in the New York Times commentary of October 20, 1947, on the original Krug report, that "the United States is really being called upon to make up the deficit created in European economy by the regime imposed on Germany."

We have been spending a billion dollars a year to destroy the industrial peacetime potential of Germany under the so-called level-of-industry agreement, which is supposed to be designed to keep Germany from rearming.

Yet behind this propaganda, ECA has been financing, for the past 2 years, the shipment into Europe of almost every kind of equipment, machinery, and raw materials which Germany could have provided, had we not spent our billions destroying her capacity to produce. What Germany would have been able to contribute would have changed the whole basic pattern for the financial and economic structure of the European continent, and the world.

The same thing is true of Japan. I want to bring home to the American people again the economic lunacy that is involved, and the crimes against the peace that are being committed with the financial support of the Marshall-plan money.

What is going on in Germany? The Marshall plan has financed construction of steel plants in England, Belgium, France, and Italy—I saw one of them, a \$156,000,000 beauty—to the point where outside Germany, not including Germany, there is today a 6,000,000-ton surplus of steel-producing capacity in western Europe. Belgium steel is being bought 10 to 15 times more cheaply than our own manufacturers can produce it. Are we not a smart people? Yet, at this very moment, we are continuing to destroy the most modern steel producing plant and rolling mills in Europe which are located in Salzgitter on the Russian-British frontier, 100 miles from Berlin. This plant is being destroyed, according to Mr. McCloy, because it is an economic monstrosity.

Yet, the same American firm of Brasert & Co. which built this plant, built an identical plant in Corby, England, and is negotiating with France to build an identical plant in Alsace-Lorraine.

In the August Thyssen plant in Dusseldorf, which is permitted to process 800,000 tons of raw iron, the British have imposed restrictions that ruin the economic possibilities of the production processes by limiting the production of finished steel to 117,000 tons. Yet, in the ECA hearings, Mr. Harriman admitted that since 1948, through 1949, the ECA financed machinery and vehicle importations into Europe to the tune of \$1,174,000,000. Yet at this moment the British

are destroying the steel foundry and machine-tool plant in Remscheid, which was never listed as a war industry and which has been in business for 97 years.

Next, ECA is requesting \$432,000,000 to provide food and agriculture products just for western Germany in the coming year.

While I speak, the French are destroying fertilizer plants in the French zone. Yet we are going to spend \$432,000,000 to provide food and agricultural products. The American farmers will be made to believe that those nations will spend the money here, but they will take American dollars and buy Canadian wheat, as they have been doing.

What about the watch industry?

An outstanding example of Anglo-French business cooperation in eliminating German competition is afforded by the watch industry which used to employ thousands of skilled artisans in the Black Forest area. Thanks to certain English liberals, anxious to expose the abuses practiced under the pretense of destroying Germany's watch-making capacity, the following excerpt from the British trade journal, *British Jeweler and Metalworker*, was widely publicized in England, in 1948, to show the real motive behind dismantlement:

Lengthy negotiations and discussions have been conducted by Mr. Barrett (chairman of the British export group) over the past 8 years with a view to fixing the future level of the German horological industry below the 72 percent of the 1948 level which had been agreed by the Allied Control Commission. It is pleasing to be able to record that the final result has been to reach agreement that the German industry is to be reduced to 50 percent of the 1938 level.

The same sort of outrageous destruction and restrictions continue in coal-mining equipment, in the cement industry, synthetic oils, synthetic rubber, to such an extent that Germany is daily being forced into the arms of Russia. I sometimes wonder, Mr. President, if it is not a part of our great plan to do just that.

Today, Mr. President, we are tearing down an aluminum plant in the American zone at Töging, near Munich. We are doing it. We cannot lay the blame on the French or the British. Think of it. Today the American Government, in our zone in Germany, is tearing down an aluminum plant, and at the same time ECA is spending millions of dollars to enlarge aluminum facilities in France.

Meanwhile, Mr. McCloy's testimony before the Senate Committee on Appropriations, March 10, 1950, is kept secret to cover up the crimes against the peace which the American people are financing with Marshall plan funds.

At the same time, as a direct result, the most pro-western German chancellor in history has to stand by and watch the West cut the ground out from under his Government.

Meanwhile we are continuing to do to Germany just exactly what we did to Berlin. The order to stop destruction of industrial peacetime potential in the western zones of Berlin did not come until November 22, 1949. In other words, this senseless program continued

throughout the Berlin airlift and has left Berlin with 300,000 unemployed, its peacetime industrial potential destroyed by war or by dismantling, with one-half the population living on \$49 or less a month, and with Mr. Acheson announcing he is now ready to make an initial down payment of \$25,000,000 to start to build what we have helped to destroy in the past 5 years. So much for Europe.

When we turn to the Far East we find what has been happening in Japan. It is true that because of General MacArthur Japan has not been subjected to this reckless, brutal treatment being accorded Germany, to the same extent. However, this is not because Britain is not determined to keep Japan from becoming a competitor. On March 8, 1950, the New York Times revealed that the British, in a secret memo, urged the strictest kind of controls for Japan for years to come. These controls included a close check on the country's trade and industrial production and rigid cut on Japanese merchant shipping, and plans to limit and prohibit production of ferrous aluminum of steel alloys, together with synthetic oils.

On April 7, 1950, the New York Times also revealed that British economists are anxious about the dollar gap because they "fear the consequences of the revival of German and Japanese competition in the world markets," when the Marshall plan ends.

Last year Germany was able to pay only one-tenth of the cost of her foreign trade from exports, and in the same period Japan's deficit cost the United States taxpayers about the same amount, or \$400,000,000 each, making almost a billion dollars. Meanwhile, in the Far East we are forcing conditions on Japan which have resulted in a \$50,000,000 Japanese-Philippine trade-barter agreement. Thus, we have governments trading together, which is the end of free enterprise.

Because of this continued basic exploitation, not only of Germany and Japan, but also of undeveloped areas outside the Russian iron curtain, we find that even the Filipinos themselves, according to Walter Simmons in the *Times-Herald* of March 18, 1950, are in the position where "the island economy is in disastrous condition despite frantic attempts in recent months to balance income and outgo."

Mr. President, could any program be better designed to play directly into the hands of Russia?

Second, the ECA is not only destroying competition at its source in these nations we are trying to keep within the remains of the Western World, it is financing the further destruction of our way of life by underwriting the socialistic regimes of Britain and France, whose socialism cannot stop at national boundaries, cannot stand the faintest breath of honest, free enterprise competition, yet whose socialistic schemes we are subsidizing to the hilt with American dollars.

Third, ECA, through 96 separate trade pacts, is siphoning American goods and dollars through Marshall-plan countries into—of all places—Russia, indirectly,

to the tune of \$3,000,000,000 a year. Mr. Hoffman says this is a major objective of the Marshall plan, namely, to restore east-west trade.

That is a silly cold war. We are fighting a lone hand. We will not trade with Russia, but we send billions of the American taxpayers' dollars to the 16 western European nations, and they enter into 96 bilateral trade agreements with Russia. Last year that trade amounted to \$3,000,000,000.

Mr. Hoffman, the ECA administrator, says that this is a major objective of the Marshall plan, namely, to restore east-west trade. What do Senators think of that?

Yet, April 19, 1950, my colleague, the Senator from Missouri [Mr. KEM] read into the CONGRESSIONAL RECORD, the shocking list of war materials that were shipped to Russia and her satellites during 1949 and which will continue to be shipped in 1950, unless the amendment introduced by the distinguished Senator from Missouri is adopted.

And yet, on April 8, 1950, the New York Herald Tribune revealed:

"European countries will try next month to get the United States to relax its restriction on trade with Russia and the Soviet satellites," authoritative sources said today.

Fourth. By this form of economic insanity, we are directly financing the rearmament and expansion of Russian communism. Russia now has taken control over the state-controlled trade monopolies in the satellite countries, which force those nations to sell their export surpluses to Russia for soft currency and then exports them to hard-currency areas and pockets the profits.

Fifth. We are being frozen out of foreign markets not only behind the iron curtain, but throughout the anti-Communist world, including South America. We are financing our own exclusion from these markets.

Why, Mr. President, last year we gave Britain \$600,000,000 just for oil, so that British production could be sold to the rest of the world and our gifts used to meet her domestic requirements.

No wonder the distinguished Senator from Texas [Mr. CONNALLY], representing an oil-producing State, said he was astonished. Mr. President, the American people paid \$600,000,000 in taxes and gave \$600,000,000 worth of oil to England. England took her great oil production of the Middle East and sold it to the world in trade and for her domestic use lived off our bounty and gifts.

By these uses of ECA funds we are also undermining any hope of erecting military defenses in Europe or anywhere else which can stop the expansion of communism. For instance, Mr. John Strachey, who is a fellow-traveler if ever there was one, is Britain's Minister for Defense, and it seems the significance of this fact has been completely overlooked. Mr. Attlee put Mr. Strachey in this position in order to reassure Russia that Britain was not a pawn in our hands, but was free to make any kind of deal she wanted with the Soviet Union.

In France, Dr. Joliot-Curie was, until April 28, only a few days ago, the High

Commissioner for Atomic Energy. He was kicked out of his job on that date, but who knows when he will be back because government in France changes with every change of the moon. One out of every four Frenchmen today is a Communist. I think the Communist Party in France holds the largest representation in the Chamber of Deputies. It has the largest single body of elected representatives in the Chamber of Deputies. Their party is the largest party in France.

What cynicism there is on the part of those who assure us France is a "tried and true" ally. The New York Times of April 6, reveals that Dr. Curie, who is a member of the Communist Party, told the National Congress of French Communist Party, "that a true progressive scientist would never give a scrap of his knowledge for war against the Soviet Union."

But what is even more despicable, Mr. President, is the way in which ECA officials continue to deceive the American people.

April 12, 1950, Deputy ECA Administrator, William C. Foster, told the American Society of Mechanical Engineers:

The security produced by the Marshall plan in the last 2 years has enabled us already to reduce military expenditures, and I believe, save more than the cost of the Marshall plan to date.

What do Senators think of that? That is the Deputy Administrator speaking, Mr. President. That is the Deputy Administrator telling a d— lie.

Mr. KEM. Will the Senator yield?

Mr. JENNER. I yield.

Mr. KEM. Did Mr. Foster undertake to work out in detail in his speech how we had acquired security under the Marshall plan?

Mr. JENNER. If so, I did not see it. Just 1 week later, the Washington Post revealed that the North Atlantic Pact nations have protested the roles assigned to them under General Bradley's conception of European defense. The same day the Washington Star in a dispatch from Brussels, revealed that—

Key Atlantic Pact nations have told the United States they don't have the money to supply some of the military equipment required by present defense plans.

If they do not have the money under the required plan, which is merely in its inception, and which contemplates at this time, I think, only 12 divisions of men in western Europe to stand up against 100 divisions in Communist Russia, what will be their share and what will they do when the program is stepped up and they must meet the situation on a truly military basis, if there is to be anything at all to the North Atlantic Pact?

As the Senator said today, we have been reading of B-29's on their way to England. We will not be able to sleep in America for the B-29's and the other materials we are sending to Europe, as long as we have a dollar left with which to do it.

The extent of this deception of Messrs. Foster, Hoffman, Harriman, McCloy, Acheson, General Bradley, and President Truman, is outrageously shocking, for

the western European nations are not only unable to balance their economies and pay for the initial cost of defense under the North Atlantic Pact, in Europe, they now have formed a line beginning at the left to take us over completely.

March 28, 1950, according to the New York Times, Turkey's Foreign Minister—here come some more—said the North Atlantic Pact is not enough. It must be completed with another regional pact in the Mediterranean.

April 10, 1950, Gen. J. Lawton Collins in discussing mid-East defenses admitted "the highly strategic area could offer no sustained resistance should Russia move in that direction."

April 13, 1950, the New York Herald Tribune revealed that "French officials assert that one of the most pressing needs is a general recognition that the cold war in Europe and the hot war in southeast Asia are the same and must be regarded as a joint Western responsibility." Americans had better look out, or they will be having their boys in Indochina pretty soon.

Now, France is asking us for \$500,000,000, for an army of American GI's, and for a revival of lend-lease, to carry on her losing struggle in Indochina.

April 22, the New York Times revealed, in a dispatch from The Hague in the Netherlands that—

To continue military expenditures under future North Atlantic Defense Pact arrangements at their present rate would mean that all hope of economic viability for the Netherlands was "going right out the window," Finance Minister Pieter Liefstinck said here today.

If the Netherlands does her share in the North Atlantic Pact, Finance Minister Liefstinck says the Netherlands economic viability is going right out the window; in other words, that she cannot do it. Who is going to do it? The whole world is look to "Uncle Sugar" to do it, and can "Uncle Sugar" keep on doing it for everybody all over the world, and at the same time still keep his standards of living and his form of government here at home?

On the same day the New York Times revealed that the Italian Government is under severe attack on its foreign policy and that even ex-Premier Orlando charged Italy's friends were abandoning her.

April 25, 1950, the New York Herald Tribune stated:

The British Government has proposed that the United States take over a big share of Great Britain's economic burden in India, Pakistan, and southeast Asia.

Officials disclosed today the British Embassy has put forward this idea in an "exploratory" proposal now under consideration by high administration officials.

I wonder where the bipartisan policy is there? Have the Republicans been consulted about it?

The British plan would call for the United States to pay off in dollars to such countries as India and Pakistan part of Britain's nine billion wartime debt to sterling-block nations.

The main idea behind the suggested program is to help non-Communist countries in Asia fight off communism while at the same time easing the huge debt which is jeopardizing Britain's economic come-back.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. JENNER. I yield.

Mr. KEM. Is anything said there about the anti-Socialist countries? Is it the idea that we are to finance Socialist countries in order to fight Communist countries?

Mr. JENNER. Apparently that seems to be the idea, but, so far as I am concerned, I see very little distinction between socialism and communism. The ultimate end of both is exactly the same—totalitarianism, a loss of freedom, a loss of liberty. Their methods are a little different. Communism sticks a gun into a man's back and says, "Go along," but in England the Government just keeps bribing the people and subsidizing them, and buying their votes, and saying, "We are all going to the same place, and will get there anyway."

Mr. KEM. What the Senator says is that we will put up \$9,000,000,000 for the Socialist Government of Great Britain in order to fight the Communist government of Russia?

Mr. JENNER. That is correct.

Mr. KEM. They are both Marxist governments, are they not?

Mr. JENNER. There has not been a true Marxist since Trotsky. In the cold war we are fighting one in order to get rid of the other, and, as I said before, we are going to get ulcers before we ever accomplish the task.

And now, Mr. President, we discover that a secret agreement for transferring this British debt from Britain to the backs of the American taxpayer was reached in a Washington conference of last September and that Dean Acheson now has the impudence to ask us to rubber stamp it. Why, even Senator CONNALLY repudiated the idea as "astounding." Walter Lippmann wrote about that in his recent article of April 27.

As tragic as these facts are, they still do not picture the extent of the tragedy that awaits us if we continue down this road. These facts reveal that neither the Marshall plan or the President's point 4 program can restore the economies of the anti-Communist world, insure political stability, or enable these nations to defend themselves in western Europe or eastern Asia. We find ourselves in the position where we are spending billions of dollars abroad to subsidize surplus industrial export potential the products of which cannot balance the budgets of the nations we are helping, to say nothing of supporting necessary defense requirements.

By pouring out these billions we are guaranteeing permanent deficits unless we continue the subsidizing. Meanwhile, we are spending billions of dollars to destroy or restrict the German and Japanese markets. In addition, we are spending billions of dollars in subsidies to maintain our domestic production, with a fixed cost of production as a floor and confiscatory taxes as a ceiling.

Now we are going to be asked to permit foreign exports, subsidized by the American taxpayer, to flood this country, undercut our fixed cost of production, put the American laborer out of work, close American farms and factories, de-

stroy our price level, and reduce our national income.

Yet, we are expected to make sense of the administration's schemes to put on a permanent basis this insane, criminal squandering of the American taxpayer's dollar. We shall be asked to finance permanently not only the deficits of foreign competition, which we shall continue to subsidize, but also to finance the disastrous consequences of deficits in our domestic economy resulting from the importation of these foreign goods. Then we shall be compelled, as Mr. Hoffman suggests, through increased unemployment benefits, or a domestic point 4 program, to finance the resulting unemployment, and to assume the staggering costs that continue to mount all over the world. And all of this, Mr. President, is to be financed out of a decreasing national income.

Is there any longer any doubt but that dangerous as the Communists are in our agencies of Government, they are no more dangerous than the internationalist madmen in control of our State Department?

To cover up these facts, those in control of our foreign affairs are now determined to force us into an international semi-super-state, to surrender our sovereign control over our resources, our security and our own destiny and to subject us to the dictates of international power politicians, pirates, and parasites, and use the next 2 years' ECA funds to finance these schemes, such as the ITO. They will destroy what we have known and loved as Americans, once and for all, if they succeed, without our ever firing a shot.

Mr. President, we have seen how President Truman and John Foster Dulles have ordered a purge of the Members of both the Democratic and Republican Parties, who refuse to go along any longer with this outrageous bipartisan foreign policy that is destroying America both from without and from within.

I have charged before and again I charge that this latest revival of the bipartisan foreign policy fraud is designed to force us into line and to silence all honest criticism, in a last desperate attempt to cover up the criminal blunders and betrayals that have taken place and to slam the booby-trap door shut once and for all.

Now, Mr. President, the final proof of this fact lies in Dean Acheson's speech of April 22, 1950, in which he admits that there can no longer be any distinction between our foreign and domestic policies and that from now on the bipartisan approach will be used to stifle and purge all opposition, not only to our foreign policies, but to our democratic policies as well.

This connection of foreign and domestic policies is hidden in Dean Acheson's new invention called total diplomacy.

What does this term really mean? In his April 22 speech he defined it as follows:

I mean by "total diplomacy" . . . that there is no longer any difference between foreign questions and domestic questions.

Thus, Mr. President, anyone who now criticizes either the foreign or domestic

policies of this administration is to be branded as a traitorous reactionary and isolationist who refuses to resist Russian totalitarianism.

Thus, through the trick of a definition, Mr. Acheson and Mr. Truman, and Mr. Dulles want to use Russian totalitarianism as a weapon to silence all criticism, debate and opposition to their domestic and foreign policies, once and for all.

In conclusion, Mr. President, there are those who always come up with the \$64 question, "What would you do?" How many times, Mr. President, have we not heard that question, "What would you do?"

Mr. President, I would stop what is going on, put the cards on the table, open the files, expose the sordid secret agreements that have been made and are in the making, and give the American people a chance to decide what we shall do from now on, because no sense can be made out of the mess into which we have been driven.

Mr. President, if the American people finally get these facts, what will the American people find? They will discover not only that they have been lied to, used, and betrayed by conspirators who have been following Stalin's blueprints for destroying the western world, they will also discover that our self-righteous internationalists have been playing hand and glove with the Communists and master-minding policies that lead to the same end, namely our own destruction.

The American people also will find that these internationalists have had neither the decency, the integrity nor the courage to tell us that they are deliberately scheming to destroy our sovereignty as a free people, to destroy our constitutional form of government, to destroy our private enterprise system and our personal liberties.

This is why, Mr. President, we must not heed the counsel of hysteria that would have us jump on the horse of bipartisan policy and ride off rapidly in all directions on a wild goose chase against the bogey of communism. Neither should we heed the counsel of despair that we should now break up the United Nations as it exists and turn it into a semisuperstate by joining an Anglo-American financial, economic, military, and political alliance with a halo around its head.

Mr. President, Herbert Hoover did not propose such an extension of military alliances, the giving away of our sovereignty, or permitting the ITO to take over our sovereignty. Mr. Hoover's proposal was that if we cannot get along with those nations who want to be communistic, let us have a new try.

We must heed only the counsel of those Americans who now are determined once more to salvage what remains of our form of government and way of life and who will set about the business of restoring our constitutional Government, financial solvency, economic freedom, personal liberties, and an impregnable national and western hemispheric defense. This necessitates, of course, the most gigantic political house cleaning in our history, and this

is a job which only the American people can do.

Then we must repudiate all secret agreements and devise additional constitutional safeguards against the abuse of executive power in this field in the future, and at the same time we must take immediate steps to protect our standard of living, American farmers and laborers, and our national income against the disastrous consequences of slave labor and cheap labor of foreign competition.

Then, Mr. President, we can assume the role, not of political, but of moral leadership in the world. We can say what we mean and mean what we say; and we can offer the nations of Europe and Asia a chance voluntarily to embrace federations of states, outside of the Russian iron curtain, which are willing to work, to fight, and to die to preserve their integrity and their liberty.

We can work with these nations on a voluntary cooperative basis only by restoring our economic relations to the bedrock of economic reality and by setting up American relief missions to administer our surpluses for relief of disaster and starvation areas.

Mr. President, if we are to survive as a free people, this is the direction in which we must now prepare to move, and these are the steps we must prepare to take in that direction.

For 150 years America managed to survive in the world family of nations on the basis of this kind of international relations. As sure as I am standing here, if we should finally forsake these lessons of history, we shall underwrite our death warrant as a free people.

Certainly we are still entitled to believe that when two American Presidents have boasted to the world that we are the champions of those who are struggling to preserve their liberties, or to regain them, those two American Presidents were also speaking for the American people. But we cannot preserve our liberties and our freedoms by continuing longer down the road we are traveling.

This is why I still believe the American people may yet find that two terrible world wars in one generation is not too big a price to have paid to learn once and for all that we can forsake our magnificent traditions only at our peril.

In other words, Mr. President, there is no half-way house between a sovereign, independent, free America and a world slave state. These sacrifices may yet prove not to have been wasted if, before it is too late, the American people realize that we can remain what Lincoln called, "The last best hope of earth," only so long as our foreign relations are designed first, last, and always to keep America sound, strong, and free. This is why the course before us and the alternatives are so clear.

On the one hand, we can continue blindly down the road to a semisuperslave state; or we can take the control of our own destiny back into our own hands and, on the basis of voluntary and cooperative efforts with other peoples, work to restore, to strengthen, and to preserve a system of sovereign and in-

dependent states outside of Russia's iron curtain. For myself, this is the direction in which I shall continue to move; these are the steps I shall continue to urge my fellow Americans to take; because I still have only one client, and his name is Uncle Sam.

ILLINOIS-MISSOURI DEVELOPMENT AGENCY

Mr. LUCAS. Mr. President, on behalf of myself and the Senator from Missouri [Mr. DONNELL], I introduce, for appropriate reference, a joint resolution granting the consent of Congress to the entry, by the State of Missouri and by the State of Illinois, into a compact or agreement between the State of Missouri and the State of Illinois creating the Bi-State Development Agency and the Bi-State Metropolitan District.

I ask unanimous consent that I may make a brief explanation in connection with the joint resolution.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? The Chair hears none, and the Senator from Illinois may proceed.

Mr. LUCAS. The last session of the Illinois Legislature authorized a compact, entered into by Missouri and Illinois, setting up the Bi-State Development Agency. This compact and the joint resolution are endorsed by the Senator from Missouri [Mr. DONNELL] and myself.

This agency, composed of representatives of the two States, has the power to plan, develop, and maintain improvements for the metropolitan district, composed of the city of St. Louis and counties of St. Louis, St. Charles, and Jefferson, in Missouri; and the counties of Madison, St. Clair, and Monroe, in Illinois. These improvements would include bridges, tunnels, airports, terminal facilities, and similar works. The agency would also coordinate similar intercommunity improvements in which joint action would be generally beneficial.

The compact permits the agency to charge and collect fees for the use of its facilities, to issue bonds upon the security of the revenues derived from its facilities, and to receive contributions appropriated by the two States or other governmental units.

This compact is quite similar to the agreement between New York and New Jersey, setting up the Port of New York Authority. The New Jersey-New York arrangement has been highly successful in improving traffic conditions in and out of the island of Manhattan. The Holland Tunnel is one of the projects operated by the New York Port Authority.

Mr. Charles P. Casey, director of the department of public works and buildings, in a letter to Governor Stevenson has stated that there is a definite need for this agency. A letter has also been written by Mr. Day, administrative assistant to Governor Stevenson, setting forth the Governor's views on this matter. Governor Stevenson has consistently supported the idea of the development agency, and has approved \$50,000 for its expenses.

Under article I, section 10, of the United States Constitution, every compact or agreement between States must receive the consent of Congress. The joint resolution is intended to provide this consent. This resolution has been thoroughly checked by the Senate legislative counsel, and is in proper form for introduction, according to his view.

Mr. President, this joint resolution is important. I assume it will be referred to the Committee on Public Works.

Before taking my seat, I desire to ask unanimous consent to have printed in the body of the RECORD the letter in regard to this matter, to which I have previously referred, from Mr. Charles P. Casey, Director of the Department of Public Works and Buildings, of Springfield, Ill., addressed to Governor Stevenson.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF ILLINOIS,
DEPARTMENT OF PUBLIC
WORKS AND BUILDINGS,
Springfield, April 25, 1949.

HON. ADLAI E. STEVENSON,
Governor, State of Illinois, State Capitol Building, Springfield, Ill.

DEAR GOVERNOR STEVENSON: On March 2, 1949, Senators Thomas, Crisenberry, and Muelle introduced Senate bill 179. This bill would provide for the participation of the State of Illinois in a compact with the State of Missouri for the establishment of a Bi-State Development District and the creation of a Bi-State Development Agency. The bill states in full the terms of the compact.

In brief, the Bi-State Development Agency, composed of representatives of the States of Illinois and Missouri, would have the power to plan, develop, and maintain improvements for the metropolitan district, composed of the city of St. Louis and counties of St. Louis, St. Charles, and Jefferson in Missouri, and the counties of Madison, St. Clair, and Monroe in Illinois. These improvements would include bridges, tunnels, airports, terminal facilities, and similar works. The agency would also coordinate similar intercommunity improvements in which joint action would be generally beneficial.

The language of the compact as proposed closely parallels that of the pact between the States of New York and New Jersey, upon which was formed the Port of New York Authority. The port authority, originally designed to reorganize and unify rail transportation in the metropolitan area, has been much more successful in improving vehicular and air traffic into and out of the island of Manhattan. At present four bridges and two tunnels are operated by the authority.

It is believed that there is a definite need for an agency with the powers and duties as proposed for the Bi-State Development Agency. Similar agencies in other States have proved workable and successful. However, it is suggested that the power of eminent domain be specifically granted to the proposed Bi-State Development Agency in order that such developments as are thought desirable may be expeditiously made.

This department interposes no objection to the passage of Senate bill 179, but recommends that consideration be given to the inclusion of an adequate eminent domain clause in the provisions of the bill.

Yours very truly,
CHAS. P. CASEY,
Director.

Mr. LUCAS. Mr. President, I also desire to have printed at this point in the RECORD the letter, to which I have pre-

It is in order to obtain this consent that said joint resolution has been today introduced.

Mr. President, as bearing on public recognition in the city of St. Louis of the importance of the tasks of the Bi-State Development Agency of the Missouri-Illinois Metropolitan District, I ask unanimous consent that at this point in my remarks there be incorporated in full an article from the St. Louis Globe-Democrat of March 5, 1950, above the headline, "Much planning, many millions needed to keep city great—Bi-State commission reports on what St. Louis must do to prevent decay."

The article was written by Con Kelliher, Globe-Democrat staff writer.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MUCH PLANNING, MANY MILLIONS NEEDED TO KEEP CITY GREAT—BI-STATE COMMISSION REPORTS ON WHAT ST. LOUIS MUST DO TO PREVENT DECAY

(By Con Kelliher)

St. Louis is a city about to come to grips with its own destiny, a survey showed yesterday. Leaders in all fields are beginning to realize that the problem put off too long and aggravated by the war years must be met now.

All are agreed that careful planning and decisive action will determine whether the year 1975 will find St. Louis one of the world's great metropolises by any other gage than population.

More than face-lifting and face-saving through elimination of slums and ending the housing problem are required, say the practical and farsighted men.

CITY BURSTING AT SEAMS

And private capital, supplemented by Government aid, must carry the burden of the multi-million-dollar projects that are necessary if the city is to be saved from decay.

It is common knowledge that St. Louis is a city bursting at its seams. Population is spilling across the Mississippi River and spreading into St. Louis County and adjacent areas. Much of this is St. Louis' excess population, excess either because of inadequate accommodations or because of individuals' desire for suburban life.

The debate over the city's current population will soon be settled by the new census, but right now there are a lot of different figures offered. The mayor's office believes there are 901,000 St. Louis inhabitants today.

ESTIMATE OF 1,648,000

The Metropolitan Plan Association, which fostered the Bi-State Development Agency, estimated in 1948 that the metropolitan area's population totaled 1,648,000. Other estimates have run as high as 1,750,000. Figuring that half of this number would be concentrated within the city limits, that would have given St. Louis slightly more than 800,000 residents 2 years ago. The association then anticipated a 1980 population in the area of 1,820,000, which would make the figure for the city proper about 910,000.

The city plan commission, in 1947, declared St. Louis can anticipate a population of 900,000 persons by 1970. The widespread belief is that the current population has exceeded the more conservative estimates for the future.

STATIC BOUNDARIES

While thousands of suburbanites overflowing the St. Louis boundaries would identify themselves on visits to far points as being from St. Louis, there is little likelihood of the city's boundaries being pushed substan-

tially outward to make their statement precise.

Practical politicians point out that perhaps it would be nice to have one mayor, fire department, and police department for St. Louis and its contiguous areas, but it will never become a reality.

Political organizations in each community are not going to join any move to kill off hundreds of public offices that are choice prizes to politicians, as well as to subject everybody to a higher tax rate.

Moreover, dwellers in many suburbs are positive their respective city governments are more efficiently operated and are closer to the community problems than the St. Louis city hall can ever hope to be.

NO FALSE ILLUSIONS

The long-range planners have no illusions about any such consolidations anywhere, but they know their work concerns really one big city. Chief among the planners is the Bi-State Development Agency, established by Missouri and Illinois to coordinate development and the metropolitan area.

The territorial scope of the agency pretty well defines the mythical city limits of a greater St. Louis. Bi-State will plan for over-all development in St. Charles, St. Louis, and Jefferson Counties—and the city of St. Louis—in Missouri, and Madison, St. Clair, and Monroe Counties in Illinois.

Within this area totaling 3,000 square miles, there are more than 100 municipalities and 600 taxing agencies, annually spending millions of dollars on public improvements.

CITY'S SLUMBER OVER

While St. Louis proper is beginning to arouse itself from too long a slumber to solve its own problems, the city planners are apparently agreed that many of its ills will be eliminated effectively with the solution of the area-wide development problems.

If this is true, the Bi-State Development Agency is the chief assurance that St. Louis and its environs will successfully meet the challenge.

The bi-State organization is more than a planning group. Patterned after the Port Authority of New York, but broader in concept, it has the power to construct airports, terminal facilities, bridges, and tunnels, and to plan and establish policies for sewage and drainage facilities.

It cannot levy taxes, but it can float bonds to be retired by revenues earned by its projects. It also can accept grants from other governmental agencies.

BUSINESS PROPOSITION

The bi-State group also will submit to the communities to be affected, plans for recreational and conservation projects, zoning and other matters in which joint or coordinated action of the communities within the areas will be generally beneficial.

"This agency is governmental in structure, but in operation it will be a business proposition that must earn its own way," declared W. Phillip Shatts, secretary of bi-State. He also is president of the Metropolitan Plan Association.

To influence the legislatures of the two states to create the Bi-State Development Agency a few months ago, the proponents had to submit a guide plan, based on a study of conditions and including recommendations as to what must be done.

BEST BLUEPRINT YET

Many St. Louisans regard this guide plan, with the more detailed studies of its component parts that are to follow, as the best blueprint for a greater and economically sound St. Louis.

The bi-State commission submitted reports to the two legislatures, to show the need for the agency. These reports con-

cisely reflect what is needed, and the agency is now busy with the supplementary planning.

Lief Sverdrup, consulting engineer, was the chairman of the committee that summarized the airport situation, and found that while there are 19 airports in the area, Lambert-St. Louis Municipal Airport, is the only field suitable for major transport operations.

PLANNING IMPERATIVE

"The Metropolitan St. Louis area is in a very critical stage in its aviation development," the committee reported. "It must go forward or it will go backward. There are ample opportunities to make the area advance into a major part of the air transport network of the Nation. Competition, however, is keen, and other areas are fully aware of the potentialities of air transportation."

"Adequate and aggressive planning and action are imperative now if this metropolitan area is to take full advantage of its strategic location and latent possibilities."

The city plan commission has reported that 35 airfields have been proposed, including 3 major airports, 1 field for feeder transport, 15 minor fields for nonscheduled traffic, commercial uses and training, 13 local personal fields for private planes, and 3 congested area airports, for service to congested business centers.

TRANSPORTATION HUB

St. Louis is the hub of the inland waterways system of the midcontinent area, and a record total of 6,198,998 cargo tons of shipping passed through the Alton Dam in 1949. The city also is the second largest railroad center, the hub of a great transcontinental rail network and of a transcontinental highway network.

If the municipality is to achieve its potentialities, it must develop the metropolitan area interchange facilities between rail, highway, and river transportation. That was the conclusion of the bi-State commission's first report from the committee on union freight terminals, headed by Lachlan Macleay, president of the Mississippi Valley Association.

This will be one of the first problems tackled by the Bi-State Agency, with a study to be made of the possibilities of combined barge-rail-truck terminals in the area.

LACK OF PLANNING

The piece-meal construction of sewerage facilities, resulting from the lack of over-all planning and zoning with proper subdivision controls, concerned the committee headed by Orville Hodge of Granite City, Ill.

The Bi-State Agency will make the necessary studies, surveys, and help bring about a unified system of sewers and surface water drainage. The problem is acute in some St. Louis County communities, which have discovered cumbersome State laws on bond issues will hamstring efforts to expand existing facilities.

Streets, trafficways, and bridges are important phases in the city's development. More than 100,000 vehicles now enter and leave the St. Louis business district on an average 24-hour day, it was reported by the bi-State committee headed by H. F. Thomson, consulting engineer.

BIG TRAFFIC INCREASE

The city plan commission has estimated that the annual city traffic will increase to 2,403,000,000 vehicle miles by 1960, as compared to 1,531,000,000 in 1946. It cannot be accommodated on our present street system, the commission stated.

While the Bi-State Agency will work on a comprehensive highway plan and river crossings, based on a sound pattern of population distribution and land uses, the city is studying the problem within its boundaries.

The city plan commission has reported the desirability of grade separations at intersec-

tions such as Grand Boulevard and Market Street, and Lindell Boulevard and Kings Highway.

MAJOR STREET PLAN

It has prepared a major street plan, including such major trafficways as the Third Street interregion highway, that must be put into action if the city is to grow.

Mass transportation ranks as one of the greatest problems, the planners believe. Although more and more people are pushing out into the suburbs, both the St. Louis County Transit Co. and the St. Louis Public Service Co. have found it necessary to ask fare increases.

Both have sought discontinuance of competing lines. Whenever transit service is reduced, more residents switch to motor travel. That results in further reduction of transit service, and the cycle apparently is repeated many times. The Bi-State Agency's efforts to induce an orderly growth pattern in the metropolitan area undoubtedly will help solve this dilemma.

HOUSING BIG PROBLEM

Housing and slum clearance is particularly the cross of the city of St. Louis. The remedy, say the planners, again rests primarily with private capital and not sole reliance on the Government for financial hand-outs.

St. Louisans winced in 1947 when the city plan commission gave the score on blighted areas. It found that 33,000 dwellings still have outdoor toilet facilities. In another 25,000 dwellings, toilets are shared by several families. A total of 82,000 dwellings are more than 50 years old.

The St. Louis Housing Authority has inventoried approximately 48,000 units that could be classified as slums, and has calculated that it ought to build replacements of 12,000 units, with private capital taking the rest of the burden.

FIVE THOUSAND EIGHT HUNDRED UNITS PLANNED

But that is long-range planning. The housing authority has provided 1,357 units, and its immediate planning is for 5,800 units.

Meanwhile, the city is cheered by the growing interest of private builders, such as is demonstrated by the new apartment project of Horace Deal at Fourteenth and Pine Streets. They hail this as the type of planning that will convert unsightly areas into downtown residential districts.

The city plan commission, with Harland Bartholomew as its engineer, readied a comprehensive plan many months ago, providing for the future in the above fields, as well as land use, zoning, recreation facilities and improvements in the central business district.

The Bi-State Agency has begun its tremendous task for the sprawling metropolitan area that actually is St. Louis. Private capital and private initiative are beginning to show interest in what must be done to insure St. Louis against growing decay. The next few years will disclose whether the city seized its golden opportunity.

Mr. DONNELL. Mr. President, it is my information that the resolution (S. J. Res. 174) has been today referred to the Committee on Public Works. In view of the fact that Public Law 601, Seventy-ninth Congress, provides that to the Committee on the Judiciary shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the subject of interstate compacts generally, the senior Senator from Missouri had assumed that the joint resolution would be referred to the Committee on the Judiciary. Mr. President, although the senior Senator from Missouri is not certain that he shall present a motion that the reference to the Committee on Public

Works be set aside, and that the Senate permit the joint resolution (S. J. Res. 174), to be referred to the Committee on the Judiciary, the senior Senator from Missouri does, however, reserve the right to make that motion.

CALL OF THE ROLL

Mr. MALONE obtained the floor.

Mr. HENDRICKSON. Mr. President, will the Senator from Nevada yield?

Mr. MALONE. I am glad to yield to the distinguished Senator from New Jersey.

Mr. HENDRICKSON. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Cain	Jenner	Malone
Donnell	Johnston, S. C.	Neely
Eaton	Leahy	Taft
Ellender	Lehman	Taylor
Ferguson	Long	Thomas, Utah
Frear	Lucas	Wherry
George	McClellan	
Hendrickson	McKellar	

Mr. HENDRICKSON. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded and that further proceedings under the call be suspended.

The PRESIDING OFFICER. Is there objection?

Mr. DONNELL. Mr. President, reserving the right to object, I ask the Senator from New Jersey whether he concurs in the general policy of quorum calls which are abandoned in the midst of the call, thus resulting in some Members coming to the floor and others not doing so?

Mr. HENDRICKSON. No, I do not concur in that general policy.

Mr. DONNELL. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard. A quorum is not present. The clerk will call the names of the absent Senators.

The names of the absent Senators were called, and Mr. Aiken, Mr. Brewster, Mr. Connally, Mr. Cordon, Mr. Darby, Mr. Kefauver, Mr. Kilgore, Mr. Knowland, Mr. Mundt, Mr. Russell, Mr. Saltonstall, Mr. Williams, and Mr. Young answered to their names when called.

The PRESIDING OFFICER. A quorum is not present.

Mr. CONNALLY. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. BUTLER, Mr. TOBEY, Mr. McFARLAND, Mr. BRIDGES, Mr. BYRD, Mr. ANDERSON, Mr. MORSE, Mr. WILEY, Mr. HAYDEN, Mr. FULBRIGHT, Mr. DOUGLAS, Mr. SCHOEPPFEL, Mr. ROBERTSON, Mr. GURNEY, Mr. CHAPMAN, Mr. CHAVEZ, Mr. EASTLAND, Mr. GREEN, Mr. HOLLAND, Mr. HUMPHREY, Mr. IVES, Mr. JOHNSON of Colorado, Mr. KEM, Mr. KERR, Mr. LODGE, Mr. MAGNUSON, Mr. MAYBANK, Mr. McMAHON, Mr. MILLIKIN, Mr. MYERS, Mr.

O'CONOR, Mr. O'MAHONEY, Mrs. SMITH of Maine, Mr. STENNIS, Mr. THOMAS of Oklahoma, Mr. THYE, and Mr. TYDINGS entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. MALONE. Mr. President, I wish to speak in behalf of the amendment which I submitted on the 26th of April 1950, lettered "C," which, briefly, provides that any further foreign aid to European nations shall be conditioned on the free convertibility of their currencies in terms of each of the nations and in terms of the dollar. I ask that the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 7, between lines 3 and 4, it is proposed to insert the following:

TERMINATION OF ASSISTANCE

SEC. . Section 118 of such act is amended by adding at the end thereof the following new sentence: "The Administrator shall terminate the provision of assistance under this title on June 30, 1950, to any participating country unless, on or before such date, such country (1) has eliminated any currency controls imposed by it that prevent its currency from reflecting its actual purchasing power in terms of the United States dollar on the free monetary markets of the world, and (2) enters into an agreement with the United States that it will not reimpose any such currency controls prior to July 1, 1952."

Mr. MALONE. Mr. President, in the field of international trade many factors are involved, factors of money manipulation, among others. In the field of international trade, involving the manipulation of the money systems and currencies of the foreign nations for trade advantage, our representatives have about as much chance of winning in the trades, or breaking even, as a neophyte might have in a professional poker game.

The Constitution of the United States divides the Federal Government into three separate branches, the legislative, the executive, and the judicial. I wish to make a statement regarding the suggestions being made in favor of collusion between branches of the Government. The debates at the time the Constitution was drawn up and the opinions expressed by those who drew it up indicate that the three branches were created as a system of checks and balances, providing that each be independent of the other. Any collusion between the branches of Government which would limit debate or the dissemination of public information was not contemplated by the framers of the Constitution of the United States.

It is the opinion of many informed persons that it would be a violation of the spirit of the Constitution if an agreement should be made between the legislative, the executive, and the judicial branches for the submission of legislation to the legislative branch by the executive, for its ratification without ade-

quate debate, and, finally, for its being held constitutional by the judicial branch without adequate argument. Any elected or appointed official participating in such collusion should, in the opinion of the junior Senator from the State of Nevada, be impeached. I have in mind, particularly, those who take part in any prearranged bipartisan foreign policy arrangement which would preclude full and open debate.

Mr. President, from certain quarters comes the suggestion that, in the interest of bipartisan foreign policy, the International Trade Organization Charter be withdrawn at this session of Congress. The International Trade Organization is the third part of the three-part free-trade system started by the 1934 Trade Agreements Act. That act placed in the hands of the State Department, inexperienced in industrial affairs, the fate of industry and the fate of the working men in the United States. The Constitution rested the responsibility for such matters in the hands of the legislative branch, but the executive branch tried for a hundred years prior to 1934 to get it into its hands, and the act of 1934 accomplished that aim.

Then, Mr. President, we have the ECA, the purpose of which is to make up the trade-balance deficits of the foreign nations of Europe, until such time as the markets of the United States can be divided with those nations to the point where theoretically there will be no deficits in their trade balances.

The ITO is the third part of this three-part free-trade system and would make permanent what the first two have temporarily established.

Mr. President, as I previously stated, the suggestion has recently been made in certain quarters that in the interest of bipartisan foreign policy, the International Trade Organization Charter be withdrawn during the present session. The inference has been drawn that as the Republican Party is opposed to the ITO, in the interest of harmony this controversial subject should be deferred until the Republicans can take "a more enlightened view." I repeat the last phrase—until the Republicans can take "a more enlightened view." What is meant is: until they can look at this instrument through the eyes of the one-economic worlders, which would average the standard of living of the United States of America with that of the foreign nations of the world—and perhaps through the so-called bipartisan policy secure an agreement that the legislation will pass the Senate.

The ITO is but one more device affecting private trade which has been placed under the umbrella of that great protective phrase "bipartisan foreign policy."

When the ITO Charter was sent to Congress some weeks ago we were told that our liberties were at stake, that its adoption was necessary for the preservation of peace and prosperity. Let us take this propaganda at its face value and bring the charter to the Senate floor. If adoption of the charter is as urgent as officially stated, then it should be considered now. Mr. President, I defy

the Administration to have the ITO Charter brought to the Senate floor.

During the past 18 years the Congress of the United States has set up an "executive-order government" which has made political cowards out of the businessmen of the United States. The businessmen of America operate under the executive bureau directives, not under law.

Mr. President, it is necessary as a basis for my address to define the specific difference between the two major political parties. During the past 18 years the expression has become common that there is no real difference between the two major political parties. That simply is not true.

The Republican Party strayed for a while. It lost its bearings and fell into the hands of its enemies. It fell into the hands of the camp followers and the "me-tooers," because it had temporarily lost its positiveness, a quality which can come only from knowing where it is going. I am glad to say that now the Republican Party has quit following false prophets. It took a look into the future and as a result is now definitely for maintaining the American standard of living while assisting the foreign nations to raise their own standards. The Republican Party is definitely opposed to the Democratic program of tying the regulation of the national economy to the Nation's foreign policy.

The Republican Party is definitely opposed to the often reaffirmed policy of the Democratic Party of promoting unlimited imports of the products of the low-living-standard and slave-labor foreign nations of the world.

The Republican Party favors a floor under wages and investments, through tariffs and import fees, so as to preserve the standard of living of the working men and women of American, which has been built up over a century of time.

DEMOCRATIC PARTY POLICY

The pronounced foreign-policy program of the Democratic Party was set down in detail by Assistant Secretary of State Willard H. Thorp in his testimony before the House Ways and Means Committee in January of last year, when he said:

The European recovery program—

He put it first; and, of course, the European recovery program is the same as the Marshall plan or the ECA—

extends immediate assistance on a short-term basis to put the European countries back on their feet.

Mr. President, the ECA makes up in cash and goods the trade balance deficits of the 16 Marshall plan countries each year. Under that program our chief export is cash.

Mr. Thorp further said:

The Trade Agreements Act program is an integral part of our over-all program for world economic recovery.

In short, the program is to divide the markets of this Nation with the countries of the world, to the point where, theoretically, there are no further trade-balance deficits.

That is to be done through an indiscriminate lowering of tariffs and import fees, after perfunctory hearings.

The 1934 Trade Agreements Act, as extended, removed the floor under wages and investments and stopped the flow of venture capital into the business stream of the Nation.

Mr. Thorp further said:

The International Trade Organization, upon which Congress will soon be asked to take favorable action, provides a long-term mechanism—each part of this program is important. Each contributes to an effective and consistent whole.

Mr. President, when Mr. Thorp said that "Each part of this program is important—each contributes to an effective and consistent whole," he was pronouncing the basic combination domestic and foreign policy of the Democratic Party.

The International Trade Organization Charter simply transfers the regulation of our national economy to the ITO, a foreign-controlled organization. Under the 1934 Trade Agreements Act, the control of our national economy was transferred from the Congress to the executive branch of the Government; and now it is proposed, by means of the ITO, to have the control transferred from the executive branch of our Government to the ITO, an international organization.

The Secretary of State, Dean Acheson, has said:

It is hardly possible any longer to draw a sharp dividing line between the economic affairs and political affairs * * * each complements and supplements the other. They must be combined in a single unified and rounded policy.

Through the 1934 Trade Agreements Act, the control of the national economy was transferred to the State Department. Under the proposed International Trade Organization, which Mr. Thorp, the Assistant Secretary of State, says is a part of the whole program, the control of our national economy is to be transferred from the executive branch of our Government, from the State Department, where it actually is administered, to the 58 foreign nations making up the International Trade Organization, in which we shall have but one vote. In that connection, our national economy will be controlled by the ITO through the importation into this Nation of the products of other nations.

They—the ITO—will fix the tariffs and import fees of the member nations—and also fix quotas of production.

Both Secretary of State Acheson and his assistant, Mr. Thorp, recently appeared before a House committee and urgently requested that the International Trade Organization be approved at an early date. They made that request within the last week.

This pronouncement marked the final abandonment of the workingmen and investors of this Nation, in favor of the one economic world theory of averaging the living standards of the nations of the world. Under this policy, no further venture capital for business develop-

ment or stabilization could possibly be available.

Mr. President, those who have already invested their money in manufacturing plants, processing plants, mines, lumbering, and other industries in this country must take the consequences. If the program cannot be changed. Under the circumstances, they are stuck. Such persons have come to Washington in droves, and have appeared before the Tariff Commission, in an attempt to ascertain whether or not they can get relief from the free-trade program; also if they can keep from being hurt further in the tariff reduction scheduled for September of this year, at Torquay, England, where additional reductions are threatened on 2,400 products. Those persons are receiving very little attention. They are frightened. They cannot get their money out of such industries as long as they are threatened, and of course under the circumstances no new venture capital will go into such industries.

The last 15 years the people of the United States, through the propaganda of the State Department, have been sold a bill of goods that if business cannot provide full employment, then the Government must do so. Then we in Congress have proceeded to make it impossible for venture capital to go into business and to keep pace with the increase in our population. When that becomes impossible, of course the Government must step in. That is the plan.

That means, in short, the enactment of the Spence bill or a similar measure. The Spence bill calls for \$15,000,000,000, and allows the President of the United States to build steel mills, sawmills, or to engage in other construction or business in order to increase employment. So, first, by means of what is done right here on the floor of the Senate, we make the achievement of that objective impossible through private business. Thus we make it necessary for the Government to provide employment, because we say that business has failed to do so.

Mr. ECTON. Mr. President, will the Senator yield?

Mr. MALONE. I am glad to yield to the junior Senator from Montana.

Mr. ECTON. I do not wish to interrupt the Senator from Nevada, but I should like to ask a question. In the face of a program such as the Senator is outlining in connection with the ITO, how is it possible to have a long-term, long-purpose farm program in this country?

Mr. MALONE. It is utterly impossible, simply because we not only have practically free trade at the present time, in respect to the importation of farm products coming from Canada and other foreign nations; but under the stabilization program and the provision of 90 percent of parity, or whatever it amounts to, we are actually stabilizing the prices of the farm products of other nations.

By entering the ITO, we shall make that particular condition permanent. It is true that the ITO charter provides that we can withdraw after 6 months' notice; but once we have entered it, we shall not have the stamina to withdraw,

because the ITO charter provides that we shall assign to that international organization—according to the 125-page ambiguous pamphlet issued by the State Department—the right to fix tariffs and import fees and quotas of production for its member nations. In other words, if we produce too much wheat, they can allocate some of it to Canada or to Australia. If we produce too many shoes, we can allocate some of them to Czechoslovakia or to some other nation.

So I say to the distinguished Senator from Montana that he has put his finger right on the sore spot, under the proposed ITO it would be impossible for us to have a long-term farm program.

Mr. ECTON. Mr. President, will the Senator yield further?

Mr. MALONE. I am happy to yield.

Mr. ECTON. Then does the Senator from Nevada believe that perhaps that is what the Secretary of State had in mind the other day when he said that our international policies were one and the same with our national policies?

Mr. MALONE. Mr. President, I am glad the distinguished Senator from Montana has brought up that point. That is exactly what we have done. In 1934 the Congress transferred to the executive branch of Government—in this case to the State Department—its constitutional responsibility to regulate the national economy, through the regulation of imports. The State Department, then, is administering the national economy in connection with its administration of the foreign policy, because the Constitution of the United States puts the responsibility of fixing the foreign policy in the executive branch. Under these circumstances, the executive branch of our Government now fixes both the domestic and foreign policy; it ties the regulation of the national economy to the foreign policy.

So the Senator from Montana is entirely correct, in that today the executive branch of our Government is doing both. That makes a bipartisan policy impossible in any case.

Mr. ECTON. Then is it not a fact that in order to make the reciprocal trade agreements operate and in order to make even a stab at establishing a floor of fair prices under our farm products and other commodities of this country, the only way by which we can proceed to make such policies work is by continuing and extending the so-called Marshall plan aid to foreign countries?

Mr. President, I would say to the distinguished Senator from Montana that the junior Senator from Nevada believes that the only way to make the farm program successful is to initiate a flexible import-fee tariff policy, meaning that the import fee, being flexible, would be administered by a nonpartisan committee.

As the Interstate Commerce Commission administers and fixes freight rates on the basis of reasonable return on investment, so this nonpartisan body contemplated by the bill introduced by the junior Senator from Nevada in 1948 and again in 1949, and submitted as a substitute last September, for the extension of the 1934 Trade Agreements Act, would

turn the long-experienced Tariff Commission into a foreign-trade authority.

That authority would have the same latitude in fixing import fees and tariffs on the basis of fair and reasonable competition. In other words, it would have authority to make up the differential at all times between the standards of living in nations competitive with our Nation. Therefore, foreign products would come into our country on our basis of costs. Unless we have such an import fee, then, in the judgment of the junior Senator from Nevada, the farm program is bound to fail, because we shall be buying goods from foreign nations, just as the merchants in this country bought dried eggs from China for \$1.10 a pound to be fed to our people, while we bought the dried eggs produced in America at \$1.25 a pound, to be stored in a cave in Kansas.

Mr. ECTON. Does that not build up our own surplus?

Mr. MALONE. That builds up our own surplus. The Senator from Montana is entirely correct.

Mr. ECTON. And does it not complicate any and all the programs we might devise?

Mr. MALONE. It makes them entirely unworkable, in the judgment of the junior Senator from Nevada, because it would be necessary to raise the \$6,000,000,000 to \$7,000,000,000 to pay the subsidies. We could go only so far, when it would become impossible to obtain the money with which to maintain the program.

Mr. President, the program I have just described is the three-part free trade program tying the national economy to the foreign policy, to which, as I have said to the distinguished Senator from Montana, the Democratic Party is irrevocably committed, and upon which they have staked their entire combined domestic and foreign policy. It is a combined policy. That is the reason it is impossible for a Republican Senator to make any kind of a deal with the executive department, even if it were not against the spirit of the Constitution of the United States. This is the so-called bipartisan foreign policy that wrecked the Republican Party and is moving toward merging this Nation with a foreign-controlled one economic world.

Spokesmen for the administration say that they have adopted this three-part free-trade program to average our standard of living with the foreign nations of the world, on the theory best expressed in one of their slogans: "You cannot be prosperous in a starving world." They say we must divide our markets, the basis of our own income, with the nations of the world, and average the living standard of nations of the world, to avoid world war III.

It is that party's method of establishing world peace.

Mr. ECTON. Mr. President, will the Senator yield?

Mr. MALONE. I am glad to yield.

Mr. ECTON. When this country encourages the importation of food products, such as eggs, from China, are we not doing a great disservice to the people of China? Should not that food re-

main for the use of those people, who are starving to death, instead of being imported into our country in order to rectify certain dollar balances?

Mr. MALONE. Mr. President, I am very glad the distinguished Senator from Montana has mentioned that particular feature. Of course such products should be retained for the use of the people of China. It has already been hinted that within a very short time we shall be asked to feed Communist China. Perhaps they need additional food, anyway. But we have now imported from China a large amount of what food they had in the form of dried eggs. The dried eggs from China will be eaten here while the Chinese people starve, so we may appropriate more money in order to help the people of China.

Mr. ECTON. Mr. President, will the Senator yield?

Mr. MALONE. I am very happy to yield.

Mr. ECTON. Did the Senator from Nevada notice recently a news item to the effect that butter made from whale oil in foreign countries had been shipped into New York City and sold at a lower cost per pound than the price at which we can sell our own butter in this country, and notwithstanding the fact that the Government has in storage 100,000,000 pounds of butter?

Mr. MALONE. Mr. President, in answer to the Senator from Montana, I should like to say that I covered that particular feature in a debate in March 1949, when I read from an article written by Paul Hoffman for the April issue of the American Magazine. Read exactly what the distinguished Senator has just stated, or, to be more accurate, perhaps, what Mr. Hoffman really said was that, but for the "inordinate" tariff of 14 cents a pound, or whatever it was at the moment, Norway or certain of the Low Countries would furnish their surplus butter to the United States of America. I said then that I supposed the farmers producing butter for sale in this country would be very happy to know that Paul Hoffman favored the reduction of the tariff on butter, which was but one of approximately 3,000 items on which a reduction of tariffs was favored. I interpreted Mr. Hoffman's meaning to be that such products could come into this country without proper safeguards in the interests of the American producer, the American workingman, and the American investor. Mr. Hoffman denies that. But there was no denying that he was in favor of the reduction in the tariff on butter and other things. Since then Mr. Hoffman has created—I suppose with the help and advice of Mr. Acheson—an organization within ECA for the very purpose of promoting the importation of European products into the United States, to assist in determining what products can best be sold here, and to give foreign producers advice as to how to package the products, how to get them here, and how to sell them in competition with our own producers, with the advantage of as nearly a free-trade basis as possible.

So, Mr. President, I would say to the Senator from Montana that that is the objective of the Democratic Party. I would be happy to prove in debate with anyone, anywhere, that the Democratic Party is irrevocably committed to the three-part free-trade program outlined. It is committed to the 1934 Trade Agreements Act, which transfers constitutional responsibility of Congress to the executive department, giving it full authority to lower the tariffs and import fees by 75 percent of what they were in 1934, after perfunctory hearings, with no check whatever.

The Democratic Party is also in favor of the ECA's making up the trade balance deficits of the 16 Marshall plan countries until such time as the division of the markets of the United States can be brought about, so that theoretically the trade balance deficits will be overcome.

The Democratic Party is likewise for the International Trade Organization, which makes permanent what the Trade Agreements Act and ECA temporarily do. Within the past week or 10 days the Secretary of State and Mr. Thorp, the Under Secretary, testified to that fact.

To those three things the Democratic Party is irrevocably committed.

Mr. President, what does the Republican platform say in this regard?

The Republican Party, on the other hand, believes in protecting American workers and investors against the unfair competition of low-wage foreign goods. In other words, the Republican Party believes in maintaining our standard of living while we assist the foreign nations to raise their own standards—not to average the living standards of all the nations of the world.

Mr. President, I said once on the Senate floor, and I repeat that with two and one-fourth billion persons in the world and perhaps only 160,000,000 persons in the United States, and our area being such a small part of the world's area, it would be like taking a glass of water and averaging the level of the water in that glass with that in the city reservoir. We pour the water out of the glass and nothing perceptible happens to the reservoir.

The Republican Party believes in maintaining the American standard of living while we are helping other nations.

It believes that the best safeguard of the peace of the world is a strong American economy.

The Republican Party believes that the regulation of the foreign policy should stop at the water's edge.

It believes that the domestic policy and the foreign policy should remain separated just as the framers of the Constitution of the United States intended.

Let the President of the United States consult the Secretary of State and the National Defense Secretary and determine what the foreign policy is to be, and send it to the Senate floor in the form of a treaty, if it is a matter for a treaty, and then, as the framers of the

Constitution intended, let the Senators debate it until everyone understands it. Let the House, likewise, debate it, if it is presented in the form of a bill.

Mr. President, quite a clever arrangement has been in vogue. Rightfully, these questions would come as treaties requiring a two-thirds majority of the Senate for ratification, but they are being presented as bills, which require only a simple majority, which is much easier to secure.

The Republican Party does not believe that imports from the low-cost and slave-labor foreign nations should be allowed to endanger American industry, nor the standard of living of the working men and women of America.

It does not believe in exporting American jobs to foreign soil.

The 1952 Republican platform specifically establishes that party's definite and unmistakable position in the development of foreign trade. The statement of principles says:

We favor the promotion of world trade on the basis of "fair and reasonable" competition and we assert that this can be done within the Republican principle that foreign products of underpaid foreign labor shall not be admitted to this country on terms which endanger the living standards of the American workman or the American farmer, or threaten serious injury to a domestic industry. A strong American economy is a vital factor for our security.

Mr. President, it is impossible for any Senator or anyone else to be in favor of both those policies. Any Republican who supports the so-called bi-partisan foreign policy does not represent the Republican Party.

Under the Republican Party platform, Mr. President, a flexible import fee principle must be substituted for the 1934 Trade Agreements Act, as extended. With a flexible import fee principle, there would be no high or low tariff or import fee, but an import fee which would at all times correctly represent the differential in labor standards between this country and countries abroad.

I desire to emphasize that statement. Whenever someone protests the free-trade principle, it is said that he favors a higher tariff, a higher import fee. That is not true. Under a flexible import fee plan, properly administered by a non-partisan Tariff Commission functioning as a foreign-trade authority, there would be no question of a high or low tariff, but products from foreign nations would come in on a basis of fair and reasonable competition. In other words, any foreign nation would have equal access to our markets, but would not be favored over the American producer.

It would establish a floor under wages and investment, and again encourage the investments of venture capital, the life blood of continued industrial growth and employment.

Such flexible import fees would be lowered in accordance with any improvements of the foreign nations' living standards, and, when their living standards and working conditions approximate our own, then the common objec-

tive of free trade between this country and the foreign nations of the world would be almost automatic and immediate.

POLICIES OF TWO PARTIES DIAMETRICALLY
OPPOSED

No one can possibly support the principles of the Republican Party and approve the Democratic Party's combination domestic and foreign policy at the same time, since the fundamental principles of the two parties are diametrically opposed. They have been opposed for 70 years, except within the past 18 years, when the Republican Party temporarily got off the track. It is back now, Mr. President, on the long-standing policy which has built up the standard of living of the United States of America higher than that of any other nation in the world.

I said that loud enough for the distinguished Senator from Texas [Mr. CONNALLY] to hear it.

Mr. CONNALLY. I did not hear the Senator say that he would yield.

Mr. MALONE. I will be very glad to yield for anything the Senator from Texas desires to ask.

Mr. CONNALLY. I thank the Senator.

Mr. MALONE. Bipartisan foreign policy, like reciprocal trade, is a catch phrase to sell the one-economic-world philosophy to the American people and to again destroy the effectiveness of the Republican Party.

THE 1934 TRADE AGREEMENTS ACT

Congress transferred its constitutional responsibility to regulate the national economy to the executive branch of the Government through the 1934 Trade Agreements Act, by that action placed into the hands of an industrially inexperienced State Department the fate of the workingmen and investors of this Nation, and by that act effectively destroyed the flow of venture investment capital into the business and industrial life of this Nation.

The Constitution places the responsibility of fixing foreign policy in the executive branch. Therefore, Congress by its act tied the regulation of the national economy to the foreign policy.

As a result of the Administration's 3-part free trade program, the textile, mining, lumber and wood products, precision instruments, watch, crockery, petroleum, coal, and many other industries, have been forced to curtail production which can only result in severe unemployment, a reduced standard of living, and continued losses to the investors of this Nation.

Not content with the damage already done, our State Department is now preparing to still further sell out America with another tariff-reduction parley in Torquay, England, on September 28 next where they threaten to reduce tariffs on 2,400 items. Although our mills and mines and factories are already being forced to reduce production because of heavy imports, our Administration is actually attempting to increase imports.

As I said, Mr. Paul Hoffman has created a special division within the ECA to assist foreign nations to find in their localities additional products, produced by

slave labor, which they could ship into this country in competition with our standard of living. We have created that particular condition.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. MALONE. I am very happy to yield to the distinguished Senator from New Hampshire.

Mr. BRIDGES. If the Congress of the United States had seen fit to adopt the so-called peril point in the extension of the Reciprocal Trade Agreements Act, at least we would have had a reasonable approach to this problem in the protection of American industry, would we not?

Mr. MALONE. I say to the distinguished Senator from New Hampshire that we would at least have put the President in such a position that if, in the reduction of tariffs and import fees, he went beyond the point where the Tariff Commission considered it dangerous to American industry, he could at least have written a letter to the Senate. I do not consider the peril point an adequate substitute for the flexible import fee—in fact the peril point might be dangerous if in proposing it—it might be understood that we also accepted the principle of the 1934 Trade Agreements Act.

Mr. BRIDGES. It is very interesting to me to see that some people in the United States who were not for the peril point proposition when we acted upon it, and which lost by a very few votes, now have reversed their position and are for the peril point and are expressing a hope that it may be adopted, or at least regret that it was not adopted. Has the Senator noticed that change of feeling?

Mr. MALONE. Mr. President, the effect of the 1934 Trade Agreements Act was not understood by the workmen and the investors of this Nation, but its effect can only be increased unemployment and loss of investments. The petroleum industry, the crockery industry, the watch industry, the wood and lumber industry, and the mining industry are all in trouble, and the effect is just beginning to be felt. It also includes producers of farm commodities. They are very nervous that the purchasing of foreign agricultural products through "free trade" while we store our own will finally cost so much money that they will destroy the farm program.

I would say to the very distinguished Senator from New Hampshire that the peril point would provide a danger signal, but would be entirely inadequate to change the present situation. I would say further to the distinguished Senator from New Hampshire that, as he will remember, in September 1949 the junior Senator from Nevada offered a flexible import-fee principle as a substitute for the 1934 Trade Agreements Act. That substitution would have cut the jugular vein of the administration's "free trade" policy. There is no proposal of a high tariff or a low tariff in the flexible import-fee principle, but Congress would regain its authority transferred to the State Department through the 1934 Trade Agreements Act.

The bill which I introduced provided that there be a foreign trade authority,

a nonpartisan commission, and that they be given the same latitude in the field of fixing tariffs and import fees on the basis of fair and reasonable competition—no high tariff, no low tariff, merely a differential of cost due mostly to the difference in the living standards here and in the competitive nations. It would operate in the same manner as the Interstate Commerce Commission in the field of fixing freight rates for the carriers. Originally every railroad had a separate freight rate for almost every shipper. That system did not work very well. So Congress created the Interstate Commerce Commission and put into its hands the power to regulate freight rates on the basis of a reasonable return on investment.

Mr. BRIDGES. The Senator referred to industrialists. Has the Senator also noticed the growing concern on the part of American labor because of what is happening?

Mr. MALONE. I am very glad the distinguished Senator from New Hampshire brought up that subject. Most of the labor organizations in Nevada have passed resolutions against the International Trade Organization, and have asked that it be not adopted. They also ask that the flexible import-fee principle be adopted in place of the 1934 Trade Agreements Act. In the humble opinion of the junior Senator from Nevada, labor is now learning for the first time what effect "free trade" has on their jobs. I think they were promised certain things, and in return they were to support the administration's program. They did not know that the three-part foreign policy program of the administration, namely the 1934 Trade Agreements Act, the ECA, and the ITO, added up to free trade. Mr. Hull, a distinguished former Secretary of State for whom everyone has the very highest regard, calls it "free trade" and they would not take it. But when it was called reciprocal trade, it sounded reasonable, not thinking that the two words "reciprocal trade" do not occur in the Reciprocal Trade Agreements Act. It is not a reciprocal trade act, and it was never intended to be reciprocal trade. I predict to the distinguished Senator from New Hampshire that by October that will be the great political issue. It will be the question upon which the elections will hinge. The question will be free trade on the one hand, or, on the other, maintaining our high standard of living while we assist other nations to raise their own. Labor will go along with that idea.

Mr. BRIDGES. Has the Senator noticed, as I have noticed, the concern with which farm groups are viewing this subject for the first time?

Mr. MALONE. The Farm Bureau of the State of Nevada passed a resolution against the ITO and to substitute the flexible import fee for the 1934 Trade Agreements Act. Labor passed a similar resolution. The Republican Party in Nevada passed a strong resolution. The three were together on principle.

In my opinion, farm groups will become increasingly worried about the farm program, which most of us voted for, because it seemed to be the best thing

that we could get. However, we find wheat, shoes, and many other commodities coming into the United States without check, while we store our own surpluses and pay out billions of dollars by way of subsidies.

The PRESIDING OFFICER. The Chair would like to remind the senior Senator from New Hampshire of a provision of the rules of the Senate, which was pointed out some weeks ago to the present occupant of the chair by the senior Senator from Missouri, namely, that a Senator who wishes to interrogate another Member of the Senate should face the Presiding Officer and address him.

The Chair now recognizes the senior Senator from New Hampshire to ask a question.

Mr. BRIDGES. Mr. President, I thank the distinguished Presiding Officer for his correction. I should have followed that procedure, but it slipped my mind.

The PRESIDING OFFICER. It would not be so pleasing to view the Presiding Officer, but the Chair is sure that the senior Senator from New Hampshire would prefer to face the Chair and address him, and then address his question to the Senator from Nevada.

Mr. BRIDGES. The distinguished Presiding Officer is correct, and through the Presiding Officer I shall ask if the Senator from Nevada will yield.

Mr. MALONE. I am glad to yield to the Senator from New Hampshire.

Mr. BRIDGES. I should like to ask the Senator from Nevada a question. I have received recently numerous complaints from New Hampshire, which is one of the leading shoe manufacturing States, from those who manufacture shoes, and from members of the shoe workers' unions, the labor groups who are employees in the shoe factories. They are much concerned over the importation of shoes, and particularly do they feel strongly about the importations of shoes from Czechoslovakia, which have been reaching a peak recently. They point out particularly that Czechoslovakia is a Russian satellite country, Communist-controlled, behind the iron curtain, against which we are in an all-out fight, supposedly. These correspondents of mine cannot for the life of them see why we should be extending to a country with which we are fighting a total diplomatic war, a cold war, the privilege of exporting shoes to this country and taking bread out of the mouths of the American workers. I wonder if the Senator will comment on that?

Mr. MALONE. Mr. President, I am very glad the distinguished Senator from New Hampshire has brought up that particular subject, because I should like to state at this point that I am not particularly concerned with the manufacturing industries, but I am particularly concerned with the workingmen and the investors of the Nation. The workingmen and investors are absolutely on common ground in opposition to the "free trade" program. There can be no disagreement. Anything that threatens one threatens the other. Whenever Czechoslovakian shoes, manufactured by their cheap la-

bor, by people who live under cheap living conditions, are imported into this country and undersell the products of our manufacturers, it does not mean that it is absolutely necessary to quit producing shoes here, but the American industries and workingmen have a choice—and this applies to every industry affected, and all industries will be affected.

They can either reduce their wages and write off the investment down to the point where they can compete with the standards of living abroad, or they can become unemployed.

Mr. Hoffman suggested that tutors be employed who would teach the workers new skills, and teach the industrialists, after they had lost the stockholders' money, how to create new industries to take the place of the old. Neither Mr. Hoffman nor Mr. Acheson suggested the industries which would not be affected. The workers who would be getting eight or nine or ten dollars a day, as in the case of the miners in this country, would not have to quit. When free trade came along in copper the copper miners did not need to quit. All the employers had to do was to reduce their labor costs from \$11.17 a day, which was the rate of pay in most camps, to \$2.50, \$2.60, or \$2.40, the rate paid in Chile, write the investment down to meet that particular emergency, and still mine copper. Shoes, crockery, watches, and all kinds of materials in this country could still be produced, but the workers would have their choice either of lowering wages and writing off the investment to meet competition, or becoming unemployed and going on unemployment insurance, if they could get on it, so long as the Government of the United States or the States would support them. Does that answer the question of the Senator?

Mr. BRIDGES. It does.

Mr. MALONE. Mr. President, this effort to increase imports is a direct attack on the American standard of living, as I have just explained, since an increase in the imports of slave-wage products cuts production here. The curtailment of production in this country and the resulting increase in unemployment will increase in proportion to the cuts made at the Torquay Conference in England, in September. This is a one-way street. There is nothing reciprocal about it.

I would suggest at this point, Mr. President, that we have never made a trade agreement; we have made agreements to lower tariffs. The foreign nations agree to lower tariffs, but immediately resort to quotas, embargoes, specifications, and various other subterfuges, and, in addition, manipulate the price of their currencies. As a matter of fact, they have several different exchange values for most of the individual countries. I have not checked recently, but at one time England had 20 or 30 different exchange values for her pound, and Argentina had at least six different values for the peso. Colombia has three or four.

There are many ways in which they get around allowing us to trade with them, all enumerated by me last year in the debate. Colombia, for instance, might even give a permit for the im-

portation of products, but it would give the importer an exchange different from what it gave his competitor. We will assume that in their particular unit of money they give one a rate of three and one-half to the dollar, and the other four and one-half to the dollar, so that it would be impossible to meet competition.

That is what I meant in my opening statement when I said that there are dozens of ways of defeating us in the objectives we try to carry out with our representatives meeting in conferences with the representatives of foreign nations that have made their living in foreign trade for from 100 to 300 years.

We are just like neophytes in a professional poker game, and have just about as much chance of coming out even. I thank the distinguished Senator from New Hampshire for his contribution.

Approximately 85 percent of the agricultural population of this Nation would not need a subsidy if the flexible import fee principle should be substituted for the 1934 Trade Agreements Act.

By that act, the Congress placed in the hands of the State Department the right to say what industries would be preserved and what industries in this Nation would be sacrificed upon the altar of "one economic world."

INTERNATIONAL TRADE ORGANIZATION

I now come to the International Trade Organization, on the President's "must" list. Senators will recall the first address on the State of the Union the President of the United States made to the Congress at the beginning of the session these things were in his "must" list: First, the International Trade Organization, that final part of the three-part free-trade system. Then there was point 4, the bold new program which would guarantee the investments which are made in countries where the investment is gone the moment it is made. There, too, was the well-defined nationalization, socialization, and appropriation-of-private-capital pattern, and of course increased appropriations to carry those things out. That is what the President's program boiled down to in the first message he delivered to this Congress on January 4 of this year.

The International Trade Organization, which was on his "must" list, to be passed at this session of Congress, not at the next session, would transfer the regulation of our national economy directly into the complete control of foreign nations, the same foreign nations which were to sell their products, produced at lower living standards and by slave labor, in this country.

The ITO is set up to include, to start with, 58 nations, with 58 votes at present. The United States would have one vote, just as would Siam, that little nation, many of those people live on canals using the canals for sewage disposal, for cooking, for bathing, for fishing. One battalion of United States Marines could take over the whole nation in 3 or 4 days, and half its people would not know it. That nation has one vote in the International Trade Organization just

the same as has the United States of America.

It is proposed to transfer to the ITO the power to regulate our national economy through fixing the tariffs and import fees of its member nations.

Mr. President, that is only half the story. It would also set quotas of production, if you please, for the countries signing its charter.

According to the terms of the proposed International Trade Organization charter, we can theoretically withdraw from the ITO after 3 years and 6 months' notice, but by then we would be so bloody that it is unlikely that any withdrawal could be effected.

THE MARSHALL PLAN—ECA

The ECA—formerly the Marshall plan—is a stop-gap arrangement to make up the trade balance deficits of the 16 ECA European countries in cash and goods until such time as the markets of this Nation can be divided with the foreign nations of the world so that theoretically there would be no trade balance deficit.

The weakness in that theory is that we would have no control over foreign purchases and they could increase their purchases as their credit increased.

The taxpayers of America furnish the money to install the necessary industrial machinery in foreign countries to manufacture products that must be sold in competition with our own workingmen and investors. This fact alone discourages future venture capital.

The administration's three-part free-trade program, then, includes the 1934 Trade Agreements Act as extended—the ECA, formerly the Marshall plan—and the International Trade Organization.

IMPORTING PRODUCTS OF CHEAP LABOR

There is no practical difference in importing the products of cheap labor and in importing the cheap labor itself. It would be inconsistent to support one and not the other.

POINT 4—THE BOLD NEW PROGRAM

Now the point 4—the bold new program—is designed to carry on where the ECA eventually leaves off—and will prove to be just one more siphon out of the United States Treasury, since investments in the areas subject to socialization and nationalization of capital and industries can be written off when they are made—unless the countries where the investments are to be made completely change their attitude toward such private investments.

Guaranteeing the integrity of private investments by the country in which they are made should be a firm condition of any future aid of any kind from this Nation.

It is definitely the responsibility of a recipient country to establish a business climate which encourages private investments, and our State Department should make such a condition a part of our foreign policy.

Much of the private investments to be guaranteed under the point 4, or the bold new program, are to be expanded in the colonial areas, which include the Far East and Africa. It would further perpetuate the colonial system, which

has been exploited by the empire-minded nations for from 100 to 300 years. What areas in Asia and Africa are governed by the colonial-minded, empire-minded nations? I have visited those areas. They are the areas which produce tin, nickel, chrome, manganese, hemp, copra, and practically everything we do not produce here. The colonial nations, the empire-minded nations of England, France, the Netherlands, Belgium, and now Italy, found out over the past 300 years that the countries which are now their colonies produced things which we eventually would buy. The empire-minded nations control the colonies through the use of slave labor, paying them 50 or 60 cents a day. In some of those colonies wages as low as 25 cents a day are paid.

The empire-minded nations are to be encouraged under a free-trade program to hold labor down, sell the copra, tin, nickel and so on for what the market will pay in this country, and keep the difference. That is the way the colonial nations, the empire-minded nations have made a living for from 100 to 300 years.

Mr. President, I should like at this point to have unanimous consent to insert in the RECORD a dispatch which I will designate presently. It is dated May 1, and was written by Paul Catz, of the New York Times. The dispatch is well written. The writer puts his finger on the sensitive spot. He says:

Considerable astonishment was caused here by the annual report of Dr. Marius W. Holtrop * * * published this week.

It is difficult to see, the report said, what acute problem can be solved by forming one large European market.

That is the United States of Europe, which many of us advocate. It is difficult to see what one such market would do, he said.

Doubtless by such a large market Europe in the long run would share in the advantages of natural international labor distribution. But one must fear that this would be preceded by a period of great confusion and great investment needs on one side and heavy capital losses on the other.

Moreover, this one great European market would yield no wheat, corn, cotton oil, and nonferrous metals. What European countries need more than a larger market within themselves is a larger market in the United States.

Mr. President, I hope the implications of that statement are not lost on the Senate of the United States. What they need is a larger market, not within themselves, but a larger market in the United States for their goods.

Only in this way could Europe earn more dollars without having to hold up her hands for gifts which in the long run are bound to undermine European good will in America or to accept loans which she cannot repay.

Mr. President, the amendment I have submitted, which was read at the beginning of my address, would, as a condition to further help to Europe, require a free convertibility of the currencies of the nations of Europe in terms of each other and in terms of the dollar.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. MALONE. I am happy to yield to the senior Senator from Missouri.

Mr. DONNELL. The Senator referred a few moments ago to the International Trade Organization, did he not?

Mr. MALONE. I did.

Mr. DONNELL. I ask the Senator whether or not he has given attention to whether the International Trade Organization's Charter, into which the United States is asked to enter, is a treaty or an executive agreement.

Mr. MALONE. I am not a lawyer, and the distinguished Senator from Missouri is a very fine lawyer, but I would say to him that in the judgment of the junior Senator from Nevada it has been transformed into an agreement, so that it can come before both Houses of Congress as a piece of legislation to be passed by a majority of both Houses instead of coming before the Senate as a treaty and requiring a two-thirds majority.

That is a condition which has been brought about by the smart persons in the executive branch of the Government, who have done so in an attempt to avoid the ratification of such a proposal by the Senate as a treaty, in view of the fact that ratification by the Senate would require a two-thirds vote, which it seldom is possible to obtain for anything which does not make considerable sense.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. MALONE. Yes.

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). The Chair would remind the Senator from Missouri that, in line with the rule, Senators who wish to ask questions of other Senators should address the Chair when asking whether the Senator who has the floor will yield for a question.

Mr. DONNELL. Mr. President, the Senator from Missouri most respectfully advises the Chair that he did address the Chair when he asked whether the Senator who has the floor would yield for a question.

The PRESIDING OFFICER. For his first question, the Senator from Missouri did address the Chair; but for his second question, the Senator from Missouri did not address the Chair.

Mr. DONNELL. In both cases I addressed the Chair, Mr. President.

The PRESIDING OFFICER. The Chair begs the Senator's pardon if the Chair is in error.

Mr. DONNELL. Of course, the Chair is quite correct in his observation that a Senator who wishes to ask another Senator to yield, to permit a question, should address the Chair. In both cases I did address the Chair.

The PRESIDING OFFICER. The Chair is glad the Senator from Missouri did address the Chair, and he hopes all Senators will do so.

Mr. DONNELL. It is entirely possible that the fact that the Senator from Missouri was facing the Senator from Nevada is the reason why the Presiding Officer did not hear the Senator from Missouri address the Chair.

The PRESIDING OFFICER. The Chair hopes that in the future the Senator from Missouri and all other Senators

will face the Chair and then address the question.

Mr. DONNELL. Mr. President, I know of no rule which requires that that be done, but I shall do so at least in this instance.

Mr. President, will the Senator from Nevada yield, to permit a further inquiry?

Mr. MALONE. Now that we have been properly reprimanded, I shall be glad to yield to the distinguished Senator from Missouri.

Mr. DONNELL. The Senator from Nevada has noted, has he not, the procedure which thus far has been followed in regard to the International Trade Organization, as he has indicated, namely, in bringing it before the Congress by means of a bill or joint resolution introduced in the House of Representatives, from which, if it is passed by the House, it will come before the Senate? However, I ask the Senator whether in his judgment he is of the opinion that the subject matter of the International Trade Organization properly should be considered an executive agreement or whether it properly should be considered a treaty.

Mr. MALONE. There is no question in my mind that, if treated properly, it would be a treaty, and would come before the Senate for proper discussion, with no suggestion of collusion between the executive branch of the Government and the legislative branch of the Government.

Mr. DONNELL. I thank the Senator.

Mr. MALONE. Mr. President, at this point I wish to emphasize again, because I do not believe the distinguished senior Senator from Missouri was on the floor when I began my address, that I believe that any attempt at collusion between the executive branch of the Government and the legislative branch of the Government is entirely improper. Of course, the executive, legislative, and judicial branches of the Government were established by the Constitution as entirely separate branches, and were meant to operate separately.

Therefore, I take the position that any collusion to bring about an advance agreement to the effect that any measure instituted or drawn up by the executive branch of the Government and sent by it to the Congress shall be accepted by the Congress without proper debate before either of the two Houses of Congress, would be entirely improper and would be a violation of the spirit of the Constitution.

At this time I should like to ask the distinguished Senator from Missouri what his ideas are in that connection.

The PRESIDING OFFICER. The Chair reminds the Senator from Nevada that he must obtain unanimous consent for that purpose.

Mr. MALONE. Mr. President, I now ask unanimous consent for that purpose.

The PRESIDING OFFICER. Without objection, consent is granted.

Mr. DONNELL. Mr. President, now facing the Chair—at least at this time—and addressing the Chair most respectfully, I ask whether I have leave to answer the question.

The PRESIDING OFFICER. The Senator has.

Mr. DONNELL. I would state that in my opinion, without determining whether the action the Senator has recited would constitute collusion, I think it devolves upon the Senate, when the measure comes before it, if it does, to use its own best judgment in determining whether the document presented to the Senate is in fact a treaty or is in fact an executive agreement. If the Senate concludes that the document is a treaty, not a mere executive agreement, the Senate—on the theory that it is its duty to abide by the Constitution—should decline to approve the document, and should do so on the ground, if for no other reason, that the document is a treaty, rather than a mere executive agreement.

Mr. MALONE. Mr. President, if I may have unanimous consent to ask a further question of the distinguished Senator from Missouri—

The PRESIDING OFFICER. Without objection, consent is granted.

Mr. MALONE. If such collusion occurs by means of conferences between Members of the Senate and members of the executive branch of the Government, by which they agree in advance that such a measure shall be approved by the Senate without necessary debate, would that be a violation of the spirit of the Constitution?

Mr. DONNELL. I certainly think it would be. As I stated, there are three distinct branches of our Government, namely, the executive, the legislative, and the judicial. No one of those three branches has any right to dictate to the others or to agree that proper consideration shall not be given by the others with respect to any measure.

To my mind—answering the Senator's question further—it is appropriate that the executive confine itself to the executive functions, that the legislative branch confine itself to the legislative functions; that in the matter of treaties, the executive present the treaty to the Senate, and that the Senate thereupon determine, after full, complete, deliberate study, whether the document should or should not be ratified by it, and do so without yielding to dictation on the part of the executive branch, should the executive branch undertake to evidence such dictation.

Mr. MALONE. Mr. President, if I may have unanimous consent to ask a further question of the Senator from Missouri—

The PRESIDING OFFICER. Without objection, consent is granted.

Mr. MALONE. Then I ask the opinion of the Senator from Missouri about what I said earlier in my remarks, as follows: If it were possible, through collusion, bipartisan agreement or other methods, to have a meeting between the Chief Justice of the Supreme Court of the United States, Senators constituting a minority in the Senate—or, for that matter, all Members of the Senate—and representatives of the executive branch of the Government, by which they would bind the executive and the legislative branches of the Government in regard to

a bill or other measure which, it would be agreed, would be passed by Congress without necessary debate; and if it were further agreed that, without proper hearings or arguments before the Supreme Court, such a measure would be held by the Supreme Court to be constitutional, what would the Senator from Missouri think about that?

Mr. DONNELL. I think every Government official who was a party to such proceedings should be impeached. That is what I think about it.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. CONNALLY. The Senator from Nevada talks about collusion, and asks what the situation would be if certain persons engaged in collusion and if they were able to obtain the passage of a measure by Congress without debate. Of course the Senator knows that that cannot happen.

Mr. MALONE. We know it cannot happen, but it has been tried and is being suggested by the Executive at this time.

Mr. CONNALLY. The Senator from Nevada knows, does he not, that it is not true that there has been collusion to bring about agreement by the Senate without debate?

Mr. MALONE. I know it has been prevented so far, but right now it has been tried again.

Mr. CONNALLY. The Senator from Nevada should answer the question.

Mr. MALONE. I did answer it, but the distinguished Senator from Texas forgets that an attempt is being made at this time to establish such an agreement.

What I said—I wish to make it plain to the distinguished Senator from Texas—was that if such persons make an agreement for the Senate of the United States and the executive branch of the Government—call it collusion or call it something else—then it violates the spirit of the Constitution and I fully agree with the senior Senator from Missouri that it is an impeachment offense.

Mr. CONNALLY. The Senator from Nevada called it collusion.

Mr. MALONE. I did; the dictionary defines collusion as an agreement between two or more persons to attain an object forbidden by law. The Senator from Texas can call it anything he wishes to, but any such an agreement will still be against the spirit of the Constitution of the United States, call it bipartisan policy or what you will.

Mr. CONNALLY. Of course, the Senator from Nevada is turning to another subject now.

Mr. MALONE. That is the subject matter of the debate, and is a serious matter to me, regardless of how it appears to the Senator from Texas.

Mr. CONNALLY. I wish to get the point of so-called collusion settled. According to the Senator from Nevada, it would be collusion if Members of the Senate discussed with the President something about a treaty. The Senator from Nevada says that would be collusion and, being collusion, the Supreme Court should declare it unconstitutional.

The Senator from Nevada does not believe that; he does not seriously advance that, I am sure.

Mr. MALONE. I wish to say to the Senator from Texas that the junior Senator from Nevada at no time even indicated that a simple discussion had anything to do with it.

Mr. CONNALLY. What did the Senator from Nevada say?

Mr. MALONE. I shall review exactly what I said.

Mr. CONNALLY. I heard the Senator's previous remarks, but I should like to know what he means by stating that such action will be taken by means of "collusion."

Mr. MALONE. Has the Senator from Texas completed his remarks?

Mr. CONNALLY. I have for the moment.

Mr. MALONE. I will yield further if the Senator wishes to ask another question.

Mr. CONNALLY. If the Senator will answer that question, then we shall discuss it.

Mr. MALONE. Just what question does the Senator from Texas want answered?

Mr. CONNALLY. My question is this: What does the Senator mean by "collusion"?

Mr. MALONE. What the Senator from Nevada means is that it is a violation of the spirit of the Constitution, in his humble opinion, for the Senate, through its representatives, to make a bipartisan agreement with the executive department, agreeing in advance that a certain treaty, agreement, or other legislation will receive favorable action.

Mr. CONNALLY. I do not know of such a thing ever having happened in the Senate. I have never heard of it.

Mr. MALONE. It has been claimed that it happened, but is not happening at this time. The press is continually quoting the executive department that the policy—bipartisan foreign policy—is being revived.

Mr. CONNALLY. Anyone may claim anything, as we have known now for several weeks. Many claim things which are not true.

Mr. MALONE. Mr. President, I have the highest regard for the Senator from Texas, but he is the one who is denying that such an attempt is being made, and press reports indicate that he is trying to bring about such a condition.

Mr. CONNALLY. Trying to bring what about?

Mr. MALONE. Bipartisan control.

Mr. CONNALLY. There cannot be bipartisan control except through a majority of the votes.

Mr. MALONE. That is correct. That is where the junior Senator from Nevada wants to keep the control—in the majority of votes as the Senate floor after full debate.

Mr. CONNALLY. The Senator from Nevada favors control by the minority. I favor control by the majority. However, the Senator from Nevada talks about collusion. How can the majority collude against the minority? They do not need to collude. If the majority has the votes, it can go ahead and do what

it pleases, and it does not require any collusion. But I resent the charge of collusion. It implies something morally wrong. Collusion implies something that may be illegal. When the Senator from Nevada says there is a purpose to get together, to collude, to bind the Senate so that the Senate cannot even debate a bill or a treaty, it is ridiculous on its face.

Mr. MALONE. Mr. President, I agree with the senior Senator from Texas, that the whole attempt to commit the Senate of the United States in advance, is ridiculous on the face of it, and a violation of the spirit of the Constitution. I also agree with the senior Senator from Missouri that any man who is a party to such an agreement should be impeached.

Mr. CONNALLY. The Senator from Nevada is not definite. He knows much that is not so, though he does know some things that are so. Does he know of any case of collusion of that kind? If so, let him state what it was.

Mr. MALONE. Mr. President, the news dispatches are filled with discussions of such bipartisan agreements now. The bipartisan policy is being revived they say. I notice that the distinguished Senator from Texas, chairman of the Foreign Relations Committee, has appointed eight committees. I do not know why he has appointed those committees, but special writers and others point out that it is a move, in the right direction, toward bipartisan control. If the distinguished Senator from Texas means what he says, that all they have to do is to bring a matter to the Congress and have it decided by a majority vote, I am with him all the way. The junior Senator from Nevada will support that theory, because he believes that that is what is intended by the Constitution of the United States under which three branches of the Government are provided. The three branches should be kept completely independent. I fully agree with and emphasize what the distinguished Senator from Missouri has said in that regard. But, in the opinion of the junior Senator from Nevada, any attempts to make such bipartisan agreement ahead of time, an agreement that a certain piece of legislation or a certain treaty shall be accepted when it reaches the Senate, is wrong in principle; any such agreement is a violation of the spirit of the Constitution; and I fully agree with the distinguished Senator from Missouri as to what the penalty should be.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield.

Mr. CONNALLY. Mr. President, I do not know of any agreement the Senator may have happened to see. Perhaps it is dark rumors circulating in the bushes, of which the Senator is afraid. I know of no collusion.

The Senator has referred to the fact that, as chairman of the Foreign Relations Committee, I appointed eight committees. Those eight committees were appointed not for any sinister purpose. They had nothing to do with the bipartisan foreign policy. Those eight committees were appointed so that each of them would specialize on certain policies

in certain areas, and to let them specialize more or less on those particular things, without giving up their right to vote on matters generally. We did that in behalf of efficiency. There had been some complaints. They were without foundation, but there had been some complaints by distinguished members of the Senator's party that they were not being advised in advance. If there is any collusion, that kind of collusion is not collusion about the foreign policy. The subcommittees, with specialists to assist them, were appointed so that any Senator, the Senator from Nevada, the Senator from Missouri, or any other Senator could contact them at any time, before or after or during the consideration of any matter of foreign policy.

One other thing, and I am through.

Mr. MALONE. Mr. President, the junior Senator from Nevada is not afraid of the rumors of collusion in the bushes or any place else—he simply believes that there should be no agreements between the legislative and executive branches of the government before reaching the Senate floor.

Mr. CONNALLY. If the Senator wants to object—

Mr. MALONE. I do not object to questions by the senior Senator from Texas.

Mr. CONNALLY. Then let me alone.

Mr. MALONE. I merely want the Senator to make his question clear.

Mr. CONNALLY. If the Senator is not going to object, I suggest he let me proceed.

Mr. MALONE. I am happy to let the Senator proceed.

Mr. CONNALLY. Mr. President, the Senator from Nevada talks about the three branches of the Government. Of course the Constitution created three coordinate branches, the executive, the legislative, and the judicial. But that does not mean that they cannot speak to each other. It does not mean that they cannot have any contact. It does not mean that when members of either branch of the Government meet on the street they must look the other way in order not to see the judges, in order not to see the legislators, or in order not to see the President, as the case may be. Each branch of the Government has its responsibilities, but the representatives of the several branches are not supposed to be enclosed in an airtight or a waterproof compartment so that they may not concern themselves with the affairs of the Government, regardless of where the primary jurisdiction may lie. That is another ridiculous statement about the Government of the United States.

Of course, we are all citizens of the Republic. In the Senate our primary responsibility is to deal with legislative matters. That does not prevent our considering matters which possibly may lie primarily within other jurisdictions. It is not that we exercise the power, but we have a part in forming public opinion; and public opinion, after all, in this country is the ruling power. It decides questions. It makes the policy that the Government advances and pursues.

I thank the Senator. He is most generous. I have been listening to him a

great deal, and I thank him for listening to me for a very few moments.

Mr. MALONE. Mr. President, I am very appreciative of the explanation made by the distinguished Senator from Texas, chairman of the important Foreign Relations Committee, when he says there is no attempt on a bipartisan basis to agree on anything in advance through the eight committees he has set up. I know now that the newspapers have not given the full story, and I am very grateful to the Senator for his explanation that it has nothing whatever to do with the bipartisan foreign policy.

Further, I should like to sum up, at this moment, so we may know exactly the point in question.

Mr. CONNALLY. Mr. President, will the Senator yield for a moment?

Mr. MALONE. I am happy to yield.

Mr. CONNALLY. What I meant was that it had nothing to do with this dark, dangerous, and slimy charge of collusion. There is no collusion in the Committee on Foreign Relations. The committee is composed of five Republicans and eight Democrats. So far as I know, political questions have never been raised in the committee. I have been chairman of it for some years, and I challenge any member of the Foreign Relations Committee to point out wherein I have ever, at any time, raised any political or partisan question in the committee.

I have attended many international conferences with distinguished Republicans, and there is not one of them who will say that I have injected any kind of partisanship or partisan politics into their deliberations. I have a letter—I shall not quote from it—from a very high and very distinguished Republican, congratulating me upon the appointment of the eight subcommittees of the Foreign Relations Committee, applauding me and saying that it confirms the policy I have advocated for years of handling foreign relations above and beyond low political, bar-room, back-stage, domino-room politics. That has never been my purpose, and it has never been a habit of the Senator from Texas.

I have undertaken, in the consideration of foreign affairs, to represent the American view, the American interest, the interest of the United States and of its people. I have never on any occasion injected partisan considerations. I have never charged that the minority had colluded; I have never charged that Republican members of the committee had colluded because they had spoken to some of the other members. Because the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Nevada [Mr. MALONE] do not agree with me, I have never charged that they colluded or had acted in the dark. No, Mr. President; my record is an open book. It is within the knowledge of all the members of the Committee on Foreign Relations. I have never injected politics or partisan considerations into that committee.

I thank the Senator.

Mr. MALONE. I am very thankful to the senior Senator from Texas for his very clear explanation of his long-time stewardship of a very important com-

mittee and to know that he will under no conditions be a party to the proposed collusion between the legislative and the executive branches of Government.

To sum up in connection with that particular point, Mr. President, I did not say that the Senator from Texas appointed eight subcommittees for the bipartisan purpose indicated by the newspapers. I have pointed out that if the Senator from Texas appointed the subcommittees for the purpose of promoting a bipartisan policy which would amount to an advance agreement on a proposed treaty or agreement between the Senate of the United States and the executive and would amount to collusion to defeat proper and necessary debate and would violate the spirit of the Constitution and as such should be punishable, as the senior Senator from Missouri indicated by impeachment. I say, Mr. President, that I am not accusing the senior Senator from Texas of entering into a collusion. Some Members on the other side of the aisle seem unduly agitated because the distinguished Senator from Missouri mentioned the fact that if there were collusion, which I take to mean an understanding in advance to violate the spirit of the Constitution; it would create a very dangerous situation and should be punishable by impeachment.

Mr. President, I ask unanimous consent to have included in the RECORD, as a part of my remarks, an article by Mr. Paul Catz, of the New York Times, appearing in that newspaper today, May 1, 1950, entitled "One Big Market in Europe Opposed," with a subheading reading as follows:

Netherlands Bank Head Says What Is Needed Is Larger Outlet for Goods in United States.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ONE BIG MARKET IN EUROPE OPPOSED—
NETHERLANDS BANK HEAD SAYS WHAT IS
NEEDED IS LARGER OUTLET FOR GOODS IN
UNITED STATES

(By Paul Catz)

AMSTERDAM, April 30.—Considerable astonishment was caused here by the annual report of Dr. Marius W. Holtrop, president of the Netherlands Bank, published this week.

"It is difficult to see," the report said "what acute problem can be solved by forming one large European market. Doubtless by such a large market Europe in the long run would share in the advantages of natural international labor distribution. But one must fear that this would be preceded by a period of great confusion and great investment needs on one side and heavy capital losses on the other.

"Moreover this one great European market would yield no wheat, corn, cotton, oil, and nonferrous metals. What European countries need more than a larger market within themselves is a larger market in the United States. Only in this way could Europe earn more dollars without having to hold up her hand for gifts which in the long run are bound to undermine European good will in America or to accept loans which she cannot repay.

"It is improbable that the problem of the dollar scarcity can be solved unless the United States helps to promote a much larger American market by reducing existing import hindrances."

Dr. Holtrop maintained that the economic financial situation in the Netherlands last year has materially improved; that inflationary tendencies almost have disappeared and monetary equilibrium shortly will be reached. He pointed out that the deficit on current items on the balance of payments have fallen from 947,000,000 to 239,000,000 guilders, but warned any further raising of Government expenditures would threaten the value of the guilder.

Dr. Holtrop said the Netherlands bank of the United States and Canadian dollar reserves at the end of last year were \$295,000,000, against \$243,000,000 a year ago.

The recovery bank has voluntarily reduced the amount of the World Bank loan granted last year from \$15,000,000 to \$8,800,000.

This was because some industries with allocations of these special purpose dollars have been able to buy their equipment elsewhere, especially in Belgium and Germany. In addition, some projects planned under the loan have become too expensive because of devaluation.

Dutch financial circles think this renouncement reflects a more favorable trend in Dutch payments and dollar balance and that it shows the Dutch desire not to increase Holland's liabilities abroad above what is strictly necessary.

Mr. MALONE. Mr. President, in that connection I should like to quote from an article by Mr. Constantine Brown, who is, in my judgment, one of the outstanding columnists in Washington, D. C. The dispatch appears in the Washington Star. He says:

As things stand today the Republican Party is being called upon to support policies, the background of which they do not know, in the consultation on which they do not participate, and in the decision of which they have no voice.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MALONE. I am very happy to yield.

Mr. CONNALLY. The Senator from Nevada, in quoting that article, is complaining that there is no consultation. A little while ago he was complaining that there was consultation—too much consultation; in fact, collusion. I do not know, in my experience, of anything such as the Senator imagines ever having happened. I do not know of any case in which Republican Representatives, Democratic Representatives, and the White House ever got together, talked things over, and agreed that a certain thing would be done. We debate questions and discuss them and act as American Senators should act.

I again thank the Senator for permitting me to trespass. I apologize for trespassing so much upon his time.

Mr. MALONE. I am very happy to have the distinguished senior Senator from Texas interrupt at any time, on any subject. I am doubly happy that the Senator from Texas, the distinguished chairman of the Foreign Relations Committee, has made it abundantly clear that he does not intend to use the eight subcommittees, through collusion or any other method, to undertake to bring about any understanding ahead of time as to what action the United States Senate will take on any piece of proposed legislation, or treaty sent to the United States Senate. I am doubly grateful that the Senator has

made that point entirely clear, and, therefore, as I have said before, the remarks of the junior Senator from Nevada, and, I take the responsibility of saying, the remarks of the distinguished Senator from Missouri, do not apply to the distinguished Senator from Texas if there be no such collusion to bring about an understanding in advance.

Mr. CONNALLY. Mr. President, will the Senator yield further?

Mr. MALONE. I am very happy to yield.

Mr. CONNALLY. Does the Senator now complain—I understand he does—because of Republicans being consulted before final action on these questions has taken place? We hear wild and raucous cries from members of his party that they are not being consulted. Now the Senator from Nevada complains that they have been consulted. Which horn of the dilemma does the Senator take? Does he think they should be consulted, or does he think they should not be consulted?

Mr. MALONE. Mr. President, the junior Senator from Nevada was quoting from a special writer. It was not the junior Senator from Nevada who was speaking—he is simply making it plain that any such advance agreements between two or more persons in this case would be collusion, because it violates the spirit of the Constitution.

Mr. CONNALLY. Mr. President, will the Senator yield further?

Mr. MALONE. I yield.

Mr. CONNALLY. When the Senator rises and reads an article on the floor of the Senate, he is approving it; he is adopting it. The words are no longer the words of the writer; they are the words of the Senator who is quoting them with approval.

Mr. MALONE. Mr. President, I dislike to differ with the distinguished Senator from Texas, who has served so many years longer than I in this distinguished body, but the junior Senator from Nevada often places articles in the CONGRESSIONAL RECORD which clarify points, not always agreeing in every particular with the position taken by him. Reading portions of such an article in no way commits the junior Senator from Nevada.

Mr. CONNALLY. Mr. President, will the Senator further yield?

Mr. MALONE. I yield.

Mr. CONNALLY. In other words, the Senator places articles in the RECORD which do not represent his views but which clarify his views. If the article clarifies his views, he is agreeing to the clarification, is he not?

Mr. MALONE. Mr. President, I know that the Senator from Texas would like to be fair. I did not say it was clarifying the views of the junior Senator from Nevada; I said it was clarifying a point.

Mr. CONNALLY. Well, a point. If it clarifies a point, it helps the Senator from Nevada, does it not?

Mr. MALONE. I am sure it will help him. I was quoting from a distinguished writer and I had not as yet finished the quotation.

Mr. CONNALLY. The Senator referred to his habit of placing matters in the RECORD. He said it was his habit.

Mr. MALONE. No; I did not say it was a habit, I simply stated that when a point in question can be clarified in that manner the Junior Senator from Nevada availed himself of that method.

Mr. CONNALLY. That is what the Senator meant.

Mr. MALONE. I hope the distinguished Senator from Texas will remain in his own bailiwick and not discuss my habits.

Mr. CONNALLY. If the Senator does not wish to be interrupted, I shall not trespass further.

Mr. MALONE. I am always happy to be interrupted by the distinguished Senator from Texas, but I wish he would speak of his own habits, not of my habits.

Mr. CONNALLY. My habits are above reproach, of course. However, the Senator—

The PRESIDING OFFICER. Is the Senator from Texas addressing a question to the Senator from Nevada?

Mr. CONNALLY. Mr. President, I ask leave to address a question to the Senator from Nevada.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MALONE. I am very glad to yield any reasonable time.

Mr. CONNALLY. The Senator from Nevada put items into the RECORD and says they clarify a point. In putting them in the RECORD he says he does not necessarily agree with them. He said they clarify a point. I say that if they make a point clearer to him—and evidently they must—then he is at least to that extent approving an article, and approving of what the writer says. If that is not the case, he ought not to sanction with his approval, his blessing, and his accolade of perfection, an article or the word of someone else which he does not believe in, or does not have any basis for agreeing with. I thank the Senator from Nevada.

Mr. MALONE. I am happy to have the ideas of the distinguished Senator from Texas. However, it does not move the Senator from Nevada from his earlier position, namely, that he does not necessarily have to agree with every paragraph of an article which is put into the CONGRESSIONAL RECORD. I continue with the reading of the article:

As things stand today the Republican Party is being called upon to support policies the background of which they do not know, in the consultation on which they do not participate, and in the decision of which they have no voice.

The big question is just whom Mr. Dulles is supposed to represent. He does not represent the Republic National Committee. He does not represent the Republican minority in both branches of Congress. Nor does he represent any segment of the American people. It is noted in the last connection that he was defeated in his one and only attempt to win public office.

I hope the distinguished Senator from Texas will not think I am condemning Mr. Dulles for his ideas. They are Mr. Dulles' ideas. They are not the ideas of the junior Senator from Nevada.

I quote further:

If the Democrats were far-seeing they would understand how a sincere effort to win Republican cooperation now would work to their advantage in case of a change of administration in 1952, 1956, or any other time.

I suppose that means that the State Department could get such an agreement of their policy—which I call a stupid foreign policy, if it can be called anything—if already agreed upon by the minority side.

It is presumed that we would go right on with their stupid policy with no change in 1952 even if the Republicans won the Presidency and had a majority in Congress. It would be a case of one big happy family. We go off the deep end together in a bipartisan foreign policy which has proved the most colossal failure in modern times. It is understandable that the executive branch would want to share the blame with the Republicans.

Mr. WHERRY. Mr. President, before the Senator goes to another point, will the Senator yield?

Mr. MALONE. I am very glad to yield to the junior Senator from Nebraska.

Mr. WHERRY. Mr. President, I ask permission to ask the Senator a question.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WHERRY. Was not the Senator speaking of proposed legislation which might have been referred to a legislative committee, or even might not have been referred to a legislative committee, or which, in the formulative stage, bipartisan support was asked, either by agreement or in some such fashion? Is not that what the distinguished Senator has been speaking of?

Mr. MALONE. Mr. President, in answer to the question propounded by the distinguished junior Senator from Nebraska, I will say that the junior Senator from Nevada merely wanted to show that the 1950 Republican Party platform states in words of one syllable that we believe in the development of foreign trade on the basis of fair and reasonable competition, and that we are opposed to the importation of goods from cheap slave labor areas which might lower the standard of living of our workers and farmers, and injure industry. We state in our platform that we are opposed to any such proposal.

The three points laid down by the State Department, to which the Democratic Party has subscribed time after time, included the three-part free-trade program consisting of the 1934 Trade Agreements Act, the ECA, and the International Trade Organization.

I wish to point out definitely once and for all that a Republican cannot be in favor of the Democratic foreign policy; that he cannot approve a bipartisan policy, even if it were not against the spirit of the Constitution, unless he changes his policy and disagrees with the foreign trade plank of the Republican platform for 1952.

Mr. WHERRY. In the formulative stage there cannot be a pledge, as I understand the Senator, without a viola-

tion of one or the other function of the three branches of the Government. Is that the position of the Senator?

Mr. MALONE. Yes; if there is collusion through a bipartisan policy or any other subterfuge.

Mr. WHERRY. Mr. President, will the Senator yield for a further question?

Mr. MALONE. I yield.

Mr. WHERRY. I am interested in another phase, which I believe goes beyond the proposed legislation in the formulative stage which has been brought to the Members of Congress. I am interested in executive agreements which have been entered into, and as to which the Congress of the United States had no information at all. I ask the distinguished Senator from Nevada if the Congress of the United States knew anything about the Yalta agreement? I ask him if it was ever proposed to a legislative committee or proposed to either party? Was anybody else ever consulted about it? I ask the same thing about the agreement reached at Potsdam. I ask about the Chinese policy which has been formulated.

Mr. MALONE. Mr. President, I am very glad the distinguished junior Senator from Nebraska has brought up that point. It is to prevent a repetition of the Yalta, the Potsdams, and the Tcherans that I am speaking today. It is to prevent a repetition of such things, whereby the executive department can make an agreement through its leaders, and have it go into effect without any action on the Senate floor, such as the Yalta agreement, about which we do not know very much even now. We only know that it gave a foothold to Russia in China and Asia, and gave the bread basket of China to Russia by giving Russia full control of the transportation system of Manchuria and of its harbors. Likewise, Russia was given to Russia by not providing any means of egress and ingress for us.

Any 10-year-old boy in a real estate office would know better than to do a thing like that. It cost us millions of dollars to maintain the Berlin air lift. It cost us hundreds of dollars to transport each ton of coal into Berlin. It cost us much equipment and many lives. Yet it is built up in this country as a great heroic effort.

It was a heroic effort by the boys who did the work. It was not a very heroic effort on the part of our great State Department which made the agreement with Russia that made it necessary to do such a thing.

Mr. WHERRY. Mr. President, will the Senator yield for another question?

Mr. MALONE. I yield.

Mr. WHERRY. Did the Senator from Nevada have an opportunity to debate the Yalta agreement on the floor of the Senate?

Mr. MALONE. I will say to the Senator from Nebraska that since the junior Senator from Nevada has been a Member of the Senate, beginning in 1947, any questions about the inquiry as to the details of that and other similar agreements have been rebuffed.

Mr. WHERRY. Will the Senator yield for another question?

Mr. MALONE. Yes.

Mr. WHERRY. The only time the question of bipartisanship in our foreign policy is brought in is after the administration has met with a failure. Then it asks for bipartisanship. Then it wants another party to assume responsibility for a failure. I wish the Senator from Texas were here to hear this. An outstanding example of the lack of any bipartisan policy is the case of Yalta. Another example is China. We had no opportunity to debate an executive agreement under which we have already yielded nearly one-fourth of the land surface of the earth and brought it into the orbit of Soviet Russia.

Mr. MALONE. I am very glad that the Senator from Nebraska has interjected that question into the debate.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. MALONE. Yes.

Mr. McFARLAND. Is the Senator complaining about a bipartisan policy or the lack of a bipartisan policy? One minute he says that the minority party was not consulted, and the next minute he says that they are consulted. What is the Senator complaining about?

Mr. MALONE. I want the distinguished Senator from Arizona to be entirely clear on the matter. The junior Senator from Nevada has said that there never was a bipartisan foreign policy, and any collusion to gain any such advance agreements would be contrary to the spirit of the Constitution of the United States. It is not possible for the Congress of the United States and the executive branch to have a bipartisan policy, because any collusion necessary to bring about an understanding between two or more independent branches of the Government, whether it be the judicial and the legislative, the executive and the legislative, or the judicial and the executive and legislative, would be a violation of the spirit of the Constitution of the United States. It is wrong in principle and there has been no indication by the junior Senator from Nevada that he ever, at any time, approved of such a foreign policy.

It is to prevent such collusion that the junior Senator from Nevada is speaking today. I do not know how the distinguished Senator from Arizona can misunderstand it.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. McFARLAND. The Constitution says that the President shall have the power, by and with the consent of the Senate, to make treaties. Does the Senator object if the President wants the advice of the Senate before he negotiates a treaty? Does he think that is improper?

Mr. MALONE. I would say that any agreement made by the executive department of the Government and the legislative department of the Government ahead of time, which was to be accepted on the Senate floor without proper debate is wrong in principle, and is a violation of the spirit if not the letter of the Constitution of the United States.

The PRESIDING OFFICER. The Chair would advise the Senator from Arizona that in asking a question of an-

other Member of the Senate he must first address the Chair.

Mr. McFARLAND. Mr. President, will the Senator from Nevada yield for one more question?

Mr. MALONE. I yield.

Mr. McFARLAND. According to the understanding of the Senator from Arizona, the President has a duty to ask the advice of the Senate, and that is what is provided for by the Constitution. It seems to me that the Senator is complaining that the President is not asking for the advice of the minority party. I think he should ask the advice of both parties before treaties are negotiated in order that he may have some idea of what the Senators of the United States want.

By and with the advice and consent of the Senate is generally accepted to mean that the Senate considers any treaty or nomination presented to it independently—and accepts or rejects such proposal after full debate.

Mr. MALONE. The junior Senator from Nevada is very glad the junior Senator from Arizona has raised the point. He is not complaining if the President asks the Senator or any group of Senators anything he desires to ask them. The Executive is not supposed to introduce legislation in the Senate or in the House. It has unfortunately become a habit, during the last 18 years of Democratic rule, for the President of the United States to send proposed legislation to the Congress for the Congress to pass, and in most cases has insisted that it not be changed.

What the junior Senator from Nevada is objecting to at the moment is any agreement, any collusion, between the Senate of the United States, or the legislative branch, and the executive branch, which would preclude adequate debate on the Senate floor, and a full understanding not only of Senators during such debate, but the public understanding throughout the United States, before any legislation is passed or any treaty is ratified.

Mr. President, I ask unanimous consent to insert in the RECORD, at this point, a Times-Herald dispatch dated Saturday, December 31, 1949, in regard to the bipartisan policy.

The PRESIDING OFFICER. Is there objection?

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

MALONE SCORES VANDENBERG ON BIPARTISAN POLICY

Bipartisan handling of America's foreign policy, "a misnomer intended to sugar-coat internationalists in selling out our workers," was sharply criticized yesterday by Senator MALONE (Republican), of Nevada.

MALONE took issue with one of his own Republican Party chieftains, Senator VANDENBERG, of Michigan, a determined advocate of bipartisan treatment of tariffs and foreign affairs.

MALONE said:

"Many measures enacted with the aid of the so-called bipartisan policy supported by Senator VANDENBERG and just affirmed by him, have removed the floor under wages and investments, and is rapidly transferring American jobs to foreign soil."

STATE DEPARTMENT BLAMED

"This has been accomplished through the 1934 trade agreements act as extended, giving the State Department authority to lower the floor under wages and investments 75 percent by arbitrarily lowering tariffs after perfunctory hearings, and includes making up the trade balance deficits of the European countries in cash each year through the Marshall plan.

"The bipartisan policy also includes the International Trade Organization from the President's 'must' legislation list for early in 1950. It includes 58 nations, each with one vote (we would have the same vote as Siam), and we would transfer to the ITO all of our rights to fix tariffs and import fees to maintain the floor under our own standard of living wages and investments. In addition, this organization is to have full authority to fix production quotas of agricultural, mining, and industrial products for each of the member countries, including the United States, with no appeal from decisions."

TWO COURSES OPEN

"This Nation does not have a foreign policy. It has a series of financial programs, furnishing cash and goods to foreign nations without requiring the usual courtesy of integrity of private investments, free convertibility of their currency in terms of the dollar, and equal access to the markets of the world.

"There can be only two courses of action that this Nation can logically pursue as a foreign policy: First, an understanding with Russia that she withdraw within her own borders, both in Europe and Asia."

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. MALONE. I am very happy to yield.

Mr. WHERRY. I suggest to the acting majority leader that it is about 6:15 o'clock, and I am quite sure the distinguished Senator from Nevada has not anywhere near concluded his address. I am wondering if the distinguished acting majority leader would feel that it is about time to take a recess, and permit the distinguished Senator from Nevada to take the floor tomorrow to conclude his address?

Mr. MALONE. Mr. President, with the understanding that the junior Senator from Nevada may resume the floor when the session of the Senate convenes tomorrow, I shall be very glad to yield at this time. Is that the understanding?

The PRESIDING OFFICER. It is so understood.

RECESS

Mr. MCFARLAND. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 24 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, May 2, 1950, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 1 (legislative day of March 29), 1950:

ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST

Edwin E. Stanton, of California, now Ambassador Extraordinary and Plenipotentiary to Thailand, to serve concurrently and without additional compensation as the representative of the United States of America on the Economic Commission for Asia and the Far East established by the Economic and

Social Council of the United Nations March 28, 1947.

UNITED STATES ADVISORY COMMISSION ON EDUCATIONAL EXCHANGE

The following-named persons to be members of the United States Advisory Commission on Educational Exchange for terms expiring January 27, 1953, and until their successors have been appointed and qualified (reappointments):

Harold W. Dodds, of New Jersey.
Edwin B. Fred, of Wisconsin.

UNITED STATES PUBLIC HEALTH SERVICE

The following-named candidates for appointment and promotion in the Regular Corps of the Public Health Service:

To be surgeon (equivalent to the Army rank of major), effective date of acceptance:

Benjamin J. Chester

To be assistant veterinarian (equivalent to the Army rank of first lieutenant), effective date of acceptance:

Preston Holden

To be nurse officer (equivalent to the Army rank of major), effective date of acceptance:

Virginia Arnold

To be senior assistant dietitian (equivalent to the Army rank of captain), effective date of acceptance:

Susanne L. Cihunka

Surgeons to be senior surgeons (equivalent to the Army rank of lieutenant colonel):

John B. Vander Edward K. Reid
Albert L. Chapman John D. Porterfield
Henry I. Kohn

Dental surgeon to be senior dental surgeon (equivalent to the Army rank of lieutenant colonel):

Joseph E. Unsworth

Scientists to be senior scientists (equivalent to the Army rank of lieutenant colonel):

Charles G. Dobrovolsky Willard T. Haskins
Malcolm J. Williams Clarence M. Tarzwell

Senior nurse officers to be nurse directors (equivalent to the Army rank of colonel):

Lucille Petry

Pearl McIver

Assistant nurse officers to be senior assistant nurse officers (equivalent to the Army rank of captain):

Mildred E. Barnett

Ruth E. Anderson

IN THE ARMY

PROMOTIONS IN THE REGULAR ARMY OF THE UNITED STATES

The following-named officers for promotion in the Regular Army of the United States, under the provisions of sections 502 and 510 of the Officer Personnel Act of 1947. Those officers whose names are preceded by the symbol (X) have been examined for physical fitness and found physically qualified for promotion. All others are subject to physical examination required by law.

To be colonels

Clark Norace Bailey, O15839.
William Clyde Baker, Jr., O16371.
Wallace Hayden Barnes, O16426.
Elliott Jeff Barnette, O28847.
Keith Richard Barney, O16377.
William Livingston Bayer, O16372.
Hugh Belden, O28819.
John Henry Fritz Bittner, O28870.
Jacob Haberle Bloss, O41416.
Oliver Blanchfield Brown, O41418.
Harold Anthony Brusher, O16381.
Raymond Thayer Bunker, O28864.
James Vincent Carroll, O12119.
Samuel Pickens Collins, O16444.
La Vell Irvin Cooley, O28858.
William Preston Corderman, O16387.
William Murlin Creasy, O16397.
Robert Eugene Mousseau Des Isles, O16405.
William Jesse Deyo, Jr., O16449.
Russell George Duff, O16466.

William Peirce Ennis, Jr., O16436.
Wendell Welby Fertig, O41406.
Halbert Ernest Fillingner, O41403.
Maurice John Fitzgerald, O28851.
Harold McClure Forde, O16409.
Donald Martin Forney, O38607.
James William Fraser, O38602.
Andrew Suter Gamble, O15801.
Lewis Sherrill Griffing, O16413.
Leslie Ellis Griffith, O41409.
Aaron Steele Guthrie, O50894.
Elmer Peter Hardenbergh, O28940.
George Albert Harvey, O39516.
Benjamin Peter Heiser, O16450.
Edward Herendeen, O14623.
William Edward House, O16406.
Gordon Douglas Ingraham, O28848.
Montgomery Chamberlayne Jackson, Jr., O28820.
Harry Warren Johnson, O16391.
Malcolm Dudley Jones, Jr., O16435.
Werner Eugene Jones, O28850.
Malcolm Raymond Kammerer, O16403.
X Maurice Stewart Kerr, O10973.
Arthur August Gerhart Kirchhoff, O16396.
Robert Herman Krueger, O15332.
Waldo Eugene Laidlaw, O16414.
Paul Hudson Lawrence, O41420.
Rutledge Maurice Lawson, O10493.
Frederick Stevens Lee, O39518.
Alfred Russell Marcy, O38597.
Harwood Leon Marshall, O28862.
Norman Arthur Matthias, O16400.
Richard Walden Mayo, O16430.
Preston Brooks Mayson, O39532.
Robert Kinzie McDonough, O16394.
James Joseph Menagh, O50913.
Carl William Meyer, O16071.
William Michener, O8270.
Earl Lewis Mickelson, O28823.
John Vincent Mills, O28816.
William Hunt Mills, O16376.
Benjamin Franklin Modisett, O39526.
Roy Philip Moss, O28838.
James Alva Murphey, O11818.
Earl Jerome Murphy, O16421.
Clarence James Nelson, O50942.
George Patrick O'Neill, O15773.
Harold George Osborne, O28866.
Harold Franklyn Osborne, O28865.
Ralph Morris Osborne, O16399.
Guy Lionel Pace, O28826.
Richard Wyman Pearson, O16384.
John Ensor Perman, O16419.
Gerald Peterson, O28912.
James Nicholas Purcell, O41397.
Rene Odilon Quenneville, O39524.
Parker Montrose Reeve, O16390.
Earl Lewis Ringler, O16431.
Joseph Honore Rousseau, Jr., O12763.
John Matthew Ruddy, O41426.
Henry Mathew Rund, O38606.
Louis Bernard Rutte, O15928.
John Lawrence Ryan, Jr., O16451.
James Forbes Seals, O41423.
Gustav Leonard Seligmann, O41400.
Paul Andrew Shields, O41424.
Clerin Rodney Smith, O16388.
Wilbert August Speir, O41398.
Fiorre John Stagliano, O16389.
Walter Clement Stanton, O16433.
John Cline Strickler, O16445.
Perry Dillon Swindler, O28827.
Myron Benjamin Tauer, O28834.
Egon Rowland Tausch, O16452.
Benjamin Easton Thurston, O16408.
George Frederick Titus, O38604.
Holger Nelson Toffoy, O16422.
John Wayne Trone, O39523.
Sumner Pinkham Tufts, O28926.
Edwin Van Keuren, O50921.
Davis Louis Van Syckle, O16425.
William Alexander Walker, O16410.
Henry Walsh, O41408.
Glen Arthur Webster, O41383.
Theodore Charles Wenzlaff, O16443.
Edward Thomas Whiting, O28855.
Willard Allen Whittet, O28824.
Arthur Nathaniel Willis, O14868.

S. 3304

IN THE SENATE OF THE UNITED STATES

MAY 1 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (S. 3304)
to amend the Economic Cooperation Act of 1948, as
amended, viz: On page 3, after line 16, insert a new sub-
section (c) to section 104, reading as follows:

1 (c) Section 112 (1) of such Act is amended by add-
2 ing thereto the following sentence:

3 "A bulk purchase within the meaning of this subsection
4 does not include the purchase of commodities customarily
5 sold in containers or packaged form."

AMENDMENT

Intended to be proposed by Mr. ELLENDER to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

MAY 1 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

ruary 27, 1950, together with a report of the Secretary of State.

This treaty is necessary in order to make definite and permanent allocations of Niagara River water for domestic, scenic, navigation, and power purposes. At present these allocations are governed by an obsolete and inadequate set of international agreements.

The new treaty is designed to preserve and enhance the scenic beauty of Niagara Falls and to prescribe how much water, consistent with this purpose, may be diverted for power purposes in the two countries.

Today the beauty of the Falls—particularly of the Horseshoe Falls on the Canadian side—is impaired by uneven distribution of the waters over the crest, and concentrated flows are accelerating erosion. The treaty makes positive provision to correct this situation by providing for the construction of works designed to spread the waters over the Falls in an unbroken crestline and reduce the concentrated flows over parts of the crest.

The treaty reserves the necessary amounts of water for the scenic beauty of the Falls, as well as for domestic and sanitary purposes and for navigation, and provides that the remaining water shall be available for power and shall be divided equally between the United States and Canada.

The flow of water between Lake Erie and Lake Ontario is the greatest potential source of hydroelectric power at one location on this continent. For many years, some of this water has been used to produce hydroelectric power. The International Boundary Waters Treaty, signed January 11, 1909, authorized some diversion for power purposes, and exchange of notes between the United States and Canada in 1941 and 1948 provided for additional temporary diversions to meet emergency needs. In all, some 82,000 cubic feet of water per second has been authorized to be diverted for power purposes, of which 56,000 cubic feet is on a permanent basis, and some 1,290,000 kilowatts of power capacity have been installed on both sides of the border.

For some time, it has been evident that much more hydroelectric power can be produced from the Niagara River without detriment to navigation or to the scenic beauty of Niagara Falls. In September 1949, the staff of the Federal Power Commission reported that by using the water which can properly be made available for power, through modern, efficient generating facilities, some 1,250,000 kilowatts of net additional power capacity can be developed in the United States. The Federal Power Commission staff report did not, of course, cover in detail the additional capacity which might be added on the Canadian side, where more water is already being used than in the United States. It is evident, however, that several hundred thousand kilowatts of additional power can also be made available in Canada.

Thus, the new treaty will permit the development of substantial amounts of low-cost power, in an area of urgent

need, without detriment to the scenic beauty of the Falls. I believe it is a fair and wise treaty, which protects all legitimate interests, and I recommend its approval by the Senate.

It is clear that the additional power to be produced from the Niagara River should be considered in relation to other sources of hydroelectric power in the northeastern United States, particularly the St. Lawrence seaway and power project which is in the same watershed.

The St. Lawrence project is urgently needed, of course, not only as a source of additional power, but equally as an additional avenue of transportation. Considered from the power point of view alone, however, both the Niagara and St. Lawrence sources are badly needed. The national security and the economic growth of this part of the country require that additional sources of low-cost power should be rapidly developed. The staff of the Federal Power Commission found that the need for power in the northeastern part of the country is so great that the additional power from the Niagara River, together with that to be made available from the St. Lawrence seaway and power project, can all be used in New York and adjacent States as soon as the necessary works can be constructed.

When the Niagara treaty has been ratified, the question will naturally arise as to how additional facilities shall be developed to achieve the best use of water to be diverted for power purposes. My own views on this question are a matter of public record. I believe that the additional power facilities should be publicly constructed in order that the benefits of the hydroelectric power produced there can be passed on to the people at the lowest possible cost to them.

This is a question, however, which is not determined by the treaty itself. It is a question which we in the United States must settle under our own procedures and laws. It would not be appropriate either for this country or for Canada to require that an international agreement between them contain the solution of what is entirely a domestic problem. All this treaty does is to make additional water legally available for power purposes in each of the two countries. This is a step which must be taken in the interest of the United States. It is one which should be left separate from the steps which must be taken in this country in order to convert this water into additional power.

Accordingly, I urge the Senate to consider this treaty promptly, in order that this hydroelectric power, badly needed in the United States and Canada, can be made available at the earliest possible time.

HARRY S. TRUMAN.

THE WHITE HOUSE, May 2, 1950.

Mr. LEHMAN. Mr. President, I ask unanimous consent to read a statement with reference to the treaty. It will not take more than 40 seconds.

Mr. MALONE. Mr. President, I think it is time that I proceeded with my remarks. The junior Senator from Ne-

vada has yielded to nearly every Senator on the floor, and it seems to me it is time to proceed with my remarks.

The VICE PRESIDENT. Does the Senator object?

Mr. MALONE. I do.

Mr. CONNALLY. Mr. President, is not this a communication from the President with reference to a treaty, and is not that a privileged communication?

The VICE PRESIDENT. Laying the President's message before the Senate is a privileged matter. What the Senator from Nevada is objecting to is to the Senator from New York reading a statement in connection with the treaty.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. WHERRY. Mr. President, will the Senator from Nevada yield to me for an observation?

Mr. MALONE. I yield.

Mr. WHERRY. Mr. President, it is unfortunate that five committees have been granted unanimous consent to sit and hold hearings during today's session of the Senate. I know how important the distinguished Senator from Nevada feels the question of trade relations between this Nation, the ECA countries, and other countries of the world is. Does the Senator wish the junior Senator from Nebraska to suggest the absence of a quorum, or does the Senator feel that he should proceed? I have just been handed the figures, and I find that 73 Senators have been permitted to leave the floor today (later found to be 78). If the Senator feels that he would like to have a quorum call, I should be glad to suggest the absence of a quorum.

Mr. MALONE. No, Mr. President. It has been rather amusing to the junior Senator from Nevada that so many Senators consider their minds so closed on this subject that they no longer need to listen to any debate whatsoever on the question. The junior Senator from Nevada predicts that by October of this year—1950—that many Members of Congress will be reexamining the three-part "free trade" program so enthusiastically followed by many converts of this body.

RECAPITULATION

Mr. President, at the close of the session yesterday the junior Senator from Nevada had outlined the position of both major parties on foreign trade and pointed to the diametrically opposed policy of two parties in that respect. In order to sum up I want to say that one of the reasons why it may not be necessary for anyone on the majority side to listen to this debate is because the Democratic Party is committed to the three-part free-trade program, as determined by the State Department and which Under Secretary of State Mr. Thorp so ably outlined. He said that the ECA and the Marshall plan—he implied it was a trade-balance deficit program, and it has been proved to be such on the floor of the Senate—would make up the trade balance deficit of every nation in

Europe, in cash each year. Mr. President, cash is our chief export. Furthermore, the ECA was supposed to be a stopgap arrangement. The 1934 Trade Agreements Act, to which the Democratic Party is irrevocably committed, simply transferred the constitutional responsibility of regulating the national economy of the United States of America through the regulation of imports from Congress to the executive department. That was the first time such a thing was done since the Constitution of the United States was adopted. Congress gave permission to the executive department with perfunctory hearings to lower tariffs and import fees as much as 75 percent of those imposed under the Tariff Act of 1930, thus effectively stopping the venture capital flowing into the business streams of the Nation. If tariffs are lowered only 10 percent, Mr. President, and they correctly represented that differential of the cost of production—then you virtually have free trade unless the wages are lowered and the investment is written off to meet the competition—it is simply a choice of a lower standard of living or unemployment.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. DONNELL. Will the Senator state whether or not the provision in the Democratic national platform for 1948 to which he refers is the one which reads:

We pledge ourselves to restore the reciprocal trade agreements program formulated in 1934 by Secretary of State Cordell Hull and operated successfully for 14 years until crippled by the Republican Eightieth Congress. Further, we strongly endorse our country's adherence to the International Trade Organization.

Mr. MALONE. I may say to the distinguished Senator from Missouri that I do have reference to that particular plank in the platform of the Democratic Party. I also have reference to the statements which the Secretary of State and the Under Secretary of State have reiterated, not in reference to the Democratic platform. Those gentlemen said that the ECA, the ITO, and the 1934 Trade Agreements Act are connected, each dependent upon the other.

THE PERIL POINT

In further answer to the distinguished Senator from Missouri, in the Eightieth Congress the peril point was proposed in connection with the renewal of the 1934 Trade Agreements Act. All that the peril point provision would have amounted to is a notice to the President of the United States that, if he lowered tariffs and import fees below the point which the Tariff Commission considered the danger point to American industry and American workingmen, he must write a letter to the Congress of the United States explaining why he had done it.

In the opinion of the junior Senator from Nevada that the peril-point procedure would not have changed the Democratic administration's headlong course toward free trade. However, it would have required him to write a letter, probably addressed generally to the world,

saying what a great job he was doing in developing markets here to ease the trade balances of the nations of the world, and he would have had to send us a copy of the letter. I will say to the distinguished Senator from Missouri that acceptance of the peril-point amendment to the 1934 Trade Agreements Act would have meant that the Republicans would have been stuck with the so-called Reciprocal Trade Agreements Act that was sold to the American people under the catch phrase of "reciprocal trade." It never gave and never will give reciprocal benefits. And the Republicans would have been stuck with the 1934 Trade Agreements Act and the principle of "free trade"—meaning the last difference between the parties would have disappeared. We would then have joined the Democratic Party in wrecking the floor under American wages and investments.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. DONNELL. I yield.

Mr. WHERRY. There was considerable confusion during the introduction of matters into the Appendix of the RECORD, but did the distinguished Senator from Nevada hear the senior Senator from Wisconsin [Mr. WILEY] offer a resolution adopted by a trade union in Wisconsin complaining about the dislocation of jobs and people having been thrown out of work because of the unfair competition in the shoe business, which is resulting from the factors the distinguished Senator is now mentioning on the floor?

Mr. MALONE. I am glad that the distinguished Senator from Nebraska has reminded the junior Senator from Nevada of that particular point. I did take note of that letter, and I intended to mention it. The Wisconsin shoe industry is only one more industry which has fallen into the trap and the deceptive "free trade" come-on designed by that misleading phrase "reciprocal trade." The workingmen of America are more interested in having a floor under their wages and under investments than are any other individuals in the whole United States of America. Workingmen are the first ones to suffer. The owners of the business, the investors, and the managers of the business may consist of entirely different personnel. Management may own only a small percentage of the business, and if the business fails the manager of the business is identified. He is known and can get another job, and they also may have a little money laid aside. No doubt investors, too, have some money laid by, and their investments in a particular business may be only one part of their entire investments, whether in the shoe business, the mining business, or the crockery business.

However, the workingmen of America, in a mining camp, in a town with shoe factories, or a town with crockery manufacturing, with their homes half paid for and with their children in school, have no other job for which they are trained. What are they to do? The workingmen of America are beginning to realize their position. Furthermore, my earnest opinion is that 3 or 4 months from now there will be no other issue in

the United States of America so important as that issue—the floor under wages and investments.

Mr. WHERRY and Mr. DONNELL addressed the Chair.

The PRESIDING OFFICER (Mr. THYE in the chair). Does the Senator from Nevada yield; if so, to whom?

Mr. MALONE. I yield first to the Senator from Nebraska.

Mr. WHERRY. Did the distinguished Senator from Nevada read the recommendations made by the Administrator, Paul Hoffman, and also the advice given by the Secretary of State, Mr. Acheson, to the effect that they knew that dislocations would occur in the United States of America; that we should anticipate such dislocations, and that in the case of industry and management provision should be made so that those who had to close their doors because of being under-sold could get into new businesses, so that labor could be taken care of by extending unemployment insurance to those thrown out of employment by extending the Unemployment Insurance Act and requiring the taxpayer to take care of the unemployed? Does the Senator remember reading those recommendations by the Administrator and the Secretary of State?

Mr. MALONE. Mr. President, in answer to the distinguished Senator from Nebraska, I should like to turn back to the CONGRESSIONAL RECORD of March 1 and read briefly an excerpt from my address under the heading "The economic Yalta." I read an excerpt from that address, as follows:

Both Mr. Acheson and Mr. Hoffman agreed that the old "Buy American" slogan should be dropped in the face of increased unemployment and that the new slogan of "Buy European" should be adopted and a real drive begun, assisted by Government appropriations to make it effective.

Mr. President, since that time Mr. Hoffman, I suppose, with the active assistance and cooperation of Mr. Acheson, has created a division within the ECA, the sole objective of which is to search for things in Europe to import into this country, showing the producers in Europe how to package them for sale in this market, finding markets in this country, and promoting fairs and other means of selling more European goods to this country. Mr. Hoffman mentioned in 1949, in an article in the April issue of the American magazine, a copy of which the junior Senator from Nevada secured in March and used excerpts during the debate, that he favored a fair train traveling throughout the United States advertising the goods of Europe, to help Europe obtain a part of the United States market.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. MALONE. I yield to the Senator from Maine.

Mr. BREWSTER. I should like to ask the Senator from Nevada, in connection with what he is now saying, apropos of the question whether or not American workingmen were becoming awakened to what is going on, if he has seen a report in the New York Times of this morning, from Boston, of an address by Emil Rieve, general president of the Tex-

tile Workers Union of America, CIO, dealing with this matter, in which, according to this report, Mr. Rieve suggested today that it would be better for the United States to give away our surplus goods abroad than to buy imports at the cost of unemployment at home.

I read from the article:

In a keynote speech he said to the 1,748 delegates—

Delegates, mind you—

opening the union's sixth biennial convention, Mr. Rieve warned that private enterprise was having its final test and that, unless it could provide full employment and a decent standard of living for all the people, it would disappear.

This is very interesting, coming from Mr. Rieve.

He asserted that he was sick and tired of statements from Washington, "by our friends as well as our enemies"—

That is very interesting. I wonder whom he meant by "friends"—that the country was in fine shape the way it is.

The only one I have heard say those words recently was the distinguished President of the United States, who asserted it was in fine shape. Mr. Rieve is sick and tired of hearing those statements.

Mr. Rieve said that this was not so "when workers in Lawrence, Mass., Wilkes-Barre, Pa., New Bedford, Mass., and Cumberland, Md., and a hundred other towns from coast to coast can't find honest work at decent wages."

If these people were jobless now, said the textile union leader, "where will we be when we stop pumping billions of dollars a year into our economy through our armament program and our foreign-aid program?"

I wonder whether the Senator from Nevada had that called to his attention before.

Mr. MALONE. Mr. President, I am very happy that the distinguished Senator from Maine has read this reference into the Record, because it had not been called to my attention. But the newspapers of the United States are full of the subject now. Workingmen all over America are meeting daily and are slowly becoming conscious of the danger to their jobs, because, as the junior Senator from Nevada has just said, the workingmen are the first to suffer, they are the first to be laid off. Investors may have other means of livelihood. Management can get other positions, but the workingmen, who know only one type of work, have no other place to go.

Mr. President, I have been in about 25 States in the last 60 days, and I wish to say that 60 percent of our own people in the United States of America are not getting along very well. They are having a tough time paying their taxes, and keeping their children in school. Make no mistake about that. There will be an accounting when they finally realize what is pulling the economic rug out from under their feet, with Members of the United States Senate and the Congress and administration officials rushing to Europe, participating in industrial committees and agricultural committees, trying to save some of their

constituents from being ruined by these policies and to preserve some semblance of common sense in some of the things that come out of these committees. Senators are so busy meeting in committees, as we saw here this morning, that 78 of the 96 Senators were attending meetings of committees. They will be busy all day. They will rush here a little later in the afternoon, and then rush to their offices to sign their mail. They are so busy they do not see the economic rug slipping out from under their feet through this three-part free trade program. That is exactly what is happening, and the workingmen of America are beginning to find out that they have been duped.

Mr. DONNELL. Mr. President, will the Senator yield for an inquiry?

Mr. MALONE. I yield to the Senator from Missouri.

WHY THE DELAY ON THE ITO?

Mr. DONNELL. Mr. President, at the Democratic National Convention held July 12 to 14, 1948, at Philadelphia, the convention there said:

Further, we strongly endorse our country's adherence to the International Trade Organization.

I ask the Senator whether or not, following that declaration, there was elected to both Houses of Congress a sufficient number of Democrats to be in control of each of the two Houses of Congress?

Mr. MALONE. That is correct.

Mr. DONNELL. Is it true that ever since the January convening of Congress in 1949, until and including the present moment, there has been a Democratic majority in both Houses of Congress?

Mr. MALONE. There has been.

Mr. DONNELL. I ask the Senator if he knows, therefore, why it is that, notwithstanding this strong declaration in the Democratic national platform in July 1948, and notwithstanding the fact that the Democrats have been continuously in control of the Congress from the early part of 1949 to and including the present time, no action has been taken up to this date, so far as the House calendar of May 2, 1950, advises, on either House Joint Resolution 14, introduced in the House on January 3, 1949, House Joint Resolution 71, introduced in the House on January 6, 1949, or House Joint Resolution 236, introduced in the House on May 3, 1949, each of them over a year ago, and two of them a year and 4 or 5 months ago, and each of them providing for membership of the United States in the International Trade Organization, and authorizing an appropriation therefor? When the Democrats claim that the International Trade Organization is so desirable that they strongly endorse our country's adherence to it, and ever since early in January 1949 they have been in control of both Houses of Congress, why is it, if the Senator knows, that nothing has been done on any one of these three joint resolutions providing for membership of the United States in the International Trade Organization?

Mr. MALONE. Mr. President, I am very glad the distinguished Senator from Missouri has brought this matter again to the floor of the Senate. In yesterday's debate the junior Senator from Nevada defined what the International Trade Organization would do. In other words, after the Congress of the United States had transferred its constitutional authority to regulate the national economy to the Executive, the International Trade Organization would, if approved, transfer that authority to 58 nations, or 56, whatever number would become members, perhaps 60, with the United States having one vote. It would transfer the control of the economy of the United States of America, because after 125 pages of ambiguous statements in the charter of the ITO, there is only one conclusion that can be reached, namely, that to that organization would be assigned the authority to fix the tariffs of its member nations. That also means to fix the tariffs and import fees of the United States of America. And further the ITO would be authorized to fix quotas of production of such commodities as shoes, wheat, or any other commodities, and 58 or 60 of the representatives around the table, knowing the historical consumption of the world of each product each year, could transfer production from this country to another country to balance production and level our standard of living with the nations of the world. If we decided to withdraw we would be accused of bad faith, and anyway we would be so bloody after the 3 years we are bound that it would be impossible for us to withdraw.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. MALONE. I am happy to yield.

Mr. DONNELL. Does not the Senator think that it is passing strange that if the Democratic Party believes it should have strongly endorsed our country's adherence to the International Trade Organization, and had it within its power to do so during all the intervening months, from the early part of January 1949 until May 2, 1950, it has not taken steps to pass any one of the three measures which have been lying dormant in the House of Representatives, so far as the House Calendar of today shows, but has allowed them to lie dormant all that time? Is it not strange that, if the Democrats think the International Trade Organization is so essential and have so strongly endorsed in their national platform, they have done nothing toward causing that document, the platform, to be approved by adopting one of the three joint resolutions?

Mr. MALONE. Mr. President, it is rather strange. But yesterday on the Senate floor I read a dispatch which stated that it had been concluded, or at least was being considered, that any consideration of the ITO on the Senate floor be withdrawn until—and I may be in error in quoting the exact language—until the "Republicans had taken a more enlightened view." Yesterday I said:

The ITO is but one more device affecting private trade which has been placed under the umbrella of that great protective phrase "bipartisan foreign policy."

The distinguished Senator from Missouri said yesterday, in answer to a direct question from the junior Senator from Nevada, that if we entered into the bipartisan policy, through the collusion necessary to have such a bipartisan policy, it should be an impeachable offense. To that the junior Senator from Nevada subscribed.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. MALONE. Yes; I yield.

Mr. DONNELL. I assume that what the Senator from Nevada is referring to is the question and the answer appearing at the bottom column 2 on page 6149, and the top of the third column, the question reading as follows:

Mr. MALONE. Then I ask the opinion of the Senator from Missouri about what I said earlier in my remarks, as follows: If it were possible, through collusion, bipartisan agreement or other methods, to have a meeting between the Chief Justice of the Supreme Court of the United States, Senators constituting a minority in the Senate—or, for that matter, all Members of the Senate—and representatives of the executive branch of the Government, by which they would bind the executive and the legislative branches of the Government in regard to a bill or other measure which, it would be agreed, would be passed by Congress without necessary debate; and if it were further agreed that, without proper hearings or arguments before the Supreme Court, such a measure would be held by the Supreme Court to be constitutional, what would the Senator from Missouri think about that?

And the answer being as follows:

Mr. DONNELL. I think every Government official who was a party to such proceedings should be impeached. That is what I think about it.

Is that the question, and is that the answer?

Mr. MALONE. That is the question and the answer.

Mr. President, I say that the Senate of the United States should have the same dignity as members of the Supreme Court. If anyone approached members of the Supreme Court and asked them to give their decision before the arguments had been made, or to give out the decision prior to the official release, it would be deeply resented. It seems to me the Senate of the United States should be at least on a par with the Supreme Court, as one of the three coordinate branches of Government.

Mr. President, that does not preclude at all any discussion between the President of the United States and any Member of the Senate relative to an agreement or a treaty, before it has come to the Senate and before proper debate is had. It does not mean that such discussion should be subject to impeachment proceedings at all—but an agreement for a bipartisan foreign policy that may limit discussion on the Senate floor certainly should be subject to such proceedings.

Mr. President, in further answer to the distinguished Senator from Missouri as to why this important matter, this vital matter—the third part of this free-trade program—has not come before the Senate, yesterday on the Senate floor the junior Senator from Nevada said:

When the ITO Charter was sent to Congress some weeks ago we were told that our

liberties were at stake, that its adoption was necessary for the preservation of peace and prosperity. Let us take that propaganda at its face value and bring the charter to the Senate floor. If adoption of the charter is as urgent as officially stated, then it should be considered now. Mr. President, I defy the administration to have the ITO Charter brought to the Senate floor.

I do not think the ITO can be passed and I think they know they cannot pass it in the Senate, because the workingmen of America are awakened now. They know what might happen if this treaty becomes the permanent law of our country, thus enabling foreign nations to control the economy of our Nation.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. MALONE. I am happy to yield.

Mr. DONNELL. Does the Senator desire to express any judgment as to why it is that the International Trade Organization proposal has not been presented to the Senate by way of a treaty, particularly in view of the expression made here on the floor of the Senate by the senior Senator from Georgia [Mr. GEORGE] the other day that in his opinion the subject matter is a treaty, also particularly in view of the fact that the very strong statement was made by the junior Senator from Colorado [Mr. MILLIKEN] that he thinks it is a treaty? Why is it, in the judgment of the Senator from Nevada, that three measures have been introduced in the House of Representatives, none of which has made any visible progress, that is, visible to the naked eye, so far as I can find, although each is a measure requiring only simple majority in each of the two Houses, whereas a treaty would require a two-thirds majority in the Senate? Does the Senator desire to express any judgment as to why that course of procedure has been followed?

Mr. MALONE. Mr. President, the Senator from Missouri has propounded a very pertinent question. The junior Senator from Nevada has watched the progress that has been made during a period of years in carrying out platform promises and measures which have been initiated by the Democratic Party in Congress.

The distinguished Senator from Missouri was in the Senate, of course, before the junior Senator from Nevada and should have much greater knowledge as to the actual reasons. But the reaction of the junior Senator from Nevada is simply that it was found early in the present administration that a way must be found to have treaties with other nations adopted by a simple majority of both Houses, since two-thirds of the Senate could never be found to approve such stupid and dangerous treaties as were continually coming before the Congress of the United States.

Mr. President, the Secretary of State several months ago made a statement, quoted literally and accurately yesterday for the RECORD, that it was almost impossible now to distinguish and separate the national economy from the foreign policy. What the Under Secretary has said on many occasions was that the three parts of the free trade system to which I have referred are each dependent upon the other—the ECA, the 1934 Trade Agree-

ments Act, and the International Trade Organization.

The junior Senator from Nevada will say that the first two established free trade, and the International Trade Organization would simply make the policy permanent. The ECA is simply a stop-gap to make up the trade balance deficits of the nations of Europe until such time as the markets of this country can be divided under the 1934 Trade Agreements Act so that theoretically there are no more trade balance deficits.

The 1934 Trade Agreements Act, established free trade, and then the International Trade Organization does nothing except make that situation permanent.

Mr. President, Mr. Acheson spoke further in that connection when he appeared before the House Committee on Foreign Affairs, in testifying relative to House Joint Resolution 236, on April 19, 1950, only about 2 weeks ago. At that time he said:

Many of the commitments of the charter—

In other words, the International Trade Organization Charter—

even under today's economic conditions, can be immediately put into full effect. These commitments include those dealing with negotiations for the reduction of tariffs and elimination of preferences.

In other words, Mr. Acheson still maintains that the present state of our domestic economy allows many of these provisions to go into effect, including the elimination of tariffs or the further reduction of tariffs, with no consideration given as to what is involved in the cost differential between the competitive nations and the United States, due to the differences in the wage standards and living.

Mr. President, I have not quite finished responding to the question of the junior Senator from Nebraska, who asked about the attitude of Mr. Acheson and Mr. Hoffman.

It was Mr. Acheson and Mr. Hoffman who said that we must buy European now, instead of buy American. The words "buy European" are Mr. Acheson's and Mr. Hoffman's words.

Mr. President, as I said in my speech in the Senate on March 1, 1950:

ACHESON-HOFFMAN FREE TRADE SHOULD BE
CONTINUED

"Buy European" with approximately 6,000,000 unemployed in this country today and probably 12,000,000 partially unemployed at the present time, and with the number increasing each day in the textile, crockery, precision instruments, lumber and wood products, mining, agriculture, petroleum, and other vital industries, Mr. Dean Acheson, Secretary of State, and Mr. Paul Hoffman, Director of ECA, had the effrontery to tell the United States Senate Foreign Relations Committee that the State Department's free-trade program should be continued.

DIRECT RELIEF TO DISPLACED WORKERS

I shall quote from the New York Journal of Commerce of February 23 relative to a suggestion made by Mr. Hoffman. During his initial testimony on Tuesday, Mr. Hoffman had merely stated that, "if there must be some relief in this situation, I suggest that it be given directly."

They had disagreed slightly on how to support the unemployed in this country, and to reimburse industrialists with their stock-

holders whose investments have gone bad as a result of the imports, fostered by ECA.

THE HOFFMAN THREE-PART UNEMPLOYMENT SOLUTION

Taking the highly problematical case of the one-industry town, with a plant which could not shift its products to some other line, the ECA Chief said he saw three possible types of relief:

First. Unemployment compensation insurance.

Since the junior Senator from Nevada said that a statement has been made by the President of the United States that Congress should increase the amount of money available for unemployment compensation, and perhaps should help the States in regard to their unemployment insurance.

I further said in my speech on March 1:

Second. A program of job training; and
Third. Possibly management training, to try and bring new industry into the area.

ALICE IN WONDERLAND SOLUTION

Mr. President, this, to my mind, reached the *n*th degree of some kind of Alice in Wonderland theories. In other words, here is a man, a supposed industrialist, drawn into this great job of directing the expenditure of from \$5,500,000,000 to \$6,000,000,000 each year, who apparently has never found until now that for a hundred years the nations of the earth have been competing for markets. So, after financing industries in ECA countries to the extent that they cannot, through their own quotas, embargoes, and the manipulation of their foreign currencies and other stoppages of trade among themselves, sell what they produce, he suddenly finds out there is a great solution on their doorstep. What is it? It is to allow them to take the market we have protected and built up the hard way for 75 years in the United States.

Mr. President, it is a great solution. In my opinion, it is comparable to two great armies facing each other, such as you and I and many other Senators on this floor have seen twice within the last 30 years. The armies face each other. So, one of the generals suddenly determines how to stop the war—he surrenders to the other. A wonderful solution, Mr. President.

Mr. President, what a fantastic proposal that is—namely, that all we have to do is divide the markets of the United States with the other nations of the world, and then everyone will be happy. In that event, of course, everyone will be happy except the workingmen and the investors of the United States whose jobs and investments have been exported to foreign soil.

Mr. WHERRY. Madam President, will the Senator yield at this point?

The PRESIDING OFFICER (Mrs. SMITH of Maine in the Chair). Does the Senator from Nevada yield to the Senator from Nebraska?

Mr. MALONE. I am very happy to yield.

Mr. WHERRY. Of course, the argument in favor of that course is that although there will be dislocations in this country, yet on the over-all basis, with the international trade, the United States still will benefit. For that reason, apparently, those who are in favor of the program base the proposal for the United States to make contributions to it, doing so, apparently, on the theory that it will close the dollar gap, and that as soon as the dollar gap is closed there will

be the mutuality of opportunity which they advocate. At least, I assume that is their theory. It is very difficult to understand exactly what their theory is, but apparently that is it.

I say to the Senator from Nevada that I cannot find anywhere in the record or the report a statement of how much of the British, French, Dutch, and Belgian dollar earnings come from their colonial possessions, if the question is one of closing the dollar gap.

The Senator from Nevada has visited practically all the countries of the world, and I should like to know from him whether in the course of his visits to various foreign countries he has ascertained what that situation is. If he knows, I should like to ask him. If he does not know, I should like to ask any member of the Foreign Relations Committee whether he knows what the dollar earnings of those countries are from their colonial possessions, and whether the budgets of Britain, France, and the other countries which have colonial possessions and are participants in the Marshall plan and are requesting more dollars from the United States, show that that gap is more nearly closed than is shown by the figures contained in the report.

For illustration, as I recall, during the war we bought some of our items directly from the colonies, and paid for them in dollars. Immediately after the war, that direct source of supply was shut off to us, and we had to buy those items from the mother countries, who, in turn, did business with their colonies in obtaining the materials. If the colonies are paid in dollars, certainly their earnings in dollars would figure in with the over-all dollar earnings of the mother countries, and should be considered in connection with the calculation of the number of dollars which the mother countries tell us it is necessary for them to have in order to be able to close the dollar gap. So I should like to ask the Senator from Nevada whether he knows about that matter. If he does not know, then I should like to ask if any other Senator knows whether there are available in the record figures from which we can determine what are the dollar earnings of those colonial possessions, so that we can consider them in connection with the attempts of the mother countries to justify the asserted need for dollars from the United States under the Marshall plan.

When that question is answered I should like to ask the Senator from Nevada another question, a separate one. The ECA money is contributed for definite purposes, and, of course, eventually it goes on to the colonies, at least in part. I should like to know whether there is available anywhere in the report—or, if not, whether any Member of the Senate knows the facts—information as to whether an audit is made of the ECA funds, beyond the grants which go to the ECA countries, so as to make it possible for us to know for what purposes the ECA dollars we contribute are actually spent—whether for the purposes outlined in the ECA Act or for other purposes. If that information is made available, it seems to me it will have a

great bearing on the dollar-gap question we are discussing and on the question of whether on an over-all basis the United States of America is receiving any benefit from this so-called trade.

Mr. MALONE. Madam President, I am very glad the distinguished Senator from Nebraska has brought up this point. It might be interesting to reflect, however, on the wording of the ECA Act, first known as the Marshall plan. It is very loosely worded. As in the case of the authorization acts for many of the other bureaus for which we appropriate large amounts of money, in the ECA Act there are many provisions by which the agency itself is allowed to set up the rules and regulations under which it will operate, and by which it is allowed to determine how it will spend the money which is appropriated to it.

Let me say that, as all of us realize, the distinguished junior Senator from Nebraska has something of a habit of considering, in connection with matters of current debate, events which occurred some time ago. I think it is most appropriate for that to be done. If the Senator will recall the debate in March 1948, he will remember that at that time the Senators who were advocates of ECA aid told us, on the floor of the Senate, "We must feed hungry people. We must rehabilitate the industries of these European countries. We must stop communism. Therefore we must authorize \$17,000,000,000, by means of the ECA bill. We must provide between \$5,500,000,000 and \$6,000,000,000 a year. We must permit one man to handle it, and must allow him to rush over to those European countries, and use it at once in almost any manner he may decide—those were actually the provisions of the bill. Very little detail was given. At that time the junior Senator from Nevada felt impelled to go into some detail, after visiting practically all the nations of Europe and going into the coal mines and steel mills in the Ruhr Valley, where the English were in charge of the coal mines, trying to increase coal production. Of course, they could not produce enough coal in their own country to keep warm, although England had been one of the greatest coal producing countries in the world. So we put the English in charge of the Ruhr coal production. The first indication the junior Senator from Nevada saw that there might be something that did not meet the eye was in the Ruhr. That is what we saw after going through some of the mines, for instance crawling on our hands and knees for an eighth of a mile to inspect the face of a coal vein. The veins of the coal there are not so thick as they are in this country, therefore it is impossible for a man to stand upright where the coal is mined. Half a mile underground, perhaps three-quarters of a mile back from the face, we saw a new coal cutter in action. We were lying there in about 2 inches of water, talking to the "shifter," who spoke a little English, and I had already seen the automatic loaders and the lifts taking the coal to the surface. This coal cutter was dropping the coal into a steel shaker conveyor, going down to a web conveyor, thence up to the next level,

and on to the automatic loaders, with 35 3½-ton cars moving up automatically, no one touching the coal. I said to the shifter, "In Nevada we merely open up more faces when we want to break more ore down. You have plenty of opportunity here if you want more coal to do just that." He said, "We would like to do that, but, the only factory in Germany that makes coal cutters is on the reparations list—which means no more coal cutters." So we went from there to something else, always finding the same thing. Some deliberate action to prevent reaching the announced objective.

Then I was invited to dinner with Mr. Collins, who was in charge of the coal mining in the Ruhr, and living in the great Krupp residence, a magnificent building. So, after three or four rounds of the lemonade we had dinner and they started again on the lemonade. I was winning the argument, I think, because it looked to me as if all that would be necessary was to use a little horse sense, and the coal production, steel production, and everything else, could be increased without a large expenditure of money. So finally Collins stopped dead and grinned at me. He said, "You know, you are going to give us that money in order to support your own economy." Madam President, I then stopped dead myself. But I heard that same statement several times in Europe to my extreme embarrassment. The first time I heard it around the capital was in the latest argument being made that "if you do not appropriate this \$3,333,000,000, we will have a great depression in this country." That was not the first time I heard it, but it was the first time I heard it advanced here in the Capitol.

Madam President, I do not know the exact amount of dollar income of these nations from the colonial possessions alone. I visited practically all the colonial nations in Africa and also in Asia. Of course, as the Senator from Nebraska knows, the Far East Asiatic nations, and the nations in Africa include most of the colonial nations.

Mr. WHERRY. Madam President, will the Senator yield?

Mr. MALONE. I am happy to yield.

Mr. WHERRY. Referring for example to rubber, the Senator knows where Britain gets her rubber supply, and he knows how we pay for it. That is one item I had in mind. I hope that if the distinguished Senator does not know where he can find the figures in the report—and I could not find them—I hope he will ask some member of the Committee on Foreign Relations to furnish the figures for the Senate. I think they are very interesting figures. Perhaps the Senator knows where to obtain them. If so, I should like to have that information.

Mr. MALONE. Madam President, so far as I know, the figures are not contained in any report. For example, in Singapore, as in Bangkok, Siam, I met Mr. Malcolm MacDonald, a son of the old-time MacDonald who was the head of the English Government for many years. Malcolm MacDonald and I talked at considerable length about the tin situation and the rubber situation. He was very

adamant, saying to me that if we continued to manufacture synthetic rubber, the price of natural rubber would be pressed down in the Malayan States and other areas over which they had control, and that they would not be able to earn the amount of dollars necessary to continue to hold those areas by the sale of rubber to the United States of America.

I pointed out to the distinguished Malcolm MacDonald that we remembered when we had no synthetic rubber, that rubber went to \$1 a pound here in the Malayan States. So I told him that I thought it very unwise for us to go out of the synthetic rubber business. However, I could sympathize with his point of view.

Again, we got together in Singapore at the British headquarters, where substantially the same conversation ensued. In all these areas such as Indonesia, the Malayan States, Indochina, and the African nations, the colonial possessions, this is the principle on which they proceed. The junior Senator from Nevada accumulated quite a fund of information on just how it was being done. Through our free-trade methods, they are encouraged to hold their own labor and this slave labor down. They hold it just as low as possible—25 cents a day, 50 cents a day, or whatever they are finally forced to pay for native labor. They then sell the product, tin, rubber, hemp, copra, and the other products which we require but which we do not produce, for all the traffic will bear. It has been done for 100 years. But, through our production of synthetic rubber, we have some control of the price of natural rubber. That is the way those nations have made a living, some of them for 300 years, some of them for 100 years. We are encouraging the holding down of the labor by the very free-trade methods which we say will raise their standard of living. In the humble judgment of the junior Senator from Nevada, this is the way it operates. When we have free trade, or virtual free trade, it encourages them to hold the labor down as much as possible. I refer to the slave labor in the imperial or colonial areas, and their own labor in their own countries, as witness the freezing of the wages of labor in England. They then sell the products of the low cost and slave labor for what the traffic will bear.

It will be remembered that even when the British devalued their currency they did not change the sale price in dollars on products that were not competitive in this country. So long as we permit the free trade, it encourages them to freeze their labor wages, to keep it as low as they can.

But if we had a flexible import fee principle which would make up the differential of cost between the slave labor and the low-cost labor employed to produce the products coming in here, and the difference were paid into the United States Treasury, about the second or third time the Englishmen, the Frenchmen, or the Dutchmen, and the others paid the flexible import fee, they might go home and say, "Well, boys, we may as well give you a little higher wage and

create a market here in Europe, in England, France, and the other European nations." In other words, by using the flexible import fee system we would encourage them to pay more to labor and raise the standards of living in those countries, and would create additional markets in Europe. The difference between slave-labor costs and what the traffic will bear here, is kept in their pockets, and represents the amount the distinguished Senator from Nebraska is asking about. I am sorry I have been unable to obtain recent figures on it, therefore I cannot give the current answer.

Mr. WHERRY. Madam President, will the Senator yield?

Mr. MALONE. I yield.

Mr. WHERRY. To me, that is one of the very important features about having free and open debate on this subject. This morning, when unanimous consent requests were made for committee meetings, I finally did not object, because it seemed to be the program to go ahead and let the committees meet, but I said then that there were 76 Senators granted leave of absence. I was in error: It was 78.

Mr. MALONE. That leaves 18 Senators, and I see most of them are here.

Mr. WHERRY. That figure does not include the six Senators who were given personal leave of absence by the Senate. To me, the debate concerns some of the important aspects of authorizations, and the time to talk about appropriations is when they are being authorized, not after the Congress has authorized them. Not until after the money has been authorized is it so much a question of appropriation.

Yesterday a question was asked by the junior Senator from Missouri [Mr. KEM] which has not yet been answered. It was also restated in different form by the junior Senator from Nebraska. The question was this: Why is it that American industry is foreclosed from shipping into the satellite countries, in the interest of national security, materials which are apparently being shipped on wholesale basis by the ECA countries?

There is a \$64 question which has not yet been answered. The speech which the Senator from Nevada has made and is making has for its purpose an endeavor to provide some basis on which our labor can compete with foreign labor. When it comes to dislocations and unemployment, something has to be done about it in this country. I should like to know, and I do not know why the information is not yet available, something with reference to the closing of the dollar gap, and what the colonial possessions earn in dollars. I think we should have on the desk information as to what the colonial countries are earning, and whether the gap is as wide as some persons say it is. I think that is highly important, because if we are going on the basis that we must close the dollar gap in order to have trade on a free-trade basis, we have got to ascertain what has already happened. We do not have a complete picture unless we have evidence as to what the colonial possessions will earn in dollars this year, and what they expect to earn next year. In

making appropriations to close the dollar gap, we should know whether those countries will have the dollars to go around.

I think another very important question is the question which the Senator has already stated he could not answer, because it is a question of administration.

I think every United States Senator has the right to know whether the Administrator makes any kind of a report as to what becomes of the funds. How do we know whether the money goes for the purpose for which the act was passed or whether it goes for an entirely different purpose? I think our experience with UNRRA is convincing evidence that we need a watchdog committee.

The Senator from Nevada has given a very intelligent answer to the first question with reference to shipping. Senators who are responsible for authorizations and appropriations should know whether the money is being spent for the purpose for which the act was passed, and certainly there is a great question as to whether portions of the appropriations are being used for the proper purpose.

Mr. MALONE. Madam President, in answer to the distinguished Senator from Nebraska, I believe the ECA funds are being used for the purpose for which Congress appropriated the money, but Congress did not understand what kind of bill it was voting for. We voted for a blanket appropriation. Was anything said on the Senate floor in 1948, when the great Marshall plan, or the Bevin plan, or whatever it should be called, came before the Senate? I call it the Bevin plan, because he caught it on the first bounce after Marshall made a paragraph reference to it at Harvard, and in 30 days he told us how much it would cost us. I think he had it in mind before that; I think there had been a few telephone calls, and perhaps a little collusion practiced in that connection.

The first evidence before the Senate was the statement that we were going to create more markets in Europe for our workmen and investors. Was anything explained on the Senate floor at that time as to a special office being set up under the ECA to promote imports into this country and to stop exports from this country to ECA countries? I do not think so.

Mr. WHERRY. Madam President, will the Senator yield?

Mr. MALONE. I shall be happy to yield.

Mr. WHERRY. Then the answer is that the act can be so administered, along general lines, that there will not be any accounting made. Is that correct?

Mr. MALONE. I should say, in answer to that question, that 90 percent of the legislation which has been passed in the past 18 years is so worded that anything can be done with the money appropriated, so that the Government bureaus and the great multitude of organizations established to spend the money can to a large extent make their own rules

and regulations in the expenditure of such funds. Congress has been very careless.

Mr. KEM. Madam President, will the Senator yield for a question?

Mr. MALONE. I shall be very happy to yield to the Senator from Missouri.

Mr. KEM. I should like to ask the Senator if the use of \$175,000,000 of ECA funds for the purpose of purchasing Canadian wheat to go to Great Britain is not a shining example of what the Senator from Nevada has just been talking about?

Mr. MALONE. I am very glad that the distinguished Senator has brought up that question, because the junior Senator from Nevada was invited to go to Toronto to address a national mining convention there. Knowing the kind of audience he had, and liking all of them—they are very fine people, our kind of people—he spent a little time joking with them, but his remarks were really serious. One of the things he said was, "You are now waiting"—this was in February 1948—"for us to furnish the money to England for them to buy your wheat and pay cash for it."

That is what I said in my address, and it was subsequently placed in the CONGRESSIONAL RECORD. That is exactly what happened. In other words, Canada could not afford to give away wheat and needed hard money for it. So we appropriated the dollars and sent it to England. Theoretically it made the "round robin" and came back to Canada to pay for Canadian wheat.

It did not make much sense to the Senator from Nevada. I believe my statement will be found in the debate which occurred on the 4th and 5th of March 1919, at which time the Senator from Nevada tried to make a little sense out of something for which he was expected to vote.

Mr. KEM. At the time the ECA appropriation bill was passed did the Senator from Nevada have the slightest intimation that the Administrator intended to pay \$175,000,000 of the money for the purchase of Canadian wheat?

Mr. MALONE. I would say to the distinguished Senator from Missouri that the junior Senator from Nevada knew what they were going to do with it, because of the sources of information open to him between the United States and Canada. Canada was then waiting for the money to be appropriated by us.

Mr. KEM. Did Mr. Hoffman let the cat out of the bag before the Appropriations Committee?

Mr. MALONE. He is a very good and cagy witness. We wound up with the kind of a bill the administration sent down to the Foreign Relations Committee, with practically every "i" dotted and every "t" crossed.

Mr. KEM. I understand he had a good deal to say about agricultural products which he proposed to buy in the United States.

Mr. MALONE. If the Senator will recall, we used to converse about it. We knew on the floor of the Senate that the influence of the need for purchasing tobacco, canned tomatoes, and other sur-

plus products in this country had a great deal to do with the passage of the ECA bill in the beginning, or Marshall plan in 1948, and again in 1949.

Mr. KEM. For my part, I shall have to disclaim any knowledge of the slightest intimation that the administrator intended to buy \$175,000,000 worth of Canadian wheat with ECA money. I was present when Mr. Hoffman testified before the Appropriations Committee. He had a great deal to say about agricultural products which he proposed to buy in this country. But, so far as I remember—and I have refreshed my recollection from an examination of the record—there was not the slightest intimation of any kind that any part of the money would be used to buy Canadian wheat to be shipped to Great Britain.

Mr. MALONE. That is easily accounted for, because without some other knowledge in addition to the testimony of the witnesses from the State Department, certainly we would have practically no information as to what is really the intention of ECA. Certainly I do not believe that in 1948 or in 1949 anyone testified that they intended to set up an office—a cell—within the ECA, financed with several millions of dollars of the taxpayers' money whose function would be to go to Europe to show those nations how to package goods, or to tell them what kind of products they could sell in this country, then help get the tariffs scaled down, and then come into this country to act as salesmen for the goods. I venture to suggest that the distinguished Senator from Missouri did not hear that story either during the first 2 years.

Yesterday the junior Senator from Nevada began to discuss, and had read the amendment proposed by him providing that further assistance to Europe would be conditioned upon free convertibility of the currencies of European nations with each other and with the dollar. The reason for that amendment—and the text of the amendment will be found at page 6142 of the CONGRESSIONAL RECORD—is the very dollar shortage which many people in the administration are saying must be made up.

The dollar shortage simply comes about through the fact that European nations have put a price on their currencies which is higher than anyone will pay. When the pound was worth \$4.03 none of my acquaintances who dealt in foreign markets in foreign trade was paying more than \$2.60. All anyone had to do was to buy the pounds through Hong Kong or a money center in Europe. In Hong Kong \$1 of American money would get \$6.10 of Hong Kong money. I was there in the latter part of 1948. With the \$6.10, or the \$16 of Hong Kong money one could buy British pounds and spend them anywhere in the world. Therefore, a pound would cost \$2.60. Who would pay more? The British pound is officially down to \$2.80 today, due to the great gesture of devaluing of currency which threw out of gear every trade agreement which had been made with the United States since 1934. Today the pound is worth between \$2.25 and \$2.40

on the international exchanges. Few pay any more than that amount.

Madam President, I wish now to review the basic analysis of this entire question. First, I ask that my amendment lettered "E," introduced by me on April 26, 1950, be read.

The PRESIDING OFFICER. The amendment will be read.

The CHIEF CLERK. On page 7, between lines 3 and 4, it is proposed to insert the following:

TERMINATION OF ASSISTANCE

SEC. . Section 118 of such act is amended by adding at the end thereof the following new sentence: "The Administrator shall terminate the provision of assistance under this title to any participating country (including the zones of occupation of Germany) if such country refuses to join, within 30 days after the date of enactment of the Economic Cooperation Act of 1950, in a concerted effort with the other participating countries (including the zones of occupation of Germany) to form a Federation of a United States of Europe, under a constitution which would vest in the Federation all power relating to (1) tariffs, trade, and currency within and among such countries or states and between such countries or states and countries which are not members of the Federation; and (2) the defense of the Federation."

Mr. MALONE. Madam President, referring further to the free convertibility of currency amendment, let me say that the so-called dollar shortage is the greatest hoax that has ever been perpetrated on a trusting people. It is a matter of overvaluing currencies from 10 percent to 80 and 90 percent of what they are worth on the exchanges of the world. Anyone would just as soon have a British pound in his pocket or a French franc, or a Dutch guilder, as the same amount of money in dollars, that he could get on the exchange for it. No one wants to own a British pound, however, at \$2.80, because one cannot get his money from it. It is as if a housewife were to go down to the corner grocery store and ask for sugar. She would say to the grocer, "I want 40 pounds of sugar for a dollar." The grocer would think that she had always been a good customer and a law-abiding citizen, but nevertheless she would soon find herself out in the street without any sugar. Thereupon she would go around the neighborhood shouting about the shortage of sugar. That is exactly the kind of dollar shortage we have. In other words, one can spend a pound in this country, or spend a franc in this country, or spend any of the other currencies in this country if the currency is allowed to reach its real value on the exchanges of the world.

Many think that we are getting fair treatment in the European nations and in South American nations; but I wish to say at this point that the way traders in this country are discriminated against is simply by placing a different value on the exchanges than with traders from other nations. To illustrate, England had at one time—I have not checked it in the last few months—something like 28 or 30 different exchanges for the British pound, depending on which area they were trading in and on the type of trade, and whether they wanted certain imports or exports. To take a specific example, let us consider Colombia. Let us

suppose that some people wanted to trade with Colombia. What they had to do was this. The official rate was 1.96 pesos to the dollar. That was the official rate at that moment, which was only about a month and a half or so ago. However, the rate which the people in Colombia have to pay in order to bring goods into Colombia from this Nation was 3.3 pesos to the dollar. In other words, when they had to pay 3.3 pesos to the dollar, even if the official rate is 1.96 pesos to the dollar, there is little export going from this country to Colombia. Exactly the same thing is true with reference to Britain. Britain has a sterling area set up, with about 65 possessions, islands, and countries in it. In several countries sterling is convertible. In others sterling is partially convertible, and for countries outside the area, sterling is nonconvertible. Even Russia is in a convertible area. We are not. We pay the full amount which is listed on the board, \$2.80. It is not convertible on the exchanges. In other words, one cannot buy a pound on the exchanges for its real value because their controls are too tight. Even if one got an import license, by this very method of manipulating the exchange values the actual trade can be prevented.

In considering a United States of Europe, we have a terrific problem now with Germany. John J. McCloy, the United States High Commissioner in Germany, a fine citizen and a very capable man, is doing his best in Germany to pull Germany out of the spiral she is in—largely of our own making and do something about the situation. But it will be remembered that we first adopted what we called the Morgenthau plan, and we are still carrying it out, as a matter of fact, wrecking the industry of Germany, unless it has been stopped very recently. We were going to make Germany an agrarian state. How she was going to buy half of the food her people required, which she had never been able to raise, no one has explained, but Germany was to be an agrarian state, with little industry.

It was found very soon that in order to do that it would cost us about a billion dollars a year, to supervise the German activities, to feed the Germans, and do all the things which were necessary. So we were putting up the billion dollars a year and still carrying out the agrarian plan of Mr. Morgenthau encouraged by England and other European nations.

I do not blame Morgenthau altogether for this, because England and France and other nations are bitterly afraid of Germany in business competition, and are actually physically afraid, and they are the ones, perhaps, who put as much pressure on the United States of America to make an agrarian state out of Germany as any other pressure group.

If we have a United States of Europe, with Germany one of its states, then we might solve the problem. There would be little Switzerland, and Germany, Germany being the most powerful State in Europe, as has been demonstrated many times through two world wars, with Switzerland perhaps the smallest. It is comparable to the State of Nevada,

my State, and the State of California. Naturally there is a great difference between those States. If they were allowed to compete with each other, as the states in Europe are, with all the embargoes, quotas, and money manipulations against each other, and our furnishing the money to build barriers higher and higher, Nevada would stand little chance. But in the United States of America, because it is one among 48 States, Nevada has the same chance as California and New York have. That is why the junior Senator from Nevada is suggesting that further aid to Europe shall be contingent on their showing themselves willing to enter a United States of Europe, of which Germany would be one state, and then, with no barriers among themselves, with all the embargoes and the quotas and the money manipulations gone, Europe could reach her peak in economic development and military strength. No one would say that with Germany as one State, and co-operating with the other 15 or 16 or 17 nations of Europe, each as a state, they would not be strong in a military way, because we have had two experiences with Germany, when it took practically the whole world to bring her to terms.

Mr. President [Mr. DARBY in the chair], it is well known that England and some of the other countries are preventing such an arrangement because of this economic fear, because of this military fear. Once Germany were a state along with the 16 or 17 other states, she would take her proper place in the economic firmament, and England could not control the great sterling bloc. So I say that a united states of Europe, including Germany, should be a condition to further aid.

Commissioner McCloy said recently:

That no permanent solution of German problems seems possible without an effective European union.

With a united states of Europe, Germany would no longer be the problem she now is.

We are now torn between allowing Germany to become strong industrially, with the danger that she may join Russia and through that union seek to dominate the world, or to turn her into a harmless agrarian state, with our endless financial support, and with the always present danger that a frustrated Germany would ultimately join Communist Russia anyway, since Russia is offering her industrial independence.

Russia has just made a trade treaty with Germany to furnish Russia with a large order of manufactured goods to that country, and Russia is holding out the opportunity to Germany of furnishing the necessary manufactured and processed goods to Communist China.

Where we used to have the opportunity to furnish goods to China, her markets are being opened to Germany, through Russia. Russia is controlling a large part of Germany, including Berlin, and is in a fair way of controlling most of Asia. That is the problem of Germany at the moment, a great problem, which presents itself to the United States of America, and would be solved by a united states of Europe.

OTHER CONDITIONS FOR FURTHER AID TO EUROPE

As a condition of further aid to Europe we should also insist upon the integrity of private investments within the 16 ECA nations, free convertibility of the currencies of the European nations, and in terms of the dollar, and then loan such ECA money to private industry within the area through the World Bank on the same terms—no more lenient and no more stringent—as the RFC loans money to private industry and individuals in this country in times of stress.

In other words, as we are proceeding now, to ship a blanket amount of goods and money to the government of one of these little states of Europe to do with as they will. That, Mr. President, was the complaint of the distinguished Senator from Nebraska, that we did not know what became of the money and what became of the goods.

I can suggest what might become of the goods and the money. Much of the money is used to keep the current government in power, and through the 95 trade agreements which, it is well known now I hope, the 16 Marshall plan countries have made with Russia and with the iron curtain countries, they send for everything they need to consolidate their gains in eastern Europe or China. We know now where most of the goods, or a good part of them, have gone.

In no case should we lend money or assistance of any kind whatsoever to the 16 European ECA or any other nations which are trading with or assisting Russia or the iron curtain countries to prepare for world war III or to consolidate their gains in eastern Europe or in Communist China.

LITTLE INTEGRITY AMONG NATIONS

There is little governmental integrity outside of the United States of America—especially among the ECA European nations. The proof of this fact is that they persistently repudiate their debts and manipulate their currencies for trade advantage—and generally follow the line of socialization and nationalization of private investments.

It is impossible to make effective trade agreements or agreements making tariffs or import fees with a nation that manipulates its currency for trade advantage, since any such trade agreement can be immediately nullified through a change in the price of their currency—in terms of the dollar, or as the junior Senator from Nevada has already outlined, a different price on the exchanges, that is, favoring one nation over another nation in regard to the amount of money with which to buy the unit of currency of that nation for their imports.

Mr. President, England, one of the 58 or more nations and entities of the sterling bloc area, is notorious for such manipulations, as are France, Belgium, and the Netherlands. Such manipulations are a form of piracy, automatically making all prior agreements ineffective.

Yesterday, Mr. President, on the Senate floor the junior Senator from Nevada quoted a dispatch from the New

York Times, reportedly an interview with Dr. Marius W. Holtrop, who said:

It is difficult to see, the report said, what acute problem can be solved by forming one large European market.

Doubtless by such a large market Europe in the long run would share in the advantages of natural international labor distribution. But one must fear that this would be preceded by a period of great confusion and great investment needs on one side and heavy capital losses on the other.

Moreover, this one great European market would yield no wheat, corn, cotton, oil, and nonferrous metals. What European countries need more than a larger market within themselves is a larger market in the United States.

Mr. President, what does that mean? It means that they do not care to build up a market within themselves. They do not think it is important to build up a market in their own nations. It is much easier for them, Mr. President, to continue the hundred-year-old feuds which have existed among themselves, and then have the United States of America divide its own markets with them, markets we have built up over a hundred years of time. That, Mr. President, would result in destroying the standard of living which it has taken us a century to build. That is what division of the markets of America with the nations of the world will mean.

PRESENT POLICIES AND THE REVOLUTION

The kind of government they are now trying to foist upon us—and I state that the European nations have a considerable amount of influence upon our State Department—in relation to England and other foreign nations, was the basic cause for the Revolutionary War in 1776. When the original colonies rebelled against England, it was a rebellion against the supreme state where the individual had no rights.

During the rebellion, the people of the American colonies said:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness.

UNALIENABLE RIGHTS

The Old World philosophy was, and generally speaking is to this day, that the individual derives any right he may have from the State—his right to freedom, his right not to be molested, or mutilated—and that he has no such unalienable rights as the American colonies laid down in their declaration in 1776 and for which they fought and won in a bitter struggle for independence—and which, in fact, laid the foundation for this great Nation.

The philosophy of Americans, from the firing of the first gun in the Revolutionary War in 1776, was that the individual had unalienable rights that he did not derive from the state in the first place, and that the state could not interfere with such rights. They believed that such right included the dignity of man—his right of worship—and his liberty.

The three parts of government—the legislative, the judicial and the execu-

tive—were set up as checks and balances for each other.

The Republican Party believes in maintaining the three separate independent governmental departments to safeguard the unalienable rights of the individual—as established by the Constitution of the United States—and that any change shall be made by the consent of the States and not by subterfuges.

Any bipartisan foreign policy which includes collusion between the executive and legislative branches of the Government is a direct violation of the spirit of the Constitution of the United States, but is directly in line with the trend of the present administration's program.

"DOLLAR SHORTAGE"—A CATCH PHRASE

"Dollar shortage" is a slogan or catch phrase to sell a bill of goods to the American people that they should buy goods from foreign nations, a program which can only lead to the displacement of the workmen of this country and the putting of them on relief rolls and unemployment insurance.

That, of course, has been admitted by the Secretary of State and by Mr. Paul Hoffman, the head of the ECA, but they do not consider that to be dangerous to the welfare of the United States of America.

This is part of the three-part free-trade program which has effectively stopped the investment of venture capital, without which private business dries up, causing unemployment and loss of taxable property. This leads inevitably to the Government stepping in and gradually taking over the business life of the Nation. We are following the pattern.

Mr. President, as we divide the markets of the United States with the peoples of the world, thus lowering the standard of living of our own people—and the State Department can lower tariffs 75 percent without consulting anyone, after holding merely perfunctory hearings—we have slowed down and will eventually stop the venture capital that is necessary for the growth of this Nation to keep pace with its population growth. Already we have read in the newspapers that business growth has not kept pace with population growth. Why? Because of much of the legislation we have passed on the Senate floor. That is the reason for it.

FULL EMPLOYMENT

However, we are met with the old slogan which was sold to this country 10 or 12 years ago, and which has been almost continuously kept in front of us, that if private business does not provide full employment, Government must furnish the necessary employment. Government ownership will be the logical conclusion if we ourselves stifle the venture capital—through free trade—necessary to keep business going.

Karl Marx said 102 years ago, that he was for free trade because it would hasten the revolution.

CONGRESS CREATES ITS OWN PROBLEMS

The President has just recommended that the appropriations for relief and

unemployment insurance be increased. Congress creates unemployment through appropriations and free-trade policies—and then appropriates more money to cure the problem that it deliberately creates.

GOVERNMENT IN BUSINESS

The next step, if we do not stop this crazy spiral, will be increased governmental propaganda for the passage of the bill calling for the appropriation of \$15,000,000,000, in order to permit the President to build industrial plants throughout the United States to relieve unemployment—in other words, the Spence bill—unemployment caused in the first instance by our almost fanatic insistence, through ECA—1934 Trade Agreements Act—and other channels, that we import the products of the foreign countries which have low standards of living, in other words, import the products of slave labor, and let those products displace in our United States markets the goods produced by our own workmen.

We stop the investment of venture capital through our own actions—they furnish taxpayers' money through appropriations to compete with the same taxpayers.

Mr. President, sometimes I wonder if we read the bills which come to the Senate and the House. Committees make reports on bills, and say that this bill or the other bill is an emergency measure, so Congress passes such measures in a very short time on the Senate floor. We pass bills involved on difficult and important subjects. No Member of Congress could read all of them in the time available. After the bills are passed, then, as the Senator from Nebraska said, we wonder where the money goes—how it was spent. We wonder where authority was granted to Government officials to do the things they do with the money.

If we read some of these bills we pass we may find that at least one, or perhaps a half a dozen paragraphs are devoted to providing that the bureau under which the money appropriated is to be administered may adopt or fix rules and regulations. The bill itself is vague in its provisions, so the bureau takes over.

CATCHWORDS AND PHRASES

Mr. President, the problem of the so-called dollar shortage is the greatest hoax ever sold to a trusting public, and it will soon go down in the limbo of such catch words, slogans, and phrases as the "war to end wars," "save the world for democracy," "the four freedoms," "reciprocal trade," "the forgotten man," "economic royalists," "we owe it to ourselves," "we cannot be prosperous in a starving world," and dozens of other expressions designed to inflame the minds of men in a time of extreme stress and strain.

Mr. President, I have visited most of the nations of the world, and I have observed their governments. They are building up their 100-year-old feuds higher than ever before, and they have continued along the same lines for centuries.

NATIONAL PRIDE—TREATIES WITH RUSSIA

Just a few weeks ago Russia shot down one of our planes, and several years ago there was a similar incident in Yugoslavia. We are getting ready to vote the appropriation of more billions of dollars to the 16 Marshall plan-ECA nations of Europe, which at this very moment have 95 trade treaties with Russia and the iron-curtain countries, trade treaties entered into since the end of World War II. By means of those trade treaties the 16 Marshall plan countries are sending to Russia and the iron-curtain countries almost every type of material needed for a third world war and to permit Russia to consolidate her gains in eastern Europe and in China.

There is little real respect for the American flag anywhere in the world today. Our planes are shot down. Our people are imprisoned. Instead of taking a firm stand against such treatment we continue to finance the whole business, without providing any safeguards whatever.

Mr. President, the materials being sent to Russia and to the iron-curtain countries and to Communist China through the medium of such trade treaties with the 16 ECA countries include almost every type of material—for instance, ball bearings, tool steel, electrical equipment, heavy farm machinery, heavy road machinery, locomotives, freight cars, airplane parts, all manufactured and processed and ready to be used against us; and all that is done with the money and the aid we have furnished Europe through UNRRA, through the \$3,750,000,000 we gave Britain in 1946, and by means of the \$9,000,000,000 we have already furnished the 16 western European nations coming under the ECA plan.

WORLD STANDARDS OF LIVING

Mr. President, many of these world areas have not improved their standards of living preceptively during recorded history, and most of them have had more raw materials available to them throughout that period than the United States has access to at the present time.

That fact alone should be food for thought when we say to the world that we are going to raise their standards of living almost overnight. In other words, we divide our markets in order to make up their trade-balance deficits, meaning that by means of this proposed free trade we shall raise their standards of living up to the level of our standard of living. However, Mr. President, most of us believe that we shall simply bring down our standard of living to the level of theirs, and then have to start over again raising our own standard of living.

FOREIGN POLICY

Let us examine for a moment the foreign policy of the United States as such, the colossal failure, in regard to which the administration is now so anxious to get some Republicans to join with it in sharing the blame.

Mr. President, at the Yalta Conference we gave Manchuria, the bread basket of China, to Russia without China's consent, thus giving Russia a foothold in Asia.

At the same conference, we gave Berlin to the Russians, without any means of ingress and egress, which resulted in hauling coal into the area at a cost of several hundred dollars a ton, with the resulting loss of lives and property, all because our own State Department was asleep at the switch. Ironically, the resulting air lift was built up in this country, through the great propaganda machine, as an heroic accomplishment. It was an heroic accomplishment, Mr. President, on the part of the individuals engaged in it, but there was nothing heroic in making such a thing inescapable by signing an incomplete agreement.

This horrible exhibition resulted from the fact that our diplomats forgot, or did not have the nerve, to place a condition on the Russian occupation that we could use the rights-of-way—the railroads, the highways, and the waterways—to reach our own areas.

The Senator from Washington [Mr. CAIN], who now occupies the chair, was in those areas. I believe he will remember that we stopped our soldiers on the banks of the Elbe and kept them there from 30 to 35 days while Russia was given time to bring material from Russia, and the time to occupy Berlin, while this great agreement was being made between others and our ambassadors and our representatives to that area. It has never been satisfactorily explained why all this was done. Nevertheless, like what was done at Yalta, it was done, and we lost Asia by giving away Manchuria. We may lose Germany by having given away Berlin.

Another illustration of our defunct diplomacy is, that as is well known, we stopped our own armies on the banks of the Elbe River, as I previously stated, while the Russian forces took over Berlin. We even gave them time to bring up reinforcements and material from Russia to do the job.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. CAIN in the chair). Does the Senator from Nevada yield to the Senator from Massachusetts?

Mr. MALONE. I yield.

Mr. SALTONSTALL. I do not dispute what he has said regarding Berlin. But is it not true that Mr. McCloy and the other authorities in Berlin have stated definitely, within the past 10 days, that we shall stay in Berlin at the present time? Is that not true?

Mr. MALONE. Mr. President, I should dislike to have to review all the things that have been stated positively by the present administration during the past 18 years. Yes, it is true, and it is very dangerous way of stating it. We have said that we will use guns and bayonets on marching school boys if we have to do so to remain in Berlin. Of course, I think the chief of police of Reno, Nev., would handle the school-boy situation differently. I think he would handle the school boys with a little more judgment.

JOINT RESOLUTION

Mr. President, in January of this year I listed the 95 trade treaties which have

been made with Russia and the "iron-curtain" countries by the 16 ECA nations. At that time I introduced a joint resolution providing for ending the assistance by the United States to any nation assisting Russia or the "iron-curtain" countries, including Communist China, or other Communist areas. This joint resolution still remains in a Democratic-controlled committee. The joint resolution parallels an amendment to the ECA Act recently submitted, during the course of the debate on the pending measure, by the distinguished Senator from Missouri. I am supporting that amendment.

TRADE BETWEEN EAST AND WEST

Mr. President, I now wish to refer to an article published in the New York Herald Tribune on April 27, 1950:

UN AIDE URGES TRADE BETWEEN EAST AND WEST—MYRDAL SAYS ALL EUROPE WILL SUFFER IF WALLS ARE NOT BROKEN DOWN

PARIS, April 26.—Western Europe will have great trouble in balancing its economy without foreign aid if present stagnation in east-west trade continues, Gunnar Myrdal, executive secretary of the United Nations Economic Commission for Europe, predicted today.

Eastern European countries also would suffer, Mr. Myrdal said in an interview published in *Le Monde*, since their industrial development plans would be held up.

Mr. Myrdal, the Swedish head of the only economic organization embracing both western and iron-curtain countries, is here on a trip around Europe with the purpose of breaking down the artificial wall which has very largely blocked the traditional exchange of goods between eastern and western Europe.

He will visit Moscow, where he hopes to get the Soviet reaction to his suggested new approach to the East-west trade problem, involving long-term purchase agreements for eastern cereals, lists of industrial goods the west would be willing to sell to the east, and a more flexible payments scheme to replace the present bilateral arrangements.

A negative response has already come from Poland, possible foreshadowing the Moscow reaction.

A French Foreign Ministry spokesman said today that while an increase in trade with the east is very desirable, it is not the only way of bridging the dollar gap. He mentioned increased productivity, an intensified export effort and lower American tariffs as other ways.

The official said that the low level of France's trade with the east, which is regulated by bilateral agreements, could not be attributed to the eastern countries' inability to buy strategic materials (because of the American-sponsored export-licensing policy). Russia has charged that this discrimination is the main cause of the present low level of east-west trade.

A Czechoslovak trade mission has been in Paris for 3 months, and its negotiations with French officials for a new trade agreement have been deadlocked over the issue of compensation for French concerns nationalized by the Czech Government. Trade talks with Poland have not been resumed since they were broken off.

Mr. President, the article which I have just read into the RECORD states that western Europe should trade with eastern Europe, just as I have stated is being done. However, according to this dispatch, that is not a secret notion, nor is it their idea. It is the idea of the United Nations that the United States of America furnish the money need for the pur-

chase of materials and the production of the goods Russia needs in preparing for a third world war, and to consolidate Russian gains in Europe and in Communist China, while at the same time telling the American people, "Oh, no, we would not send to Russia anything which Russia could use in a war against the United States."

Mr. President, the materials being sent to Russia are simply building Russia up to a point where, if Russia ever can make trouble for us in a third world war, she certainly would not fail to utilize the opportunity to arm herself. In other words, although we say we are against Russia, although we say we are against the iron-curtain countries, yet our actions belie our words.

At this time England is making with Poland a further trade agreement. This one involves more than \$1,000,000,000 worth of manufactured products and materials, much of which will then be shipped to Russia.

EQUIPMENT AND SUPPLIES FOR WORLD WAR III

Mr. President, we find ourselves in the same relative position that we were in when we were furnishing scrap iron and petroleum to Japan before the second world war. However, at that time the Japanese paid for those raw materials. On the other hand, today we are furnishing raw materials free to the European nations, which then turn the raw materials into processed and manufactured goods and sell them directly to Russia and her satellites. Russia and her Communist allies would not have the manufacturing capacity to prepare for war without that help from the United States.

The jet planes which Russia is supposed to be turning out by mass-production methods are copies of such planes sold to Russia by England.

We are arming Russia faster than we armed Japan prior to World War II, because through the ECA nations Russia is receiving materials which already are manufactured and processed, whereas before World War II we forced Japan to manufacture in her own plants the raw materials which were shipped to her from the United States.

Mr. President, it will be remembered by the Members of the Senate that the scrap iron and petroleum which went to Japan before World War II went from San Francisco through the Golden Gate over a period of 6 or 7 years. The patriotic organizations of this country continually objected to that procedure, but almost no one else paid any attention to their protests. Those shipments occurred following the recognition of Russia, without the provisions of any safeguards whatever, in 1933 or 1934. After we had shipped the scrap iron and petroleum to Japan, affording plenty of material with which to arm themselves, we then sent American boys in World War II out in the Pacific area to catch that scrap iron in their bare hands, scrap iron which had been turned into bullets for Japanese guns. I was in the Pacific area with them for a while. It was not pretty, and we are heading for the same kind of goal.

ANNUAL EXPENDITURE IN EUROPE

It should be remembered that we are sending more money each year to Europe through the ECA than it took to finance the entire governmental activities just a few years ago.

It is time that we recovered some semblance of common sense and American ways in the executive departments and begin to follow a definite plan of our own, instead of those suggested by the European experts.

TIME TO REVIEW THE WHOLE STUPID PROGRAM

Mr. President, it is time that we got our feet back on the ground. Let us review the whole stupid program. Let the administration quit looking for Republicans to take part of the blame for the colossal failure of both the domestic and foreign policies—and in each case establish the common-sense principle, backed by American principles—and regain the respect for our country and our flag which they deserve.

A COMMON-SENSE PROGRAM

In March of 1948 I suggested on the Senate floor that the President, who is charged by the Constitution of the United States with fixing foreign policy, first determine the areas and nations in Europe, Asia, and Africa whose integrity is important to our ultimate safety, and then:

First. Feed emergency-hungry people within those areas to the extent of our ability without endangering our economic stability. It is no use trying to feed all the people in Asia and Africa, because most of those people have been hungry for 2,000 years, living up to the food supply and dying off to it. But do not ask for the return of the money, when we feed emergency areas.

Second. Loan money within such areas to private industries for rehabilitation of industries—through the World Bank—under the rules and regulations used by the Reconstruction Finance Corporation in helping private industry in this country in an emergency.

The third thing is to stop communism. Extend the 125-year-old Monroe Doctrine to include the areas whose integrity is determined to be important to our ultimate safety, the nations to be named by the President of the United States through his authority derived from the Constitution of the United States to fix foreign policy, and simply repeat President Monroe's words, spoken in 1823, omitting the reference to the Western Hemisphere, and say, in the exact words of President Monroe, 125 years ago:

We owe it therefore to candor, and to the amicable relations existing between the United States and those powers, to declare that we should consider any attempt on their part to extend their system as dangerous to our peace and safety.

Mr. President, what does that mean? It meant, in the old days, and I hope it means now—though I am beginning to doubt it—that we had integrity, that we meant what we said, and therefore, when any other nation sought to extend its system of government into an area named by President Monroe, it knew exactly what it would meet. So, Mr.

President, for many years we maintained the peace through the Monroe Doctrine and prevented any infiltration of the Western Hemisphere by other nations having different forms of government.

Fourth. After that is done, after these areas have been determined by the President of the United States to be areas whose integrity is important to our ultimate safety, after he has named those nations and made that pronouncement, then we should build a national-defense organization, spearheaded by an air corps, that bears silent evidence that we are ready and willing to enforce the pronouncement. It is sometimes necessary to risk a fight to avoid one.

This still can be done. We can stop this senseless pouring of the taxpayers' money into the bottomless maw of Europe, simply giving the money into the hands of governments to enable them to reelect themselves and to perpetuate themselves, and to manufacture industrial goods and war matériel to be sent to Russia and the iron-curtain countries. Let us stop that senseless program; let us make some sense out of it by loaning money to private industry within those areas which are named, as I have said before, on the basis of the same rules and regulations as those used by the Reconstruction Finance Corporation in loaning money to private industry in this country.

The claim is made that we are stopping communism, when as a matter of fact we are supporting the Socialist governments of Europe, which are furnishing processed and manufactured products to Communist Russia.

Will they be on our side when the showdown comes?

Furthermore, England has said through its leaders, Mr. Bevin and Mr. Wilson, that they want to be neutral—they want to trade with Russia—they want to be the bridgehead between Communist Russia and capitalist America.

Later Mr. Nehru said that India would remain neutral.

Mr. President, do we not believe what they say to us, what they say for the press, through official pronouncements?

Following soon after those prophetic pronouncements, both England and India and other sterling-bloc countries recognized Communist China—and England has stepped up her trade with Communist China. All this, while we are telling the American people that we will not furnish Russia and the Communist areas material that can be utilized to consolidate their gains, or to fight a war with us.

Who can tell who our allies will be in the next war—when and if it comes—and who will remain neutral? Certainly they are not proving to be our friends in the deadly trade wars which often precede shooting wars.

OBJECTIVES—COMMUNIST AND SOCIALIST GOVERNMENTS SAME

There is no practical difference in the ultimate objective of Socialist and Communist governments. Their common objective is the perfect state, with the individual owning nothing. The difference is that a Communist will shoot you to get into power, and a Socialist will

spend you into it. That is what we are doing in Washington, spending the country into socialism. A Communist then is just an impatient Socialist.

In summation, let us inaugurate a new approach to the domestic and foreign problems.

DOMESTIC POLICY

First. Substitute the flexible import fee principle for the 1934 Trade Agreements Act as extended and separate the domestic from the foreign policy.

Mr. President, the Congress of the United States, through that method would again assume its constitutional responsibility to regulate the national economy of this country through the regulation of imports. If we could substitute the flexible import fee principle for the 1934 Trade Agreements Act and establish the principle of promoting foreign trade on the basis of fair and reasonable competition, that one thing alone would cut the jugular vein of the Administration's one economic world. That would be the end of it.

Second. Then, stop the senseless International Trade Organization, by which, instead of taking back the regulation of the national economy to the Congress, where the Constitution placed it in the beginning, we would transfer it, through the International Trade Organization, from the executive department to foreign nations, to the full control of foreign nations, 58 of them, 57 nations and the United States, we having the same vote as Siam, assigning to those nations the right to fix the quotas of production for this country and to fix the tariffs for its member nations.

Mr. President, with reference to further aid to Europe, there is involved, first, the integrity of private investments. We are not the ones to guarantee the integrity of investments made in London or in Paris, in the Far East or in Africa. That is like going to a bank and saying, "I want to borrow a thousand dollars," and expecting the bank to guarantee the integrity of the investment. Try that out on a banker some time. It is the duty of the foreign countries to create a climate favorable to private investment, and certainly to guarantee the investment against nationalism, socialism, or confiscation. The Senate floor is not the place in which to do it.

Third. A united states of Europe, including Germany, which the junior Senator from Nevada has already described.

Fourth. The free convertibility of the currencies of the nations of Europe within themselves and in terms of the dollar. Such free convertibility would end the so-called dollar shortage.

Fifth. Equal access to the trade of the nations of the world, subject only to the action of the individual nation in each case. This condition would end the colonial slavery system carried on by the empire-minded nations for profit for from 100 to 300 years.

The administration's free-trade policy endangers every workingman's job and every investment in America. It discourages the further investment of venture capital, which has furnished the

equipment for increasing employment and taxable property for a century of growth in this country.

The free-trade policy can lead only to Government ownership and further control of the business and the private lives of the people of this Nation.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 621) for the relief of Horace J. Fenton.

The message also announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 597. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon a certain claim of J. T. Melson;

H. R. 2719. An act for the relief of the legal guardian of I. D. Cosson, a minor;

H. R. 4164. An act for the relief of Elmer Pippin and Mrs. Pansy Pippin and the legal guardian of Norman Otis Pippin, a minor; and

H. R. 6051. An act for the relief of Alcide Raymond.

The message further announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

H. R. 1024. An act for the relief of Jacob Brown;

H. R. 1026. An act for the relief of the estate of Susie Lee Spencer;

H. R. 2351. An act for the relief of Aileen L. Sherwood;

H. R. 3536. An act for the relief of Mrs. Nora Johnson; and

H. R. 4720. An act for the relief of Stella Avner.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 2919. An act authorizing the issuance of a patent in fee to Paul High Horse and Anna High Horse;

H. R. 5609. An act authorizing the Secretary of the Interior to issue a patent in fee to B. M. (Bud) Phelps;

H. R. 5610. An act authorizing the Secretary of the Interior to issue a patent in fee to Emma Phelps Glenn;

H. R. 5611. An act authorizing the Secretary of the Interior to issue a patent in fee to Charles M. Phelps;

H. R. 5860. An act authorizing the Secretary of the Interior to sell the land of Frank Phelps under existing regulations; and

H. R. 6354. An act to authorize the Board of Commissioners of the District of Columbia to establish daylight-saving time in the District.

RELATIONS BETWEEN STATE DEPARTMENT AND THE PUBLIC PRESS

Mr. BREWSTER. Mr. President, on April 24 I discussed the situation involving relations between the State Department and the public press. The discussion begins on page 5641 of the CONGRESSIONAL RECORD, running on to page 5645. I made certain specific charges concerning certain activities of the State Department to which I took rather serious exception, and I want at this time to present the State Department's view of the matter for the information of the Senate and of the press and for their judg-

S. 3304

IN THE SENATE OF THE UNITED STATES

MAY 2 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BRIDGES (for himself and Mr. WHERRY) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, viz: On page 2, between lines 16 and 17, insert the following:

1 (b) Section 111 is further amended by adding at the
2 end thereof a new subsection as follows:

3 “(d) In providing for the procurement of commodi-
4 ties under authority of this title, the Administrator shall
5 take such steps as may be necessary to assure that such
6 commodities or the containers thereof (including inner con-
7 tainers as well as outer packaging) are plainly, indelibly,
8 and appropriately labeled by the supplier thereof in such
9 manner as to indicate, by emblem and wording in the
10 language of the recipient country, that the commodities

1 have been supplied by the United States for European re-
2 covery. No payment shall be made by the Administrator
3 under letters of commitment or other financial arrangements
4 made with respect to the procurement of commodities under
5 this title except upon receipt of an affidavit of the supplier,
6 whether within or without the United States, that the re-
7 quirements of this subsection have been complied with in
8 the case of such commodities. The Administrator shall im-
9 mediately commence negotiations with the several partici-
10 pating countries with a view to the inclusion in the respective
11 bilateral agreements entered into with such countries in
12 accordance with section 115 (b) of this title of provisions
13 designed to insure the continuation of such labeling within
14 each such country, of bulk raw materials including coal, grain,
15 petroleum, oil, lubricants, fibers packaged in bales, and metal
16 and lumber-mill products of a semifinished nature.”

81ST CONGRESS
2d Session

S. 3304

AMENDMENT

Intended to be proposed by Mr. BRIDGES (for himself and Mr. WHEAT) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948.

MAY 2 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

economic cooperation bill. The bill which is subject to being set aside temporarily is the unfinished business. But, Mr. President, I do not think it is at all appropriate that in connection with a resolution of this great importance I should be restricted to the time which has been mentioned by the Senator from Texas.

I may say that I would not be willing to enter into any unanimous-consent agreement at this moment with respect to the time at which the Senate should vote on the resolution.

I shall not trespass further upon the time of the Senate, except to say that I am strongly in favor of the adoption of Senate Resolution 202 as it came from the Judiciary Committee and the Committee on Rules and Administration, with two changes only: One, a change to remove the time limitation for the report; the other, a change with respect to the amount of money to be appropriated. I think the amount is too small, and I favor an amendment to increase it.

I am opposed to the substitute which would create a special committee. The substitute was argued yesterday afternoon by the distinguished Senator from Tennessee.

It is with no desire whatsoever to delay the consideration of the resolution that at this time I refuse to enter into any agreement with respect to the time for voting. I assure the Senate, as I did yesterday, that I shall make every effort to have the Senate proceed expeditiously with the resolution. I think it is a most important matter which should be acted upon promptly, and I trust that it can be voted upon during the present day.

The VICE PRESIDENT. The Senator from Missouri has not yet been recognized; but the Chair would state that in view of the conversation which occurred yesterday at the time when the Senator from Tennessee requested unanimous consent that the resolution be taken up, at which time the Chair assured the Senator from Missouri that he could be recognized to speak on the resolution or to speak on his amendment to the ECA bill, or that he could call for the regular order, in which event he might speak on his amendment to the ECA bill, the Chair feels that it is his duty to recognize the Senator from Missouri at this time. Therefore, the Chair now recognizes the Senator from Missouri.

Mr. KEM. I thank the Chair.

Mr. CONNALLY. Mr. President—

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Texas?

Mr. KEM. I yield.

Mr. CONNALLY. Mr. President, in answer to the senior Senator from Missouri [Mr. DONNELL], as well as the junior Senator from Missouri [Mr. KEM], I wish to say that we have only today and tomorrow to conclude the debate on the ECA bill, because under the unanimous-consent agreement the Senate must vote on the bill on Friday. Under such circumstances, in view of the interests of Senators who wish to discuss the ECA bill and possibly some other matters relative thereto, I cannot imperil the situation by agreeing to

have the Senate continue with consideration of the resolution following the conclusion of the remarks of the junior Senator from Missouri. I wish to serve notice that I shall be on the floor seeking recognition at the end of the address of the junior Senator from Missouri.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. WHERRY. Reserving the right to object, Mr. President, I should like to ask the Senator from Texas, the chairman of the Foreign Relations Committee, whether he will withhold his unanimous-consent request, or at least modify it, so that the time for the further consideration of the resolution may be extended to the extent the distinguished Senator from Missouri and the distinguished Senator from Tennessee may feel necessary, and beyond the time when the junior Senator from Missouri [Mr. KEM] concludes his remarks.

It does not seem to me—if the Senator from Missouri will yield further to me—that it makes any difference, inasmuch as the remarks of the junior Senator from Missouri are to be on the ECA bill, whether the Senator from Missouri speaks first for 2 hours—he has agreed not to exceed that time—on his amendment to the ECA bill, and the Senate then proceeds to consider further the resolution, or whether the Senate proceeds now with the further consideration of the resolution, and then the Senator from Missouri is recognized.

If we were considering the advisability of proceeding to the consideration of an extraneous matter, I would agree that the Senate would be losing time by considering such a matter at this time. However, the junior Senator from Missouri proposes to speak on the unfinished business, the ECA bill; and the senior Senator from Missouri wishes to speak on the resolution which has temporarily displaced the unfinished business, the ECA bill, prior to the vote upon it.

I am satisfied that if the distinguished chairman of the Foreign Relations Committee will withhold his unanimous-consent request until after the conclusion of the remarks of the Senator from Missouri, no time will be lost, and an agreement can be reached to have the Senate vote upon the resolution sometime this afternoon.

The VICE PRESIDENT. The Senator from Texas has not submitted a unanimous-consent request; he simply notified the Senate that at the end of the remarks of the junior Senator from Missouri, he would call for the regular order.

Mr. CONNALLY. Yes, Mr. President; that is correct.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. KEM. I yield.

Mr. WHERRY. I was answering the telephone when the distinguished Senator from Texas was speaking. I understood that probably a unanimous-consent request would be made.

So I have said that I trust that the Senator from Texas will not ask for the

regular order at the conclusion of the remarks of the junior Senator from Missouri, but will withhold such a request until some arrangement can be made whereby the Senator from Texas can be assured that a vote will be had today on the resolution, and that no time will be lost so far as the ECA bill is concerned.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. FERGUSON. I wonder whether the distinguished Senator from Texas will reconsider his idea of calling for the regular order at the time he has indicated. I am very anxious that Senate Resolution 202 be agreed to. As suggested by the distinguished Senator from Nebraska, I agree that the time devoted to consideration of the resolution will not be lost.

The distinguished junior Senator from Missouri is going to speak upon the ECA bill. Following the conclusion of his remarks, we would be able to proceed with the further consideration of the resolution and dispose of it in a short time. Although I wish to make a few remarks, they will be briefer than I originally had intended them to be, so that, so far as I am concerned, a vote can be had in a short time upon the resolution.

It is an important matter. I do not feel that Senators can agree upon a definite hour for voting on the resolution, because questions may be asked of the distinguished Senator from Missouri, as well as of the Senator from Tennessee and of myself.

So I hope the Senator from Texas will reconsider the matter and will wait as long as he can before he exercises his right to call for the regular order.

Mr. CONNALLY. Mr. President—

The VICE PRESIDENT. Does the junior Senator from Missouri yield to the Senator from Texas?

Mr. KEM. I yield.

Mr. CONNALLY. I may say to Senators who have been insisting on continuing with the resolution that the resolution was brought up last evening with the consent of the chairman of the Committee on Foreign Relations, thinking it could be promptly disposed of. As usually happens, when the door is opened an inch for someone, he sticks his foot in, and when an hour and a half has been consumed more time is desired. So I shall have to adhere to my announced intention that, at the end of the speech of the Senator from Missouri [Mr. KEM], I shall insist on returning to the regular order. We have a great many other matters of high importance awaiting consideration.

Mr. KEM. Mr. President—

Mr. LUCAS. Mr. President, will the Senator from Missouri yield before he begins his speech?

Mr. KEM. I yield to the Senator from Illinois.

Mr. LUCAS. I merely want to make the observation that this is exactly what I anticipated last night would happen. Here we have a resolution pending, which deals with a very important question. The Senator from Texas was good enough

to permit the unfinished business to be temporarily laid aside in order that the resolution might be debated. The Senate met this morning at 11 o'clock upon the theory that we might be able to conclude consideration of the resolution which is now before the Senate and that probably we could get a unanimous-consent agreement to vote on the resolution. But, instead of working on the resolution which the distinguished Senator from Texas permitted to displace temporarily the consideration of ECA, we are now back on the ECA bill.

Mr. President, we ought to be considering the Kefauver resolution. It is the pending business before the Senate at the present time. Instead of that, we are now going off on a 2-hour or 3-hour journey on ECA.

Obviously, after the junior Senator from Missouri finishes his speech on ECA, the senior Senator from Missouri will come along with another 2-hour speech on the Kefauver resolution. That will bring on another 2 hours' debate from other Senators who are also vitally interested in the Kefauver resolution, especially so, in view of the statement of the senior Senator from Missouri that he is unalterably opposed to the substitute offered by the able Senator from Tennessee. So it would be impossible to get through with the Kefauver resolution in a matter of 2 hours, unless it is possible to reach some kind of unanimous-consent agreement, and, if something is not done similar to what the Senator from Texas suggests, before we get through we shall be on the Kefauver resolution probably 2 days.

Mr. KEM. Mr. President, I should like to say in reply to the Senator from Illinois that since I have been a Member of this body I have recognized the necessity of leadership on the floor, and although I felt that last night I had staked out a claim to the floor this morning, I called the minority leader and told him I should be glad if he would consult with the majority leader, saying to the minority leader that any arrangement which was made by them would be agreeable to me. I understood that the two leaders had conferred, and that it was agreed I should have the floor. It is for that reason that I am prepared to speak at this time.

Mr. LUCAS. The Senator from Missouri is absolutely incorrect insofar as my having agreed that he should have the floor. I protested last night all along with respect to that. I consented only after I talked with the Vice President, who said he felt morally obligated to recognize the Senator from Missouri. The Senate convened at 11 o'clock this morning on the theory that the Kefauver resolution would be debated, not the matter which the junior Senator from Missouri is now proposing to debate. There can be no doubt about that.

Mr. KEM. I do not know where the Senator from Illinois got that theory, since the RECORD is very clear on the subject. It clearly appears from the CONGRESSIONAL RECORD of yesterday that my agreement to the unanimous-consent request of the Senator from Tennessee was conditioned on my obtaining the

floor when the Senate convened today. I reiterated that position on several occasions, and stated it while the Senator from Illinois was present on the Senate floor; so, if the Senator got any other idea, it was either because he did not hear the Senator from Missouri or because he did not understand the very clear statement which was made.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. LUCAS. Here is what the Senator from Illinois said:

I would not object to recessing until 11 o'clock tomorrow morning providing we are going to discuss the issue of the Senate resolution. But the junior Senator from Missouri [Mr. KEM.] just now served notice that he is not going to agree to any unanimous-consent request for tomorrow unless he is recognized immediately following the convening of the session tomorrow. There is no point in coming in at 11 o'clock tomorrow under those circumstances. As I see it, there is no point in debating the resolution unless we can finish it. So there is no point in meeting at 11 o'clock tomorrow morning under those circumstances.

Mr. KEM. I should like to invite the Senator's attention to the fact that at no time did I accede to the idea of the majority leader, when he made that statement on the floor; but I also invite his attention to the fact that I communicated with him this morning, through the minority leader, and, through the minority leader, told him I would be glad to accede to any plans the leadership of the Senate adopted. I am still willing to do that, notwithstanding the fact that I have an address which I am ready to begin.

The VICE PRESIDENT. The Senator from Missouri has the floor.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. KEM. Mr. President, I have proposed an amendment to the pending measure. I ask that it be read.

The VICE PRESIDENT. The Secretary will state the amendment.

The CHIEF CLERK. On page 7, between lines 3 and 4, it is proposed to insert the following:

TERMINATION OF ASSISTANCE

SEC. 107. Section 118 of such act is amended by adding at the end thereof the following new sentence: "The Administrator shall terminate the provisions of assistance under this title to any participating country if the government of such country, or any agency or subdivision thereof, shall, after the date of enactment of the Economic Cooperation Act of 1950, acquire or operate, in whole or in part, any basic industry thereof, other than industries the acquisition of which was completed prior to the date of enactment of such act."

The VICE PRESIDENT. The amendment is read for the information of the Senate. It is not technically offered, because another amendment is pending.

Mr. KEM. Mr. President, the purpose of the proposed amendment is to prevent the dollars of the American taxpayers being used by socialistic governments of

Marshall plan countries to nationalize or socialize additional basic industries. Let me make this clear. The amendment is not an attempt to undo what has already been done. But if adopted it would prevent further use of American dollars in new socialistic schemes.

Members of the Senate will recall that a similar amendment was proposed last session. The Senate did not see fit to give its approval at that time. However, subsequent developments have made the need for such an amendment all the more urgent. Regardless of what may occur in future months, the American taxpayers are entitled to the protection its adoption would give to the use of their money.

I. IT IS ILLOGICAL FOR THE UNITED STATES TO FINANCE MARXIST SOCIALISM IN AN EFFORT TO BLOCK OFF MARXIST COMMUNISM

Mr. President, socialism has been described as a "river highway down which Communists find their journey much easier because a channel has been made and obstacles have been swept aside."

Webster's New International Dictionary describes communism as "any theory or system of social organization involving common ownership of the agents of production, and some approach to equal distribution of the products of industry."

Webster describes socialism as "a political and economic theory of social organization based on collective or governmental ownership and democratic management of the essential means for the production and distribution of goods."

According to Webster's dictionary, then, socialism and communism are practically one and the same.

Both socialism and communism are inspired by the doctrines of Karl Marx. The late Prof. H. J. Laski, writing on behalf of the British Socialist Party headquarters in a foreword to a May 1948 reprint of the Communist Manifesto, had this to say:

In presenting this centenary volume of the Communist Manifesto the Labour Party acknowledges its indebtedness to Marx and Engels as the two men who have been the inspiration of the whole working-class movement * * * who, remembering that these were the demands of the Manifesto, can doubt our common inspiration (Communist Manifesto—Socialist Landmark, by Prof. H. J. Laski, Allen & Unwin, May 1948).

John Strachey, the newly appointed British Minister of War, has said:

It is impossible to establish communism as the immediate successor to capitalism. It is accordingly proposed to establish socialism which can be put in the place of our present decaying capitalism. Hence, Communists work for the establishment of socialism as a necessary transition stage on the road to communism.

Socialism and communism, then, have the same objective, namely, the nationalization of the means of production and distribution. They differ only in the method they utilize to attain their objectives. The Socialist prefers to use peaceful methods of infiltration. The Communist is willing to resort to force and violence to accomplish the results which both he and the Socialist desire.

In the U. S. S. R., the Union of Soviet Socialist Republics, the Communists con-

trol the government. In Great Britain and other countries of western Europe, followers of the other branch of Marxism—socialism—control the governments.

So we have this strange, illogical, contradictory situation. The United States, under the Marshall plan, is furnishing billions of dollars to finance Marxist socialism, in an effort to block off Marxist communism. Does it make sense for us to furnish dollars to such Socialist leaders as British Foreign Secretary Ernest Bevin, who has said, referring to the association between the present Socialist government of Great Britain and the government of Russia: "Left can speak to left in comradeship and confidence," and John Strachey, who brazenly admits that Communists work for the establishment of socialism as a stepping stone to communism?

II. THE CASE OF THE BRITISH SOCIALIST GOVERNMENT

Mr. President, I shall emphasize the case of Great Britain, because her Socialist government receives the "lion's share" of Marshall-plan aid. Nearly two and one-half billion dollars has been made available to that government under the Marshall plan. Next year the British Marxists are scheduled to receive \$687,000,000 out of the \$3,000,000,000 proposed to be sent to the nations of western Europe.

A. AMERICAN DOLLARS HAVE FINANCED THE BRITISH HAND-OUT STATE

On February 23, last, the British Socialist government bought, with American dollars, a new lease on life. Only a vast array of postwar gifts from America enabled that government to stagger through one costly dose of Marxism after another. Already one-fifth of her total economy is nationalized, and the noose of nationalization draws ever tighter about what remains of the British free-enterprise system.

It is not at all surprising that the Socialists emerged victorious last February. Indeed, what is surprising is that the Conservatives made the showing they did.

American dollars have served to cushion the British people from the severe privations which inevitably accompany the handout state.

Socialist subsidies on food, made possible by Marshall Plan dollars, enable British housewives to buy groceries for as little as one-fourth the price American housewives pay for the same items.

The British pay 4 cents for a loaf of bread. They pay 21 cents for a pound of butter, 12 cents for a quart of milk. Compare that with the prices American housewives pay for these items. These cheaper British prices are possible only because the British Socialist Government makes up the difference with subsidies, and it has been able to do this only because of the munificent gifts of dollars from the American taxpayers.

The British program of socialized medicine, which Oscar Ewing so fervidly admires, could not have been carried out without American aid.

Last fall, during the famous dollar talks in Washington, Mr. Eugene Black,

president of the International Bank for Reconstruction and Development, made some hard-hitting, if-the-shoe-fits remarks. Mr. Black said in part:

It has been pretty well demonstrated, I think, that productive efficiency cannot be brought about merely through Government edict or exhortation. . . . Since World War II many governments have committed themselves to extensive programs of social welfare. No one can dispute their right to follow this course, if they have the means to undertake it. Unfortunately, however, it has become apparent that many countries cannot now afford ambitious programs of social services.

The London Economist on April 1, 1950, made some pertinent observations about spending in Great Britain. It said:

A wrong conception has grown up that the central budget is today so much larger than before the war mainly because of the increased expenditure arising out of wars, past and prospective. This is not so.

This category of expenditure, in which war pensions and interest on the national debt are included, is today just about the same proportion of the national income as before the war. It is the social expenditure which has enlarged so much that it is now 17.5 percent of the national income compared with about 10 percent in the 1930's. It is, therefore, social rather than defense spending which dominates the budget.

The British Socialist Government has nationalized 10 important basic industries. Without American aid, this socialization process would have bankrupted the British economy. More than \$500,000,000 worth of Marshall plan counterpart funds have been used to reduce the British national debt, swollen by the purchase, with Government bonds, of nationalized industries.

Most of the industries which the Socialist Government have taken over are operating in the red—deep in the red. According to Winston Churchill:

Every major industry which the Socialists have nationalized, without exception, has passed from the profitable or self-supporting side of our national balance-sheet to the loss-making debit side. . . . All nationalized industries, I assert, have ceased to be services and assets to the public and become instead burdens upon it.

The collective total of the losses to date of nationalized industries amounts to some 75,000,000 pounds sterling, or \$210,000,000, based on the current exchange rate.

During the last 3 years the Government-owned civil airways lost nearly \$90,000,000.

The Government-owned transport system has been steadily losing money at the rate of \$1,500,000 every week. Part of the losses of these socialized industries have been covered by short-term borrowing, which, of course, also increases the British national debt.

On May 18, 1949, Sir Stafford Cripps, British Chancellor of the Exchequer, told the House of Commons:

The honorable member talks about nationalization at a loss. It is quite a false conception to consider that it is necessary to make a profit out of any industry, except under a capitalist system.

We may remind you, Sir Stafford, that none of your socialized industries need

operate at a profit as long as the American free-enterprise system underwrites your heavy losses.

Vast quantities of Marshall-plan raw materials and machinery have been given to the British Socialist Government for distribution to nationalized industries as it has seen fit. During the period April 3, 1948, through February 28, 1950, more than \$25,000,000 worth of ECA construction, mining, and conveying equipment was made available to the British Government, and much of this went to the nationalized coal industry. Large quantities of transportation equipment was also given to the Socialist government for distribution to the socialized transport system.

Last fall, Representative BOLTON of Ohio, a member of the House Committee on Foreign Affairs, made an on-the-spot inspection of conditions in Britain and other countries of western Europe.

Upon completion of her trip, Mrs. BOLTON reported her findings to the House. She said, among other things:

To a statement that I made to one group telling that the American people were not particularly enthusiastic about further bolstering England's socialistic government with American taxpayers' dollars, came the argument that the American dollars were not bolstering their Socialist government; that the American dollars which we are sending them are not being used to pay for the welfare services rendered by the government. "For that purpose we are using British pounds," they said. Whereupon, I retorted, "But if you did not have the American dollars to spend for your indispensables, could your pounds be put to use in developing or perfecting your social-welfare and nationalization programs?"

Mrs. BOLTON said:

That question still remained unanswered when I crossed the Channel to France.

Representative BOLTON also reported:

From an intelligent, earnest young Socialist, leader of his party, I indeed received a severe shock. Our discussions was apropos the British economic problems. He declared boldly that American money must continue to come to England. Whereupon I said to him, "Do you realize what you have said? That you, a Socialist citizen of a Socialist country, expect to receive continuing support from us, a capitalist country?" Continuing, I told him, "If you expect that financial action from us in America, certainly we Americans are going to expect something in return of your people and of your government."

B. BRITISH EDITOR: "STOP THE FLOW OF MONEY"

Mr. President, free-enterprise, Marshall-plan dollars made possible the British Socialist binge, and they will continue to be so used unless the Congress decides otherwise. Or, I may say, until Congress decides otherwise.

On February 26, last, 3 days after the British election, an interesting editorial appeared in a leading British newspaper, the Scottish Sunday Express. The editor, John Gordon, wrote:

It was the people of the United States who were really responsible for the very large vote given to socialism, little as they desire it.

For they provided the money that enabled the Socialists to hide the full extent of their incompetence. It was the loans and the Marshall aid they poured out that sustained the Socialists in office.

That pouring out of money was perhaps the most moving gesture by one people to another in all the history of man.

For the impulse that moved the Americans to do it, for the scale of generosity on which it was done, we can never thank them adequately.

But it was a terribly wrong decision from our point of view. * * *

In fact, all they (the Socialists) did was to use America's money for the building up of socialism, instead of for the building up of Britain, for which it was given.

So, to socialism-fearing Americans, who wonder why it is that Britain has been duped into socialism, I would make this reply: "Don't blame us, blame yourselves. For you did it."

"You did it after full and grave warning of what the consequence would be. For 70 members of Parliament and a strong force of peers foretold in debate the inevitable future, and cautioned you to hold your generous hand."

"What they said then should be reprinted now and spread across your Continent in order that greater knowledge and wise guidance should be available to your generous Nation on that soon-to-come day when the decision to continue or stop the flow of dollars must again be taken."

"When that day comes, if you wish to make amends and save Britain and the world as well, my advice to you is: 'Stop the flow of money. Give Britain a chance to stand on her own feet.'"

Now that our dollars have enabled the Socialist Government to continue in power, we must assume that the Socialists will carry out their plans to liquidate what remains of the British free enterprise system. The all-important iron and steel industry will be nationalized on January 1, 1951, pursuant to a law enacted last year. And as one of the Socialist members of Parliament said:

Once we have nationalized steel we shall have broken the back of capitalist control of industry in Great Britain and its domination forever. If that happens, whatever party is in power, we shall be a Socialist state.

Prime Minister Attlee on March 6, last, dispelled any doubts that his government planned to proceed with the socialization of the iron and steel industry. In response to a question from a member of Parliament as to his government's position on the Iron and Steel Act, Mr. Attlee declared:

That statute is on the statute book and our purpose is to give effect to acts passed by Parliament.

The Socialists also plan to seize the sugar industry, the cement industry, water works, wholesale meat, fruit, and vegetable markets, slaughter houses, all suitable mineral deposits, and industrial insurance.

C. SOCIALISTS ARE NOT SOFT-PEDALING SOCIALIZATION PROGRAM

There has been some speculation that because of the reduced majority of the Socialists in the House of Commons, the Socialist Government might soft-pedal its socialization program. Here is what Mr. Attlee had to say about that on March 6:

We shall, therefore, continue to administer the affairs of the country in the same spirit and on the same principles as we have done during the last 4½ years.

In other words, Mr. President, the present Government of Great Britain does not intend to change a bit.

The Socialist government also has made it clear that it will not hesitate to submit proposals for additional seizure of industries if it decides they are "necessary" for the "national well-being," "even though they may seem likely to prove contentious."

There can be no doubt then that the Socialists plan to proceed with their nationalization program. And it will be made possible by the dollars of the American taxpayers unless and until the Congress decides otherwise.

The Marxist leaders of Russia have made no secret of the fact that they hope to force the United States to spend itself into destruction. Could it be that the Marxist leaders of Britain have no objection to this? Could they be trying to pump our Treasury dry?

The British Socialist Government has spent nearly \$50,000 on advertising in the financially hard-pressed London Daily Worker, the Communist Party-line newspaper. This has been paid out while the British Treasury was being supplied with Marshall plan dollars from America.

Since the end of World War II the British Socialist Government has received more than \$7,000,000,000 in gifts from the American taxpayers. As fast as dollars were shoveled across the Atlantic Britain's Socialists called for more.

But it seems these generous gifts only serve to whet the appetite of the Socialists for more of our dollars. Like "the man who came to dinner," the British Socialists seem more and more reluctant to wean themselves away from American subsidies.

Now we learn of a new give-away scheme being planned by the British Socialists and American bureaucrats. The British Socialist Government now wants the United States to pay off about \$5,000,000,000 of British debts owed by Britain to other foreign countries, principally India, Pakistan, and Egypt.

It is a slick plan. It does not call for the United States to turn over the dollars directly to Britain for payment of her debts. The British Socialists and Washington bureaucrats are afraid that might not be popular with the American people or the Congress. Instead, the United States would hand out large gifts of money to Britain's creditors in Asia. Then in an "entirely separate transaction," so they say, the countries receiving the hand-outs would wipe out the British debt. So we see there are more ways than one to skin a cat. The British know by experience there are more ways than one to skin Uncle Sam.

If Britain would put her affairs in order—if she would call a halt to her experiments in socialism—she would not need such large grants of aid from America.

III. ECA HAS FINANCED FRENCH EXPERIMENTS IN SOCIALISM

There is another of the Marshall plan countries far down the highway toward a Marxist state. I refer to France.

Twenty-three of her industries have been nationalized, approximately 40 percent of her total economy.

Most of the nationalized industries in France like those in Britain, are operating at a considerable loss. These losses have served to swell the French national debt. And, here again, as in the case of Britain, the ECA came to the rescue, permitting the French Government to apply 45,000,000,000 francs of Marshall plan counterpart funds—\$130,500,000 worth—to reducing the French national debt.

In addition, ECA has permitted 320,000,000,000 francs of Marshall plan counterpart funds—\$608,000,000 worth—to be applied to promoting production. Much of this assistance went to the French socialized industries, including the mining, gas, and electricity industries, and the railroads.

Furthermore, large quantities of ECA machinery and equipment of all types was given to the French Government for distribution to its socialized industries. For example, \$32,800,000 worth of electrical apparatus, including generators and motors, was made available to the nationalized electricity industry.

IV. AMENDMENT WOULD NOT INTERFERE IN INTERNAL AFFAIRS OF MARSHALL-PLAN COUNTRIES

Mr. President, it has been said that the adoption of this amendment would constitute an unusual or unwarranted interference in the internal affairs of another country. This argument is as full of holes as Mr. Hoffman has bureaucrats on his pay roll.

In the first place, the amendment is not a directive to any country to do anything. Britain or France or any other Marshall-plan country would still be free to socialize just as many industries as they desired. But the amendment would prevent their using American dollars to do it.

Furthermore, the ECA Act authorizes the Administrator to place all sorts of conditions on the aid he distributes. Mr. Hoffman himself has testified that he has not hesitated to establish those conditions which would permit recovery.

A. UNITED STATES HAS INTERFERED DIRECTLY IN INTERNAL AFFAIRS OF GREECE AND KOREA

Two glaring examples of United States interference in the internal affairs of other countries occurred only quite recently. I refer to the cases of Greece and Korea.

On March 31, last, United States Ambassador to Greece, Henry F. Grady, sent a letter to the Premier of Greece relative to American assistance. Mr. Grady laid down stringent, detailed, and exacting conditions which the Greek Government must either fulfill—or American aid will be shut off.

Mr. Grady wrote:

The American people * * * are entitled to expect, and do expect, that any Greek Government which hopes to continue to receive the aid which they have generously offered, will utilize this assistance to the fullest degree.

In my opinion, only a stable and efficient government supported by the people and by Parliament will be able to act with the courage and the firmness of long-term policy

which are essential to the wise use of the aid offered by the American people. Irresponsible talk of adjourning Parliament or of new elections before the new Parliament has had an opportunity to rise to its responsibility, can only create a climate of political and economic uncertainty which may do grave damage to the country's future. * * *

The chief of the ECA mission to Greece and I are in complete accord that, pursuant to the obligations imposed upon us by the Congress of the United States, we cannot conscientiously approve the commitment of American funds for contemplated new projects until the Greek Government has made basic and binding decisions which will assure the success of the purposes for which the funds are intended.

Foremost among these projects are those which contemplate the construction of four new electric power plants which would more than double the present generation of electricity in Greece and which would bring cheap electric power to many areas of Greece for the first time. The desirability of these new plants is beyond question. They are the keystone to the further industrial and agricultural development of Greece.

Mr. Grady then called upon the Greek Premier to adopt an "adequate financial plan."

An adequate financial plan should include measures which will sharply curtail Government spending on current account, including the armed forces, in order to provide funds for capital investment.

The financial plan should establish a ceiling on the debt which the Government may incur by borrowing from the Bank of Greece or by other means. No change in this debt ceiling should be possible without express authority of Parliament. Subsidies should be curtailed. Government enterprises, such as the state-owned railways, which are a drain on the budget, and the Agricultural Bank, which incurs a deficit in spite of excessive charges to farmers for fertilizer and for loans, should be put on a self-supporting basis, while, at the same time, reducing costs to the users of their services.

The tax system should be simplified and rationalized, and taxes due should be fully collected, to the end that Government revenues will be increased, the investment of private capital will be encouraged, and social justice will result from each citizen paying his fair share of taxes.

Mr. Grady then told the Greek Premier:

A major improvement in Government efficiency is essential to a proper administration of the aid which is offered. The improvement should include the establishment of a Cabinet with a minimum of Government ministries, a greater decentralization of responsibility to nomarchs, and the enactment of a civil-service code to replace the one recently declared invalid because it had not received parliamentary approval.

In order to foster self-help and local initiative, it is advisable that elections of local officials, which have not taken place for 14 years, should be considered for the very near future. To administer whatever electric-power program that may be undertaken, a special agency should be established, independent of politics and with a tenure for its officials long enough to cover the period of construction and initial operation.

The foregoing measures, which we regard as essential to the successful fulfillment of a major capital investment program, should, it seems to me, be proposed by the Greek Government to the Parliament at the earliest possible date. * * *

It is in the hands of the Greek Government and the Greek Parliament to decide whether or not they wish to continue to

receive American aid, and hence to accept the responsibilities which will attain its purpose. It is the obligation and intention of the American Government with regard to all Marshall-aid countries to decide whether or not the performance of the recipient Government, whether Greek or any other, justifies a continuance of the aid on the scale heretofore contemplated.

Mr. President, I ask unanimous consent that Ambassador Grady's letter be printed in the body of the RECORD as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

TEXT OF UNITED STATES AMBASSADOR HENRY F. GRADY'S LETTER TO THE PREMIER OF GREECE ON AMERICAN ASSISTANCE

EXCELLENCY: I feel obliged to bring to the attention of yourself, the new Parliament, and the Greek people the fact that a critical period has been reached in the recovery of Greece.

American aid was designed not only to help establish peace, but to meet the basic needs of the people for food and clothing. It was intended also to create new productive enterprises which, by employing more fully the willing labor of the people and the natural resources of the country, would improve the lot of the people and would render Greece independent of foreign aid in the future.

The first two objectives, those of military security and relief from distress, have been attained. The physical reconstruction stage of Greek recovery has proceeded well. But the effort to make Greece self-sustaining and independent of foreign aid, to develop a power program to establish new industries and to improve agriculture, has hardly begun.

This results partly from the tragic guerrilla war. But it should also be frankly recognized that an important reason for the delay has been a less than satisfactory performance by the Greek Government in its conduct of economic affairs. Only 27 months remain in which the Greek Government may take advantage of the American aid made available through the Marshall plan. This short time permits no further delay.

It seems to me self-evident that the Greek people are most anxious to improve their economic position, but that this can be accomplished only by increasing the productive capacity of the country.

THE FREE ELECTION

I believe that this desire for economic betterment was a paramount consideration of the Greek people when on March 5 they chose a new Parliament in free elections that won the respect of the entire democratic world.

The American representatives in Greece have scrupulously refrained from any attempt to influence either the outcome of the election or the formation of a new Government based on this fresh mandate of the people. The American people, however, are entitled to expect, and do expect, that any Greek Government which hopes to continue to receive the aid which they have generously offered, will utilize this assistance to the fullest degree.

In my opinion, only a stable and efficient government supported by the people and by Parliament will be able to act with the courage and the firmness of long-term policy which are essential to the wise use of the aid offered by the American people. Irresponsible talk of adjourning Parliament or of new elections before the new Parliament has had an opportunity to rise to its responsibility, can only create a climate of political and economic uncertainty which may do grave damage to the country's future.

The undertaking of a program of large-scale investment, which must necessarily be compressed into a short period of time, will present many problems which can be solved only by a Government which has a consistent policy and which is prepared to act with great courage.

Temporary sacrifices must be made for the sake of future benefits. Many of these sacrifices will be unpopular with local minorities, especially if the people are not convinced that the sacrifices are being equally shared. If funds are to be available for financing an ambitious program of new electric power plants, new industries to provide employment, and the irrigation and improvement of the land, then rigorous economy in other Government expenditures will be essential.

It will be necessary to continue the planned reduction of the armed forces, to curtail subsidies, and to make many other savings. I am confident that if the issues are properly presented to the people, they will readily choose new opportunities for employment in preference to special privileges which can only result in continuing budget deficits. Nevertheless, these will not be easy decisions, and only a Government which can secure and maintain public confidence by its boldness and by its devotion to the public interest can be expected to execute the reconstruction stage of Greek recovery. We earnestly hope the Greek Government will meet this challenge.

BASIC ACTIONS NEEDED

The chief of the ECA mission to Greece and I are in complete accord that, pursuant to the obligations imposed upon by the Congress of the United States, we cannot conscientiously approve the commitment of American funds for contemplated new projects until the Greek Government has made basic and binding decisions which will assure the success of the purposes for which the funds are intended.

Foremost among these projects are those which contemplate the construction of four new electric power plants which would more than double the present generation of electricity in Greece and which would bring cheap electric power to many areas of Greece for the first time. The desirability of these new plants is beyond question. They are the keystone to the further industrial and agricultural development of Greece.

When Mr. Potter was recently in Washington, he received the approval of ECA headquarters for the allotment of American aid necessary to their construction, subject to the judgment of the American mission here as to the financial capacity of the Greek Government to embark on a program of this magnitude. The hard truth, however, is that while the dollars and other foreign exchange needed for the electric power program are available, the Greek Government at the present time does not have the drachmae to pay the local costs of construction. The drachmae which should be available for this purpose are presently required to meet the deficit in the Government budget which results from excessive spending.

Whether or not all or some of the contemplated power plants can be begun in time to take advantage of American aid is a matter that depends solely upon decisions to be made by the Greek Government and the Greek Parliament within the next few weeks. The decisions which need to be made are of two kinds. The first are those which relate to the adoption of an adequate financial plan which the Government will follow. The second are those which should result in a wide and far-reaching improvement in Government efficiency.

FINANCIAL PLAN URGED

An adequate financial plan should include measures which will sharply curtail Government spending on current account, including

the armed forces, in order to provide funds for capital investment.

The financial plan should establish a ceiling on the debt which the Government may incur by borrowing from the Bank of Greece or by other means. No change in this debt ceiling should be possible without express authority of Parliament. Subsidies should be curtailed. Government enterprises, such as the state-owned railways which are a drain on the budget, and the Agricultural Bank which incurs a deficit in spite of excessive charges to farmers for fertilizer and for loans, should be put on a self-supporting basis, while at the same time reducing costs to the users of their services.

The tax system should be simplified and rationalized, and taxes due should be fully collected, to the end that Government revenues will be increased, the investment of private capital will be encouraged and social justice will result from each citizen paying his fair share of taxes.

A major improvement in Government efficiency is essential to a proper administration of the aid which is offered. The improvement should include the establishment of a cabinet with a minimum of Government ministries, a greater decentralization of responsibility to nomarchs and the enactment of a civil-service code to replace the one recently declared invalid because it had not received parliamentary approval.

In order to foster self-help and local initiative, it is advisable that elections of local officials, which have not taken place for 14 years, should be considered for the very near future. To administer whatever electric power program that may be undertaken, a special agency should be established, independent of politics and with a tenure for its officials long enough to cover the period of construction and initial operation.

FOR PARLIAMENTARY APPROVAL

The foregoing measures, which we regard as essential to the successful fulfillment of a major capital investment program, should, it seems to me, be proposed by the Greek Government to the Parliament at the earliest possible date.

The Parliament, of course, may modify, enact, or reject all measures proposed to it, in accordance with what the deputies believe to be the will of the people. But we in the American missions regard parliamentary approval of major recovery measures to be essential, not only as a validation of the democratic process of government but as an assurance that the hard tasks of reconstruction have the willing support of the sovereign Greek people.

It is in the hands of the Greek Government and the Greek Parliament to decide whether or not they wish to continue to receive American aid and hence to accept the responsibilities which will attain its purpose. It is the obligation and intention of the American Government with regard to all Marshall aid countries to decide whether or not the performance of the recipient Government, whether Greek or any other, justifies a continuance of the aid on the scale heretofore contemplated.

I trust that this clear statement of the American concern in the Greek recovery will receive the earnest consideration of the Greek people and their representatives and that decisions to proceed boldly with an ambitious reconstruction effort will be taken quickly by the new Parliament.

Accept, Excellency, the renewed assurances of my highest consideration.

GRADY.

Mr. KEM. Mr. President, on April 7, last, Secretary of State Acheson sent a strong note to the Korean Ambassador demanding action to halt inflation in Korea.

Mr. Acheson said in part:

The Secretary of State must inform His Excellency that unless the Korean Government is able to take satisfactory and effective measures to counter these inflationary forces, it will be necessary to reexamine, and perhaps to make adjustments in, the Economic Cooperation Administration's assistance program in Korea. * * *

Of equal concern to this Government are the reported intentions of the Korean Government, as proposed by the President of the Republic of Korea in a message to the National Assembly on March 31, to postpone the general elections from the coming May until sometime in November. The Secretary of State wishes to draw to His Excellency's attention the fact that United States aid, both military and economic, to the Republic of Korea has been predicated upon the existence and growth of democratic institutions within the republic. Free, popular elections, in accordance with the constitution and other basic laws of the republic, are the foundation of those democratic institutions.

The holding of the elections as scheduled and provided for by the basic laws of the Republic appears to this Government as equally urgent with the taking of necessary measures for the countering of the inflationary forces already discussed.

Mr. President, I ask unanimous consent that Secretary of State Acheson's note be printed in the body of the RECORD as a part of my remarks.

There being no objection, the note was ordered to be printed in the RECORD, as follows:

TEXT OF SECRETARY OF STATE DEAN ACHESON'S NOTE TO THE KOREAN AMBASSADOR REQUESTING ACTION TO HALT INFLATION IN KOREA

The Secretary of State wishes to take this opportunity to express to His Excellency the Ambassador of the Republic of Korea, prior to the latter's return to Seoul, the deep concern of this Government over the mounting inflation in Korea. The Secretary of State wishes His Excellency to convey to the President of the Republic of Korea the view of this Government that the communication of March 4, 1950, from the Korean Prime Minister to the chief of the economic cooperation mission in Korea, in which the view was expressed that there is no serious problem of inflation in Korea, but rather a threat of deflation, indicates a lack of comprehension on the part of the Korean Government of the seriousness of the problem and an unwillingness to take the drastic measures required to curb the growing inflation.

It is the judgment of this Government that the financial situation in Korea has already reached critical proportions, and that unless this progressive inflation is curbed in the near too distant future, it cannot but seriously impair Korea's ability to utilize effectively the economic assistance provided by the Economic Cooperation Administration.

BUDGET LIMITS IGNORED

Government expenditures have been vastly expanded by bank overdrafts without reference to limits set by an approved budget. Tax collections have not been increased, aid goods have been underpriced, and governmental subsidies have been expanded. The dangerous practice of voluntary contributions has been used as an inefficient substitute for a sound taxation system. These uneconomic practices have, in turn, served to expand the currency in circulation, unbalance the Korean national budget, and cause a sharp rise in wholesale and retail prices, thereby strengthening the growing forces of inflation.

The Secretary of State must inform His Excellency that unless the Korean Government is able to take satisfactory and effective measures to counter these inflationary forces, it will be necessary to reexamine, and perhaps to make adjustments in, the Economic Cooperation Administration's assistance program in Korea.

The Secretary of State wishes to inform His Excellency in this connection that the American Ambassador in Seoul is being recalled for consultation within the next few days regarding the critical problems arising out of the growing inflation in Korea.

ELECTION MOVE NOTED

Of equal concern to this Government are the reported intentions of the Korean Government, as proposed by the President of the Republic of Korea in a message to the National Assembly on March 31, to postpone the general elections from the coming May until sometime in November. The Secretary of State wishes to draw to His Excellency's attention the fact that United States aid, both military and economic, to the Republic of Korea has been predicated upon the existence and growth of democratic institutions within the Republic. Free popular elections, in accordance with the constitution and other basic laws of the Republic, are the foundation of those democratic institutions.

The holding of the elections as scheduled and provided for by the basic laws of the Republic appears to this Government as equally urgent with the taking of necessary measures for the countering of the inflationary forces already discussed.

Mr. KEM. Mr. President, I now wish to set forth what the American people are entitled to expect and do expect.

B. AMERICAN PEOPLE ARE ENTITLED TO EXPECT—AND DO EXPECT—THAT MARSHALL-PLAN GOVERNMENTS WILL UTILIZE ASSISTANCE TO THE FULLEST DEGREE

Mr. President, I do not condemn the actions of our Department of State in either the case of Greece or Korea. But, as the junior Senator from California [Mr. KNOWLAND] said the other day, it is difficult to square the position taken by the administration in objecting strenuously to having any restraints or restrictions written into the ECA Act by the Congress, on the ground that to do so might impinge upon the sovereignty of such nations, with its own actions in Greece and Korea in laying down the law—namely, that if certain things are not done by the countries, including the holding of elections, ECA funds will be withheld.

I agree with Ambassador Grady that—

The American people * * * are entitled to expect, and do expect, that any Greek government which hopes to continue to receive the aid which they have so generously offered will utilize this assistance to the fullest degree.

Mr. President, the American people are entitled to expect, and do expect, that the governments of any and all Marshall-plan countries which hope to continue to receive the aid they have offered will utilize this assistance to the fullest degree.

C. AMENDMENT WOULD PROTECT AMERICAN TAXPAYERS FROM FURTHER MISUSE OF THEIR GIFTS BY SOCIALISTIC GOVERNMENTS

Mr. Hoffman has admitted that Europe's experiments with socialism are slowing down recovery there. He has

said, "Socialism will slow down the [production] process."

He has also expressed the belief that private enterprise will produce more for less and will serve the people better.

This is borne out by what has happened in Britain under Sir Stafford Cripps' democratic planning. As Winston Churchill put it:

Socialism, with its vast network of regulations and restrictions and its incompetent planning and purchasing by Whitehall officials, is proving itself everyday to be a dangerous and costly fallacy.

Even the Socialists are beginning to wonder why it is that free-enterprise America should be able to produce so much while British workers have to depend upon American aid to maintain their standard of living nearly 5 years after the end of the war.

The answer is not difficult. Another member of Parliament has summed it up as follows:

Working for a great central machine has never appealed to people, and it is unlikely to do so. State monopoly brings into being a machine so cumbersome that it cannot be controlled. The machine becomes the master. When industrial organizations are taken off the rails of private enterprise and bereft of their motivating forces of competition and profit, all sense of purpose and direction appears to be lost.

The whole conception of state ownership and control is a feeble attempt to meet a twentieth-century problem with an outmoded nineteenth-century remedy.

As a Socialist government nationalizes more and more industries, the ratio of government bureaucrats to productive workers steadily increases. These administrative parasites only serve to add to the general frustration and disillusionment among the workers in the industries.

The nationalized coal industry of Great Britain is a good example. Since it was socialized in 1947, 6,000 workers have been added to the administrative, non-productive staff, an increase of 27 percent. Output per miner has decreased 6.2 percent. Absenteeism has doubled, and strikes have tripled, as compared with prewar.

The deficit for 1947 and 1948 of the nationalized coal industry amounted to \$86,800,000 as compared with a prewar—1938—profit of \$54,000,000 under private ownership and operation.

Mr. Hoffman has stated that he has a clear duty to protest any Government action that in any way slows down recovery.

The amendment now being considered would protect the American taxpayer from the use of American dollars by Socialist governments in a way that is "slowing down recovery" in Europe.

V. CAN EUROPE AFFORD ANYTHING BUT FREE ENTERPRISE?

Mr. President, recently William Henry Chamberlin, noted writer and editor, returned from a 3 months' visit to Europe, where he went to study conditions on the spot.

Mr. Chamberlin, in an editorial in the Saturday Evening Post, reported:

It is a pet idea of leftist advanced thinkers on both sides of the Atlantic that Europe,

being poor, cannot "afford" free enterprise. That sort of thing, the argument runs, is a luxury possible for rich America. Poor countries can make both ends meet only by employing hordes of bureaucrats to think out new ways of putting production into strait-jackets.

There is one contradiction in this theory which these advanced thinkers never explain. How does it happen that free, or capitalist, America with its supposedly wasteful system not only maintains the world's highest standard of living for its own people but contrives to subsidize the scientific collectivist economies of Europe?

Is it just possible that freedom offers some of the decisive answers in economics as well as in politics?

Mr. Chamberlin then said:

I found visible prosperity in proportion to the degree of freedom from state control.

Belgium is exhibit A for this proposition. Of all the nations involved in the war, Belgium has given the freest rein to the profit motive. Rationing is a distant unhappy memory; taxes are moderate; there is a minimum of planning.

The missing dynamo in the British industrial machine is the absence of incentives to work hard and efficiently. Everyone is assured an extremely low, sub-WPA standard of living through full, or overfull, employment, cradle-to-grave "security," and subsidies to keep down the prices of rationed foodstuffs. But because of the back-breaking taxes and the thousand restrictions on private initiative, no one has much inducement to rise above this low average.

Moreover, the ECA effort to promote closer economic union is foundering on the rock of Socialist planned economy.

That closer union in which farsighted Europeans of all nationalities see the salvation of the old continent can only be a union of free economies. The question is not whether Europe can afford free enterprise. The question is whether it can afford anything else.

VI. IT IS UNWISE TO ENCOURAGE UNIFICATION OF EUROPE'S SOCIALISTIC, PLANNED ECONOMIES

Mr. President, we are told that one of the objectives of the Marshall plan is to encourage the economic unification of Europe. If this is one of the objectives, very little progress has been made thus far. To date Mr. Hoffman has made very little progress on this score. However, he has made it known that he intends to take vigorous steps to further economic integration in the months ahead.

The question arises, will it be to the best interests of European recovery, will it be to the best interests of our American economy, to encourage the integration of the socialistic, planned economies which exist in so many of the Marshall-plan countries? Is it wise to encourage the unification of the cartels and monopolies which now exist in individual countries into giant European cartels and monopolies? I, myself, cannot help but have grave doubts in regard to the wisdom of such a course. In that event, instead of having one great government cartel engaged in the iron and steel industry in Great Britain, would it not be possible that a giant cartel would cover all of western Europe, and that the American producers of iron and steel and the American workers engaged in those industries would be in competition with such a cartel and with workers employed under such conditions?

One of Europe's foremost economists, Dr. Wilhelm Roepke, now associated with the Graduate Institute of International Studies at the University of Geneva, Switzerland, has said:

It is a bit of irony that the Marshall plan, which should have pulled western Europe out of the muck of collectivistic nationalistic economic policy, has threatened to create a new collectivism on a superstate level. The way things are today, everything seems to indicate that the Marshall plan will achieve the exact opposite to what most of its American creators and clear-seeing Europeans had originally expected.

That is not the loose talk of an idle thinker. Those are the words of one of the greatest economists of Europe, a man with a world-wide reputation, who must weigh his words before he speaks.

VII. UNFAIR FOREIGN COMPETITION CREATED BY MARSHALL PLAN HAS NOW RETURNED TO PLAGUE US

When the proposal to adopt the Marshall plan first came before the Senate early in 1948, this question was raised during the course of the debate:

Assuming that the 16 recipient countries are able to increase production sufficiently to meet the requirements of the plan, will there be world markets for the contemplated exports?

It was stated further at that time:

In order for her exports to balance her imports by 1952, it is necessary for western Europe to expand her export volume far above prewar levels, due to reduced foreign investments, higher prices of imports, and increased population.

There seems little possibility that western Europe can find markets for the industrial products she will have to offer.

Mr. President, we are told that industrial production in western Europe is now well above the prewar level. According to ECA Administrator Hoffman, "industrial production has not merely been lifted to the prewar level, but stands 20 percent above it."

But in spite of this increase in production the so-called dollar-gap problem is still with us. Our American taxpayers are told they must contribute approximately \$3,000,000,000 to bridge this gap between western Europe's imports and her exports.

One factor contributing heavily to the continuation of the dollar gap, in spite of nearly \$10,000,000,000 of Marshall-plan aid already extended, is the lack of markets for the products being turned out by western Europe's factories. So now western Europe, with the blessing of the Administration, has begun dumping her products on the American market.

A. UNDER THE HOFFMAN PLAN, THE AMERICAN PEOPLE WILL PAY TILL IT HURTS—AND THEN KEEP ON PAYING

ECA Administrator Hoffman, in his statement on February 21, 1950, before a joint meeting of the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs, said: "We must sell less to and buy more from Europe." He wants American producers to give up part of their overseas business and forfeit part of their markets here at home to foreign producers.

Mr. Hoffman admitted that this new competition would create problems.

Some American industries would be driven out of business, a large number of American workers would be thrown out of work. And how does Mr. Hoffman propose to meet this situation? He said: "If there must be some relief in this situation, I suggest that it be given directly." He apparently wants our taxpayers to subsidize American industries paralyzed by foreign competition—competition which has been brought into being and built up by the dollars that the same American taxpayers sent abroad in the form of foreign aid.

Under the Hoffman plan the American people will pay until it hurts—and will then keep on paying after it hurts.

B. COMPETITION WITH SOCIALISTIC CARTELS AND MONOPOLIES IS UNFAIR COMPETITION

The most distressing aspect of this situation is the fact that much of the competition which is being built up by American dollars is unfair competition. American businessmen and workingmen pride themselves on being able to meet fair competition, anywhere, any time. They have been able to do so in the past, and they can do it now. All they ask is an even break.

But competition with the vast socialistic monopolies and cartels being built up with Marshall-plan dollars is not fair competition. These government-owned and operated industries have definite advantages when competing with private industry. They do not have to pay taxes. Their government owner stands ready to subsidize their losses, and they have a monopoly of their home markets. These advantages enable them to carry on dumping operations in other countries, including the United States.

This unfair foreign competition, built up by dollars taken from the American taxpayers, has already caused a great many American workers to lose their jobs.

According to the Bureau of the Census, there are now more than 3,500,000 American workers unemployed. The Department of Labor of the State of Missouri told me recently that during the 5-months period ending March 1, last, more than 160,000 workers in Missouri filed unemployment insurance claims for the first time.

Mr. President, I shall not undertake to review any great number of American industries with the idea of examining the effect of what is going on upon their prosperity, but I shall refer to two or three of them.

C. THE WATCH-AND-CLOCK INDUSTRY

The American watch-and-clock-making industry has been hit particularly hard by unfair foreign competition. The distressing case of Waltham Watch, now closed down, is all too familiar. Waltham Watch "went under" despite a loan of some \$6,000,000 from the Reconstruction Finance Corporation.

As a result of the closing of the Waltham plant, some 1,200 skilled workers were thrown out of employment.

While this is happening in this country, ECA is helping to develop Britain's watch-and-clock industry.

I wonder whether the workers of the Waltham Watch Co. who have been thrown out of employment happen to

have seen the January 1950 issue of the British magazine *Soundings*, which contains this statement:

MARSHALL AID IS PROVIDING NEW JOBS FOR BRITISH WORKERS

The ECA has granted to the General Time Instruments Corp., of New York City, a \$1,000,000 currency convertibility guaranty to cover the operations of its British subsidiary, Westclox, Ltd.

Westclox has set up a new plant in the Strathleven Industrial Estates, near Glasgow. The Marshall plan is developing the United Kingdom's watch-and-clock industry and creating jobs in one of Scotland's economic problem areas. Strathleven has been converted from a country estate into a government-sponsored development scheme to draw light industries into an area dominated by the heavy engineering, coal mining, and shipbuilding industries centers on the Clyde River. These have created periodic unemployment problems in the past and do not give opportunities for workers with special light-industry skill.

Westclox now employs some 250 persons, who can make 400,000 clocks a year. Plans are being made for watch production, and by 1951 the plant will have 350 workers running out an estimated 500,000 "alarum" clocks and 50,000 pocket watches annually.

Westclox is helping to break new economic ground in Britain. Before the war the U. K. imported most of its watches and clocks, many of them from the American and Canadian plants of General Time Corp.

Mr. President, I emphasize the sentence:

Before the war the United Kingdom imported most of its watches and clocks, many of them from the American and Canadian plants of General Time Corp.

The quotation continues:

But the new Scottish plant is already producing more than the parent company used to send to Britain.

Here we have a specific example of watch-making companies going bankrupt here at home while American people are furnishing aid to build up similar industries in Britain, whose products are rapidly taking over the market which our producers formerly enjoyed.

Furthermore, the British Socialist Government is giving direct subsidies to its watch-and-clock industry. According to the January 16, 1950, issue of *Foreign Commerce Weekly*, an official Department of Commerce publication, subsidies paid by the British Socialist Government to the watch-and-clock industry during the period July 1, 1946, through June 30, 1949, were as follows: \$310,000 in 1946-47, \$730,000 in 1947-48, and \$590,000 in 1948-49.

The British Socialist Government, it so happens, is placing great emphasis on increasing exports of timepieces. According to our Department of Commerce, each British manufacturer is assigned an individual export quota, and is allocated scarce materials in ratio to his success in meeting his quota. To meet foreign competition and achieve export goals, some manufacturers have reduced export prices below cost.

The Department of Commerce admits that this competition is likely to be felt by the United States clock industry.

Here is additional enlightening information:

An agreement was signed March 12, 1946, under which the Swiss * * * agreed to

make available, on a rental basis and under certain conditions, the special machines which the British needed. * * * The Swiss also agreed to furnish to the British jewel bearings and certain watch parts. The British established acceptable import quotas for Swiss watches and movements at increased maximum prices.

Wages paid workers in the British watch industry average 30 cents an hour. A considerable number of youths are employed at a starting wage of 22 cents an hour. These rates are less than half those paid to American workers. Of course, British workers are able to make a living on these lower wages because costs of food are lower in Britain than in America, due to the food subsidies made possible by Marshall-plan aid.

Here, then, is what American watch and clock producers are up against:

First. Under the Marshall plan, aid is being extended to rehabilitate and expand the watch-and-clock industry in Britain.

Second. The British Socialist Government is making generous, direct subsidies to the watch industry there, so that manufacturers are able to reduce export prices below cost. These subsidies are made possible by Marshall-plan aid.

Third. The British have a discriminatory bilateral agreement with Switzerland relative to production and imports of watches and parts.

Fourth. The British workers receive less than half the wages paid American workers, which greatly aids the British manufacturer to turn out a low-cost instrument. The British Socialist Government, in turn, subsidizes food costs. These subsidies, too, are made possible by Marshall-plan aid.

Is it any wonder, then, that the British are so rapidly taking over markets formerly belonging to American producers?

D. THE BICYCLE INDUSTRY

Recently a representative of our bicycle industry told me that unfair foreign competition—largely from Great Britain—threatened to drive his industry out of business.

The American bicycle industry is particularly vulnerable to British competition. The British Socialist Government, I am informed, grants special benefits and subsidies to the bicycle industry there, all to the end that they may ship British bicycles into our markets at prices which are below the actual cost of production of American bicycles.

Foreign manufacturers, with far greater production, lower labor rates, and various types of subsidies have practically preempted all foreign markets. Now they are moving in on the American domestic market.

On January 16, 1949, F. E. Ahern, attaché at the American Embassy in London, submitted a report to the Department of State on British bicycle production. This report quotes Mr. George Wilson, managing director of Raleigh Industries, Ltd., one of the largest British manufacturers of bicycles as saying:

Reduction in our prices in the United States resulted in a substantial increase in orders to our Boston plant. This means doubling our business in America during the coming year.

American bicycle manufacturers have no desire to exclude foreign bicycles from the United States market. They are demanding that they be permitted to compete for this business on a fair basis and not with products subsidized by foreign governments and further supported by grants of money from our own Treasury.

E. THE LUMBER INDUSTRY

Dant & Russell, Inc., an important lumber firm operating in Washington and Oregon, recently wrote me saying:

The way ECA is operating means that we are financing the business of every country in the world except the United States. Every year more of our people are becoming unemployed while the countries we are helping have full employment.

F. THE AIRCRAFT INDUSTRY

Let us refer briefly to the aircraft industry for another example of how American dollars are being used to build up unfair competition abroad.

The ECA program authorization for aircraft engines and parts for the period April 3, 1948, through February 28, 1950, is shown on a table which I have here. I ask unanimous consent that the table be printed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

ECA procurement authorization for aircraft, engines, and parts for the period April 3, 1948, through February 28, 1950, reads as follows:

France	\$37,600,000
Italy	4,500,000
Netherlands	23,700,000
Belgium-Luxembourg	2,900,000
Greece	900,000
Denmark	800,000
Norway	900,000
Sweden	500,000
Total.....	76,800,000

Mr. KEM. Each of the countries receiving these gifts of aircraft, many of them of the latest type, in addition to engines and other parts, has a government-owned air-line monopoly.

These air lines are all nationalized, and are competing directly with American industry.

I have previously called to the Senate's attention the fact that American Airlines, Inc., decided to dispose of its interest in an American overseas operation because of difficulty in securing risk capital on reasonable terms. While this is going on, its direct competitor, the British Government, is being financed by the ECA.

G. THE JOB OF EVERY AMERICAN WORKER IS JEOPARDIZED BY GROWTH OF DOLLAR-BUILT SOCIALIST CARTELS ABROAD

Mr. President, these are only a few of many similar examples that could be cited. They are conclusive evidence that unfair competition from abroad gravely threatens our American economy. Unfortunately, the worst is yet to come, unless the Congress acts.

As I mentioned earlier in my remarks, the Socialist Government of Britain is scheduled to take over the iron and steel industry only 8 months from now. Nearly half of Britain's exports are largely based on steel. If the steel in-

dustry is turned into a vast government-owned monopoly, it will be a giant sword of Damocles over the American economy. The British Socialist Government will be in a position to dump products on American foreign and domestic markets on an unprecedented scale, drive more of our industries out of business, and throw more millions of American workers out of employment. Unless the Congress decides otherwise, all this will be done at the expense of the American taxpayers.

The use of American dollars to finance experiments in socialism abroad affects the well-being of both the people of America and the people of the countries we are trying to aid.

The job of every American worker is jeopardized by Socialist cartels abroad. I cannot justify paying heavily for the privilege.

I hope the Senate will adopt the amendment.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 277. An act to enhance further the security of the United States by preventing disclosures of information concerning the cryptographic systems and the communication intelligence activities of the United States;

S. 621. An act for the relief of Horace J. Fenton;

S. 2590. An act to amend section 3526 of the Revised Statutes relating to coinage of subsidiary silver coins;

S. 2853. An act to authorize the acceptance of foreign decorations for participation in the Berlin airlift;

S. 2874. An act to amend titles 18 and 28, United States Code, with respect to the time of reporting to Congress rules of procedure adopted by the Supreme Court for criminal, civil, and admiralty cases and the time of their taking effect;

S. 3117. An act to amend the act entitled "An act to authorize the Postmaster General to impose demurrage charges on undelivered collect-on-delivery parcels," approved May 23, 1930, as amended (39 U. S. C. 246c); and

S. 3255. An act to amend section 415 of the Career Compensation Act of 1949, to extend the effective date of that section to December 31, 1950, and for other purposes.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, May 3, 1950, he presented to the President of the United States the following enrolled bills:

S. 277. An act to enhance further the security of the United States by preventing disclosures of information concerning the cryptographic systems and the communication intelligence activities of the United States;

S. 621. An act for the relief of Horace J. Fenton;

S. 2590. An act to amend section 3526 of the Revised Statutes relating to coinage of subsidiary silver coins;

S. 2853. An act to authorize the acceptance of foreign decorations for participation in the Berlin airlift;

S. 2874. An act to amend titles 18 and 28, United States Code, with respect to the time of reporting to Congress rules of procedure adopted by the Supreme Court for criminal,

civil, and admiralty cases and the time of their taking effect;

S. 3117. An act to amend the act entitled "An act to authorize the Postmaster General to impose demurrage charges on undelivered collect-on-delivery parcels," approved May 23, 1930, as amended (39 U. S. C. 246c); and

S. 3255. An act to amend section 415 of the Career Compensation Act of 1949, to extend the effective date of that section to December 31, 1950, and for other purposes.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

Mr. DONNELL rose.

Mr. CONNALLY. Mr. President, I ask for the regular order.

The VICE PRESIDENT. For what purpose does the Senator from Missouri rise?

Mr. DONNELL. To ask recognition to speak.

The VICE PRESIDENT. The Secretary will state by title the pending business.

The CHIEF CLERK. A bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. WILLIAMS. Mr. President, had not the senior Senator from Missouri been recognized before the Senator from Texas rose?

The VICE PRESIDENT. The Senator from Texas gave notice that at the close of the remarks of the junior Senator from Missouri he would ask for the regular order.

The senior Senator from Missouri is now recognized.

INVESTIGATION OF GAMBLING AND RACKETEERING ACTIVITIES

Mr. DONNELL. Mr. President, I rise at this point in opposition to the amendment in the nature of a substitute presented by the junior Senator from Tennessee [Mr. KEFAUVER] to Senate Resolution 202. I understand, Mr. President, that the distinguished Senator from Texas has called for the regular order, but I also understand that it is within my rights for me to speak upon such subject as I shall choose, and I choose to speak, as I have indicated, in opposition to the amendment presented by the junior Senator from Tennessee.

Mr. President, I have just asked that the Senator from Tennessee be informed of the fact that I am speaking.

As I stated earlier, today, I am in favor of the adoption of Senate resolution 202 as it was reported by the chairman of the Committee on the Judiciary and as supplemented by report of the Senator from Mississippi [Mr. STENNIS] from the Committee on Rules and Administration, with two amendments to be incorporated therein.

The amendments to which I refer are the deletion, on line 18, on page 2, of the comma and the words and figures "but not later than July 31, 1950," and on line 2, page 3, to strike out the figure "\$50,000" and incorporate in lieu thereof the figure "\$100,000."

Mr. President, in order that we may intelligently consider the resolution which I favor and the amendment in the nature of a substitute proposed by the Senator from Tennessee, which I oppose, it will be necessary to consider some-

thing of the respective contents of each of the two resolutions, namely, Senate Resolution 202, and the substitute which constitutes the amendment presented by the junior Senator from Tennessee, whom I am pleased to see now upon the floor.

Senate Resolution 202 provides at its outset that the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized and directed to make full and complete study and investigation of the subject matter which is thereafter set forth in the resolution. It will be observed, Mr. President, that under Senate Resolution 202 it is either the entire Committee on the Judiciary, which consists of 13 Members of the Senate, or any duly authorized subcommittee thereof which is authorized and directed to make the study and investigation to which reference has been made. There is no restriction as to the number of persons who shall constitute the subcommittee in the event that it shall be a subcommittee, rather than the entire committee, which shall make the study and investigation authorized by the resolution. It is entirely possible that the subcommittee could consist of 3, 5, 7, 9, or any other number of members, equal to or less than the entire membership of 13 of the Committee on the Judiciary. The substitute presented by the distinguished junior Senator from Tennessee, in place of authorizing the Committee on the Judiciary, or any duly authorized subcommittee thereof, to make the study and investigation, provides for the appointment of a special committee composed of five members, to be appointed by the President of the Senate from the Committee on Interstate and Foreign Commerce and the Committee on the Judiciary. It is to be noted, Mr. President, that there is in the substitute a limitation on the number of members of the special committee, the limitation being five, no more and no less.

Although the substitute provides that the special committee shall be appointed from two of the committees of the Senate, namely, the Committee on Interstate and Foreign Commerce and the Committee on the Judiciary, there is no provision in the substitute which designates how many of the members shall be from either of those committees. It is entirely possible, at least theoretically, for four of the members to be from one committee and one member to be from the other committee, although I assume that in all reasonable probability the membership would be taken, three from one committee and two from the other committee. Obviously, members from one of the two committees would predominate on the special committee, and would therefore constitute a majority. At the time the Senate votes in favor of the substitute, if it shall so vote, no Member of the Senate, unless he were given special information which is not now available generally, would have the slightest knowledge as to which of the two standing committees would contribute the majority of the special committee. Thus it is that if Members of the Senate should sustain by their votes the amendment submitted by the junior

Senator from Tennessee, we would have to wait until after our decision is made to ascertain from the lips of the Vice President who shall be chosen and which committee of the two standing committees shall contribute a majority of the members of the special committee.

Mr. President, it is to be observed also, as an essential difference between the two resolutions, namely, Senate Resolution 202 on the one hand, and the substitute submitted by the junior Senator from Tennessee on the other hand, that, in the first instance, under the resolution reported by the Committee on the Judiciary and the Committee on Rules and Administration, it is a standing committee of the Senate, or a subcommittee of such standing committee, to which is delegated the duty reposed by the terms of Senate Resolution 202. On the other hand, the amendment in the nature of a substitute proposed by the junior Senator from Tennessee provides not for a standing committee of the Senate, neither the Committee on Interstate and Foreign Commerce nor the Committee on the Judiciary, to be the body by which the study and investigation shall be made, but, instead, provides for a special committee. That is the language of the amendment proposed by the Senator from Tennessee.

Yesterday afternoon a brief statement was made by the Senator from Tennessee as to the history of Senate Resolution 202. I should like very briefly to recapitulate the legislative history to this point both of that resolution and of Senate Resolution 249, to which the distinguished Senator from Tennessee also referred yesterday afternoon. Those are the two resolutions which were considered by the Senator from Tennessee as being substantially to the same effect as to the scope of the investigation and the study which should be made. Therefore, I think it is of some importance to consider the legislative history to this point of each of the two resolutions and also to consider whether there is any reason for the fear expressed by the Senator from Tennessee that if one of these resolutions should be adopted there will necessarily or reasonably likely follow a duplication, with two investigations of substantially the same scope in operation at the same time. I may say, as I indicated last evening, that I do not believe it follows at all that if Senate Resolution 202 shall be adopted by the Senate there is any danger whatsoever of a rival or duplicatory investigation being carried out under the terms of Senate Resolution 249. My reasons were briefly indicated yesterday, and I shall in a few moments have something further to say with respect to those reasons.

Senate Resolution 202, which I shall for the purpose of brevity from time to time refer to as the "Judiciary Committee resolution," was submitted to the Senate by the Senator from Tennessee on January 5, 1950, and was referred to the Committee on the Judiciary on the same day.

As the Senator from Tennessee said yesterday, a subcommittee, consisting, as I recall, of five members of the Committee on the Judiciary, was selected for

the purpose of giving attention to the Judiciary Committee resolution and reporting back to the full committee with respect thereto. It was the privilege of the Senator who now addresses the Senate to be one of the members of that subcommittee, and to have observed with much interest and cordial appreciation the fine spirit of public service evidenced by the distinguished Senator from Tennessee, who served as the chairman of the subcommittee. I think it is fair to say that conscientious and, I trust, at least reasonably capable efforts were bestowed by the subcommittee on the consideration of the Judiciary Committee resolution.

We were assisted also by the chairman of the Committee on the Judiciary himself, the Senator from Nevada [Mr. McCARRAN]. I observe with interest and pleasure that the junior Senator from Tennessee [Mr. KEFAUVER], who is now occupying the chair, I judge by the expression on his face, concurs in my statement that the distinguished Senator from Nevada did render very substantial assistance in the preparation of the final form of the Judiciary Committee resolution.

On February 27, 1950, the Judiciary Committee resolution was reported by the Senator from Nevada, the chairman of the Committee on the Judiciary, and was then referred to the Committee on Rules and Administration. The reason for the reference to the latter committee was the fact that it was provided in the Judiciary Committee resolution that for the purpose of the resolution the committee was authorized to employ certain assistance, and that the expenses of the committee under the resolution, which it declared should not exceed \$100,000, should be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee. Thus, it was that on February 27, 1950, the Committee on Rules and Administration was charged with the responsibility of giving consideration to the terms of the Judiciary Committee resolution.

As the Senator from Tennessee recalled to the attention of the Senate yesterday afternoon, the Committee on Rules and Administration held a hearing, on which occasion there were present several members of the Committee on the Judiciary, notably the Senator from Tennessee [Mr. KEFAUVER], the Senator from Michigan [Mr. FERGUSON], besides one or two other Senators whom I do not recall, and the chairman of the committee. It was also the privilege of the present speaker to be present at that meeting. That was the meeting at which the Senator from Colorado [Mr. JOHNSON] set forth the views which he had with respect to the jurisdiction of the Committee on Interstate and Foreign Commerce over the subject matter which was embraced within the Judiciary Committee resolution.

Following the hearing before the Committee on Rules and Administration, the Judiciary Committee resolution was, on March 23, 1950, reported by the junior Senator from Mississippi [Mr. STENNIS],

crime may tend to obstruct local authorities in the enforcement of local criminal statutes.

A proposed budget submitted by the Committee on the Judiciary in the amount of \$100,000 is included here for the information of the Senate:

Travel expenses (committee members and staff).....	\$6,000.00
Salaries:	
1 staff director at \$10,346.83.....	10,346.83
6 staff members at average salary of \$7,581.75.....	45,490.54
3 stenographers at \$3,980.59.....	11,941.77
Consultants on per diem basis.....	4,000.00
Reporters (cost of transcript).....	8,500.00
Per diem and other expenses.....	7,968.96
Fees and expenses of witnesses.....	1,000.00
General expenses.....	4,751.90

An explanation of the items of its budget by the Committee on the Judiciary follows:

Item 1 for travel expenses is intended to cover the expenses of committee members and the travel expenses of the staff. It would seem reasonable that in an investigation of this nature the investigators should conduct their work in teams of two together with an official reporter. The figure contemplates three such teams to be in the field for approximately 6 months.

As to item 2, staff, six staff members are grouped at an average salary of \$7,581.75. The six staff members should include one lawyer at \$8,024.17, one accountant or statistician at the same figure, and four field investigators at \$7,360.55. The foregoing presents a minimum for it is anticipated that the committee will need for its staff a variety of skills and professions: lawyers, statisticians, investigators, and experts in the criminal fields. In order to accomplish the intent of the resolution, it is believed that careful selection of staff members will make it possible to secure in one person two or more of the qualifications needed. Three stenographers at a figure of \$3,980.59 will be required.

Item 3, consultants on per diem basis, is included with the intention to permit the employment of specialists for short periods of time as the needs of the committee may require and will also cover part-time service of consultants who could not be employed on a full-time basis, should such consultation be advisable or necessary.

Item 4, reporters' cost of transcript, is intended to cover both anticipated hearings in Washington and in the field and also various needed conferences between the investigating teams on the one hand and State and local officials and members of the staff on the other.

Item 5, per diem and other expenses, is intended to include per diem in lieu of subsistence for four investigators and two reporters who will constitute two investigating teams expected to be in the field for the 6 months' period. This makes a total of \$7,968.96. This item would also include the sum of \$500 for shipment of baggage and records. Nothing in this item shall be taken to indicate that there will be a deficiency since the primary work of the investigating teams should be accomplished within the 6 months' period and the balance of their time occupied in Washington for the purpose of assembling and evaluating the results of the field work.

Item 6, fees and expenses of witnesses, is a minimum and probably would not cover all of the expenses for witnesses should the witnesses called before the committee demand fees and transportation expenses. For the reason that past investigations have indicated many witnesses prefer not to make this demand, it is hoped that the expenditures under this allowance can be kept within the budget figures.

Item 7, general expenses, is intended to include costs of telephone, telegraph, newspaper, clipping service, photostating, and all other expenses not otherwise itemized.

EXHIBIT 3

RULES OF COMMITTEE PROCEDURE FOR THE SENATE COMMITTEE ON THE JUDICIARY

Rule 1. Five members of the committee shall constitute a quorum for the transaction of such business as may be considered at any regular or special meeting of the committee,¹ subject, however, to the provisions of section 133 (d) of the Legislative Reorganization Act of 1946.⁴ No member of the committee shall for the purpose of determining the existence of a quorum of the committee be deemed to be present unless he be personally present.

Rule 2. Unless otherwise ordered and notice is given, the committee shall meet regularly for the transaction of its business on Monday of each week while the Senate is in session at 10 a. m., and additional meetings may be called by the chairman as he may deem necessary.²

Rule 3. The committee shall keep a complete record of all committee action. Such record shall include a record of the votes on any question on which a record vote is demanded.³

Rule 4. No vote cast in the committee, or any subcommittee thereof, by proxy shall be counted.⁴

Rule 5. It shall be the duty of the chairman to report or cause to be reported promptly to the Senate any measure or recommendation approved by the committee and to take or cause to be taken necessary steps to bring the matter to a vote.⁵

Rule 6. The committee shall, so far as practicable, require all witnesses appearing before it to file in advance written statements of their proposed testimony at least 24 hours before hearing, and to limit their oral presentations to brief summaries of their argument. The committee staff shall prepare digests of such statements for the use of committee members.

Rule 7. All hearings conducted by the committee, or its subcommittees, shall be open to the public, except (1) executive sessions for marking up bills, or (2) for voting, or (3) where the committee by a majority vote orders an executive session.⁶

Rule 8. Whenever a nomination for an appointment to the office of judge of any Federal Court is referred to the committee, the nomination shall be referred to a subcommittee to be composed of at least three members to be selected by the chairman of the committee within 3 days after such reference to the committee.

It shall be the duty of the subcommittee to which the nomination is referred to fix a date, which shall not be less than 7 days

¹ In Senate rule XXV, as amended by the Legislative Reorganization Act of 1946 (hereinafter referred to as "the act"), paragraph 3 thereof (last paragraph so designated) provides that each standing committee may "fix the number of its members (but not less than one-third of its entire membership) who shall constitute a quorum."

² Section 133 (a) of the act requires each standing committee to "fix regular weekly, biweekly, or monthly meeting days for the transaction of business before the committee," and provides that "additional meetings may be called by the chairman as he may deem necessary."

³ This is essentially the text of section 13 (b) of the act.

⁴ Section 133 (d) of the act provides: "No measure or recommendation shall be reported from any such (standing) committee unless a majority of the committee were actually present."

⁵ This is, essentially, the text of section 133 (c) of the act.

⁶ This is, essentially, the text of section 133 (e).

⁷ This is, essentially, the text of section 133 (f).

after the date of such nomination is referred to such subcommittee, on which all interested parties shall have an opportunity to be heard with respect to the nomination, to insert in the CONGRESSIONAL RECORD a notice to that effect as soon as such date has been determined by the subcommittee, and to notify both Senators of the State of which the nominee is a resident.

No such subcommittee shall make its report to the full committee with respect to any such nomination until the date so fixed has expired.⁸

Rule 9. Whenever a bill or joint resolution repealing or amending any statute or part thereof shall be reported to the whole committee by a subcommittee, there shall be placed before the whole committee a print of the statute to be amended or the part thereof to be repealed (together with the citation thereof), showing by stricken-through type the portion or parts to be omitted, and in italics the matter proposed to be added.⁹

Rule 10. The chairman shall name subcommittees to which a bill, resolution, or nomination may be referred, and so far as is practicable, a subcommittee shall consist of not less than three members, one of which shall be of the minority, and if the subcommittee consists of five members, two shall be of the minority.

Rule 11. Whenever a subcommittee delays in reporting more than 30 days (except when time is extended by committee), the matter may be withdrawn by the chairman and submitted to another subcommittee.

Rule 12. The chairman of the committee shall be ex officio a member of all subcommittees with full right to participate in all proceedings thereof, but shall not vote as a member of any subcommittee unless duly appointed a member thereof.

Rule 13. Any member of the committee or any subcommittee thereof shall have the right to have included in any report of the committee or subcommittee, as the case may be, a statement of how he would have voted on the matter or matters involved if he had been present.

Rule 14. Subject to statutory requirements imposed on the committee with respect to its procedure, the rules of the committee may be changed or suspended at any time: *Provided, however*, That not less than two-thirds of the entire membership so determine, at a regular meeting with notice of the nature of the change proposed, or meeting called for that purpose.

Rule 15. Whenever there shall be referred to the committee a bill providing for the payment of a claim against the United States based on either tort or contract, the committee may report to the Senate an original resolution referring such claim to the Court of Claims pursuant to the provision of 28 U. S. C. 257: *Provided*, That two or more such claims may be made the subject of a single resolution.¹⁰

RESOLUTION

Resolved by the Committee on the Judiciary, That, pursuant to subsection (3) of rule XXV, as amended, of the Standing Rules of the Senate (S. Res. 180, 81st Cong., 2d sess., agreed to February 1, 1950) a quorum of the committee for the purpose of taking sworn testimony shall consist of one Senator of said committee. (Adopted February 27, 1950.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the

⁸ Rule 8 is, essentially, the text of the predecessor committee's rule No. 1, adopted February 17, 1941.

⁹ This is the verbatim text of rule No. 3 of the predecessor committee, adopted November 3, 1941.

¹⁰ Adopted April 12, 1948.

House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5472) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 597. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon a certain claim of J. T. Melson against the United States;

H. R. 1024. An act for the relief of Jacob Brown;

H. R. 1026. An act for the relief of the estate of Susie Lee Spencer;

H. R. 2351. An act for the relief of Aileen L. Sherwood;

H. R. 2719. An act for the relief of the legal guardian of I. D. Cosson, a minor;

H. R. 3536. An act for the relief of Mrs. Nora Johnson;

H. R. 4164. An act for the relief of Elmer Pippin and Mrs. Pansy Pippin, and the legal guardian of Norman Otis Pippin, a minor;

H. R. 4720. An act for the relief of Stella Avner; and

H. R. 6051. An act for the relief of Maud E. Raymond.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

The VICE PRESIDENT. The unfinished business is Senate bill 3304, to amend the Economic Cooperation Act of 1948, as amended; and the pending question is on agreeing to the amendment offered by the junior Senator from Missouri [Mr. KEM].

Mr. IVES. Mr. President, I propose to offer to the pending ECA authorization bill an amendment which will reduce its over-all total in the amount of \$500,000,000. This will be the first time that I shall have voted to cut an ECA authorization. I wish to explain briefly why I intend to do so.

First of all, in this action I am impelled by the urgent need for economy. I do not need to enlarge upon that subject. We face a budgetary deficit, this year, which various authorities have estimated will be between \$5,500,000,000 and \$8,000,000,000, and an even larger budgetary deficit next year.

Of course in this instance we cannot afford to make a cut which will endanger foreign policy vital to the security of the United States. But I believe that the foreign policy presented by the Foreign Assistance Act of 1948 will be promoted rather than impaired if the Congress indicates by something more than words our dissatisfaction with the lack of progress in the effectuation of that policy as it is set out in the act.

In its first phase, the European-recovery program was essentially a relief operation. That phase has now been passed. Productivity in most of the ECA countries equals or exceeds that of the

prewar period. This accomplishment represents a gigantic and praiseworthy effort by the peoples concerned.

But this accomplishment is not good enough, for the ECA countries must do something to compensate for the prewar trade now cut off by the iron curtain and for the loss of former colonies. Section 102 (a) of the Foreign Assistance Act of 1948 sets up as the goal among the ECA countries the establishment of "a large domestic market with no internal trade barriers." This section further declares it to be the policy of the United States that "continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program." Furthermore, last year the Congress added to this 1948 policy the further declaration that it is "the policy of the people of the United States to encourage the unification of Europe."

Despite the vigorous efforts of the able Administrator, Paul Hoffman, little progress has been made in effectuating this declared policy of the act. There is danger that we shall subsidize a continuance of the conditions which spell continuing weakness and necessitate continuing relief that we can ill afford, in the light of domestic needs, civil and military, and in the light of the compelling need of organizing a far-eastern policy.

If we reduce the present authorization as proposed, the European countries concerned can more than make up the difference in economic health by arrangements among themselves, so that the surpluses of each, industrial and agricultural, which today are accumulating, can be exchanged among themselves for mutual benefit, instead of being dumped in the United States or causing local unemployment.

If further assistance during the coming fiscal year should prove absolutely necessary, a further authorization and appropriation can always be made.

In conclusion, let me make perfectly clear that I wholly approve of the European recovery program. I believe that, despite shortcomings, it has been worth all and more than the effort and sacrifice it has cost us to date. But I believe that both we and the free peoples of Europe can get out of it more permanent and lasting results if the Congress shows its concern to assure that this program will have the permanent benefits that were anticipated in the congressional declaration of policy.

I trust that if the Congress in its wisdom should decide thus to curtail this particular ECA authorization, the Secretary of State will effectively carry this viewpoint to the forthcoming meetings of the foreign ministers at London.

Mr. President, in closing, and at this point in my remarks, I submit the amendment to which I have previously referred, which strikes out the authorization figure of \$2,950,000,000, and substitute in lieu thereof \$2,450,000,000. I submit the amendment on behalf of myself and the junior Senator from New Jersey [Mr. HENDRICKSON], and ask that it be printed and lie on the table.

The VICE PRESIDENT. Without objection, the amendment will be printed and lie on the table.

Mr. IVES. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Alken	Hickenlooper	Malone
Anderson	Hoey	Martin
Benton	Holland	Maybank
Brewster	Humphrey	Millikin
Bricker	Hunt	Mundt
Butler	Ives	Myers
Byrd	Jenner	Neely
Connally	Johnson, Colo.	O'Connor
Cordon	Johnston, S. C.	Robertson
Darby	Kefauver	Russell
Donnell	Kem	Saltonstall
Douglas	Kerr	Schoepfel
Eastland	Kilgore	Smith, Maine
Eaton	Knowland	Stennis
Ellender	Leahy	Taft
Ferguson	Lehman	Taylor
Flanders	Lodge	Thomas, Utah
Frear	Lucas	Thye
Fulbright	McCarthy	Tobey
George	McClellan	Tydings
Green	McFarland	Wherry
Gurney	McKellar	Wiley
Hayden	McMahon	Williams
Hendrickson	Magnuson	Young

The VICE PRESIDENT. A quorum is present.

Mr. LUCAS obtained the floor.

Mr. MALONE. Mr. President, will the Senator from Illinois yield to me for a few moments?

Mr. LUCAS. I yield 5 minutes to the Senator from Nevada.

Mr. MALONE. Mr. President, the Congress has created a Frankenstein's monster called ECA, which, unless restrained and controlled, threatens to destroy us. Money taken away from the American taxpayers has been sent to Europe by the billions of dollars. It is now proposed that we send over more billions—money which we have not yet taken away from our taxpayers. It is also suggested that untold billions are to be collected from our taxpayers over years to come to finance extensions of ECA. This can crush us. To safeguard the United States of America—and that is what the junior Senator from Nevada is interested in—I have introduced four amendments to the ECA appropriations bill which would set up conditions for further aid to any Marshall-plan country. These amendments would require each participating country to agree—

First. That any further aid from the United States would be loaned to private business through the World Bank, in line with RFC loans to private business in this country; it is estimated that if loans were made to private industry, the amount needed would be less than 30 percent of the amount we are asked to appropriate.

Second. That it will guarantee the integrity of private investments within its borders against socialization, nationalization, or confiscation, as we protect private investments in this country;

Third. That it will join in a concerted effort with the participating countries to form a United States of Europe, including Germany, similar to the United States of America;

Fourth. To eliminate any currency manipulation which prevents its currency from reflecting its actual purchas-

ing power in terms of the United States dollar on the free monetary markets of the world.

In addition to my four amendments, I am supporting the amendment introduced by the distinguished junior Senator from Missouri which would stop our present policy of supplying many kinds of machinery and equipment and parts together with funds to process and manufacture products to countries which ship such materials on to Russia. This provision was originally made in Senate Joint Resolution 151, which was introduced by the junior Senator from Nevada on January 24, 1950.

The ECA is part of the defunct foreign policy of the Democratic administration. The United Nations Secretariat recently reported that notwithstanding the billions of dollars poured into Europe by us, Europe's economic problem is not solved and the solution is not in sight. Our taxpayers' money has accomplished one result: The renewal of hundred-year-old feuds among the countries of Europe.

Now we are handed an ECA appropriation bill and told: "This is it. This is what the experts demand." On another occasion I am going to discuss the background of these so-called experts. Most of them could not hold comparable jobs outside Government service.

Are we going to fall for the administration's false propaganda again?

Do you remember that when the ECA was first being foisted upon our unsuspecting taxpayers, we were told that by helping Europe recover we would establish European markets for American products? That is conveniently forgotten now, and we are told that "buy European" is the new slogan, that when unemployment hits us, as a result, they will teach our workers new jobs and put them on relief.

The current propaganda is to the effect that, if Congress does not provide continuous ECA appropriations for the European nations to buy our goods, we face a depression in this country. There is nothing economically sound in such reasoning. If it is offered by well-meaning persons, the best that can be said is that it is childish. One wonders what childish reasoning they will offer us next. It is the opinion of the junior Senator from Nevada that there is design back of such a statement. Congress should be on guard against scare-headings designed to force us into unwise legislation. It is much nearer the truth to say that if we do not stop this give-away show we face a depression from which we can never recover. If we do not destroy this Frankenstein's monster it will destroy us.

INVESTIGATION OF GAMBLING AND RACKETEERING ACTIVITIES

Mr. LUCAS. Mr. President, I have talked to Members of the Senate who are very much interested in Senate Resolution 202, the resolution to investigate interstate gambling and racketeering activities. I do not see the Senator from Texas [Mr. CONNALLY] present, but I am sure he will not object to a unanimous-consent agreement to lay aside for a moment or two the unfinished business, which is the bill (S. 3304) to amend the

Economic Cooperation Act of 1948, as amended, and to proceed to the consideration of the resolution, Senate Resolution 202.

The VICE PRESIDENT. Is there objection to the request of the Senator from Illinois?

There being no objection, the Senate resumed the consideration of the resolution (S. Res. 202) to investigate interstate gambling and racketeering activities.

Mr. LUCAS. Mr. President, I now ask unanimous consent that the Senate proceed to vote on the pending resolution, Senate Resolution 202, and amendments thereto at 4:15 this afternoon, the time until then to be equally divided between the Senator from Illinois [Mr. LUCAS] and the Senator from Michigan [Mr. FERGUSON].

The VICE PRESIDENT. Is there objection to the request of the Senator from Illinois that, at 4:15, a vote be had upon the pending resolution, S. 202, and amendments thereto, and that the time from now until then be equally divided and controlled by the Senator from Illinois and the Senator from Michigan?

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. As I understand the situation, before the resolution which came from the Judiciary Committee is voted on, the distinguished Senator from Tennessee will offer an amendment in the nature of a substitute; is that correct?

Mr. LUCAS. The Senator from Tennessee has already offered his substitute, has he not?

The VICE PRESIDENT. It has not been offered technically. It has been read for the information of the Senate.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. An amendment then, to the Kefauver amendment in the nature of a substitute would be in order, when it is before the Senate. Is that correct?

The VICE PRESIDENT. It would be subject to amendment.

Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

Mr. FERGUSON. Mr. President, since we have arrived at a unanimous-consent agreement to vote on Senate Resolution 202 at 4:15 p. m., the opposition to the substitute has approximately 12½ minutes. I shall take but a little of that time.

There are two questions confronting us: First, should such an investigation as is here proposed be made? The Senator from Tennessee has very ably set forth the need for an investigation into the question of whether organized crime has spread itself across State lines and into interstate channels. On that question, there seems to be no dispute. I think the American public is alarmed by reports of the growth of criminal syndicates, and I think there is ample reason to ask whether there should be Federal law to cope with a situation which those re-

ports would indicate does exist. I think we can take for granted, Mr. President, the fact that the investigation should be made, and that there is no issue on that question.

The next question is: Who should make the investigation?

It was the opinion of the Judiciary Committee that, under the Reorganization Act, it had jurisdiction of all judicial proceedings, civil and criminal generally. The Reorganization Act states that the committee shall consist of 13 members, "to which committee shall be referred all proposals, messages, petitions, memorials, and other matters relating to judicial questions." Certainly "other matters" would include investigations relating to judicial proceedings, civil and criminal generally, including the adequacy of present law.

The subject matter of this resolution very clearly falls within that category. It is true that the Federal Government, generally speaking, has jurisdiction in criminal matters only when the crime involves a crossing of State lines or the use of interstate facilities. That fact, however, does not remove the jurisdiction of the Judiciary Committee over such criminal proceedings. Nor should it bestow jurisdiction upon the committee which is concerned with facilities of interstate communication and commerce in such a general investigation, nor should it diminish in any degree the jurisdiction of the Judiciary Committee.

But what has happened since the Judiciary Committee, with the endorsement of the Committee on Rules and Administration, made its report according to the rule, calling for this investigation?

Mr. President, instead of acting on the resolution which is now before the Senate, the requirement of the Senate majority, dictated by its policy committee, is that we now substitute a new resolution which creates a separate and distinct special committee.

The effect is not only to bypass the jurisdiction of the Judiciary Committee, established by the Reorganization Act. The substitute resolution has not, under the rule, been sent to the Committee on Rules and Administration to determine the amount of money necessary. The entire result, Mr. President, is very irregular.

Let me invite attention to the wording of the substitute resolution, as contained in the last section:

SEC. 6. The committee shall report to the Senate not later than February 28, 1951, the results of its study and investigation, together with such recommendations as to necessary legislation as it may deem advisable. All authority conferred by this resolution shall terminate on March 31, 1951.

This is more than a special committee, of the sort that was to be banned by the Reorganization Act. It is a committee which can recommend legislation. It is given not only the investigative authority of the Judiciary Committee, but its legislative powers as well.

Yet we are to place in the executive branch of the Government—the Vice President of the United States—the right to select a standing committee, to all intents and purposes. The substitute

resolution does not even require that the Vice President follow the suggestion of the minority in the selection of personnel. I say, Mr. President, to all the Members of the Senate, that if we are going to have a two-party system, if we are ever going to have government which is bipartisan, we had better have it in relation to an investigation as to what kind of criminal laws we need in the United States of America.

What is partisan about an investigation as to what criminal laws should be passed by the United States Senate? Yet we have the policy committee of the majority party saying that they shall name five members of a special committee to investigate the situation as to what criminal laws are needed and should be passed.

Mr. President, this would not be an easy investigation to undertake. It will demand experience. We have had an example of what happens when we call before a committee those who operate criminal syndicates in the United States without first thoroughly preparing what may be required to be done and what may be asked of them, in order, if they do not tell the truth, that foundation may be laid for a charge of perjury. We have had an example of what these men might do to public opinion and what they might do to the opinion of the Senate of the United States if a case were not properly investigated. That is why I hope the Senate will not take from the Committee on the Judiciary, a committee which has had an honorable history in the Senate, which has jurisdiction in all judicial procedure, the criminal code and the criminal law, which is composed of lawyers, many of whom are former judges, the right to investigate the question of passing criminal laws.

Mr. President, I could argue on this subject for a long time, there are elements of high principle involved. I earnestly believe the problem is one which the Committee on the Judiciary should investigate. It is a matter which should not be placed in the hands of the executive branch of the Government through the Vice President. We should not place in the hands of the executive branch the right to determine membership on legislative committees in the Senate. We should not violate the spirit of the Reorganization Act by taking jurisdiction away from a qualified standing committee.

Mr. President, I yield the remainder of my time to the Senator from Ohio.

Mr. TAFT. Mr. President, I send to the desk an amendment to the substitute and ask unanimous consent that it be read by the clerk. I understand that it is not in order to offer it at this time, but I wish to make a few remarks on it.

The VICE PRESIDENT. Without objection, the amendment to the amendment will be read for the information of the Senate.

The CHIEF CLERK. On page 2, at the end of line 17, of the so-called Kefauver substitute, it is proposed to insert the following:

Two members of such special committees shall be appointed from among the minority members of the Committee on In-

terstate and Foreign Commerce and the Committee on the Judiciary on the nomination of the minority floor leader of the Senate.

Mr. TAFT. Mr. President, in case the substitute should be adopted, I have submitted the amendment for two reasons. The first reason is that while two Republicans should be on a committee consisting of five members, perhaps not one Republican would be appointed. The appointment of Republican members of the committee is left entirely in the discretion of the Presiding Officer. In fact, so far as I can see, there is no requirement that he appoint any Republicans. Recently we had a proposal to appoint members of a Special Committee on Small Business. At that time the Presiding Officer determined that there should be eight Democrats and five Republicans on the committee. It seems to me that if the proposed committee is to be a committee of only five members, there should be at least two Republicans on it.

In the second place, my amendment proposes that the Republican members of the committee be appointed on the nomination of the minority leader.

I realize that there were certain special circumstances involved in the appointment of the members of the Special Committee on Small Business. I do not know about the majority members of the committee, but the fact is that so far as the minority members were concerned the Presiding Officer undertook to appoint them and did appoint them without any consultation whatsoever with the minority floor leader or the minority policy committee. The appointment of minority members of regular standing committees has always been upon the nomination of the minority floor leader. There has never been any question that the majority has always permitted the minority to choose its own members on committees. That was the practice ever since I have been a Member of the Senate until the appointment of the members of the Special Committee on Small Business, when that practice was ignored. I have said that I thought probably there were special circumstances which might have justified such procedure at that time. However, I think it would be exceedingly unfortunate to proceed to make it the permanent policy of the Senate. Therefore, I have submitted an amendment which would provide, first, that there shall be two minority members of the committee, consisting of five members, and, second, that the minority members shall be appointed upon the nomination of the minority floor leader.

Mr. LUCAS. Mr. President, in reply to the distinguished Senator from Ohio, I think that an examination of Senate precedents will show that similar resolutions have been adopted which gave the presiding officer power to appoint members of a special committee.

I do not have any particular objection to one phase of the suggestion made by the Senator from Ohio, and that is with respect to the suggestion that two Republicans be appointed on the committee. However, I do object to the other

part of the suggestion. In other words, it is the theory of the minority that the Vice President will not be fair in the appointment of a committee of five. There is no man in public life in the United States today who enjoys greater respect and who has a higher reputation for integrity and honor than the Vice President of the United States. A suggestion that the Vice President would not be fair and just in the appointment of a committee of this kind does not square with the background of the distinguished Vice President of the United States.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LUCAS. No; I do not have the time to yield.

Furthermore, Mr. President, it is a strange thing that it is the Senator from Missouri [Mr. DONNELL] and the Senator from Michigan [Mr. FERGUSON] who should seek to defeat the so-called Kefauver substitute. Why is that? The Senator from Michigan has been talking about the Committee on the Judiciary. The distinguished chairman of the Judiciary Committee [Mr. McCARRAN] has definitely agreed to the proposed arrangement. The Senator from Tennessee [Mr. KEFAUVER], the author of the resolution in the first instance, has agreed to the arrangement. Therefore the two members of the Committee on the Judiciary who are most interested in the resolution, along with the distinguished chairman of the Committee on Interstate and Foreign Commerce [Mr. JOHNSON of Colorado] and the Senator from Arizona [Mr. McFARLAND], the chairman of the subcommittee which has been handling matters of this kind for that committee, have agreed that this is the proper procedure to be followed.

Why is it, Mr. President, that certain Senators on the Republican side of the aisle are practically demanding to be appointed to this committee? I know the reason, and the Senate knows. It is the first time in my experience that Senators almost demand they be put on a committee charged with conducting an investigation. I do not know what the Vice President of the United States would do with respect to the appointment of the committee. However, whomever he appoints—and I know he will appoint two Republicans and three Democrats, because that is the way it should be—will be men who enjoy the respect of the people of the country and the people of their respective States, and who will do a thorough and convincing job so far as investigating crime syndicates is concerned.

Mr. President, other Senators are capable of conducting investigations, and certain Senators do not have a monopoly on ability to make investigations simply because they came to the Senate with reputations of having been successful investigators.

The Vice President may decide to appoint the Senator from Missouri [Mr. DONNELL], the Senator from Michigan [Mr. FERGUSON], the Senator from North Dakota [Mr. LANGER], the Senator from Vermont [Mr. TOBEY], or other Senators who are members of the two committees concerned. Whomever the Vice Presi-

S. 3304

IN THE SENATE OF THE UNITED STATES

MAY 3 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. IVES (for himself and Mr. HENDRICKSON) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, viz:

- 1 On page 4, line 2, strike out the figure "\$2,950,000,000"
- 2 and in lieu thereof insert "\$2,450,000,000".

AMENDMENT

Intended to be proposed by Mr. Ives (for himself and Mr. HENDRICKSON) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

MAY 3 (legislative day, MARCH 29), 1950
Ordered to lie on the table and to be printed

NAYS—24

Alken
Brewster
Bricker
Bridges
Byrd
Douglass
Ferguson
Flanders

Frear
Hendrickson
Ives
Jenner
Kem
Knowland
Lodge
McMahon

O'Connor
Saltonstall
Schoeppel
Taft
Tobey
Tydings
Wiley
Williams

NOT VOTING—28

Capehart
Chapman
Chavez
Downey
Fulbright
Gillette
Graham
Hickenlooper
Johnson, Tex.
Johnston, S. C.

Langer
Long
Lucas
McCarran
McClellan
Martha
Morse
Murray
O'Mahoney
Pepper

Robertson
Smith, N. J.
Sparkman
Taylor
Thomas, Okla.
Vandenberg
Watkins
Withers

So the report was agreed to.

WINNING THE COLD WAR—V

Mr. FLANDERS. Mr. President, I desire to make another one of my weekly suggestions on the conduct of the cold war, looking forward to winning it.

On April 11, 1950, the Russian Government announced that its fliers had found "a four-motored military airplane B-29 (Flying Fortress) with American identification signs" 13 miles inside the coastline of Latvia; that Russian planes arose from a nearby airdrome, demanding that the American plane follow them for a landing; that the American plane refused this demand, and opened fire on the Soviet airplanes; that the leading Soviet fighter returned the fire; and that the American plane turned toward the sea and disappeared.

The reply of our Government to this information was prompt and definite. We stated that the only American military aircraft which was in the air in the Baltic area at that time was a Navy Privateer, a converted B-24, and was making a flight over the Baltic Sea; that the plane was overdue and had not been heard from. Furthermore, it was stated that this plane was not armed.

The replying note was a reiteration of the Russian claims. A later news item stated that the fliers who had found and shot at the American plane had been decorated. The next news was that a life raft which was of the type issued to the Privateer had been found in the Baltic Sea many miles from the scene of the incident as given by the Russian Government, and later that pieces of wreckage which were identifiable as presumable parts of the missing plane had also been discovered.

Mr. President, this incident has given the American people serious concern. It is too plainly reminiscent of the notes which used to pass between President Wilson and the German Government, which were intransigent on both sides and led us into conflict. It is likewise uncomfortably reminiscent of the way in which Hitler progressively tried out the firmness and stamina of England and France, which finally resulted in opening the conflict of the Second World War.

It is not possible to predict at this time what the result of this incident will be. In the minds of everyone it represents a stepping up of the tension of the cold war; and, as in the whole history of

the cold war, the initiative is in the hands of the Russians. They determine where the blow shall fall; they take the offensive; they initiate the incidents; we toil along in the rear and pick up the pieces.

Mr. President, I am convinced that we should and must take the initiative in bringing this latest attack to a clear-cut and decisive issue. Both Russia and ourselves are members of the United Nations. Russia boycotts it whenever it suits her purpose, as it usually does. We meekly submit to allowing its machinery to rust in idleness, solacing ourselves with spending millions of dollars on an elaborate structure on the East Side of New York.

In other ways than this we are unfair to the United Nations. We carry on our painful efforts outside its organization. The aid to Greece and Turkey was conceived as operating independently of the United Nations. Only by an ingenious modification was the Senator from Michigan [Mr. VANDENBERG] able to show a semblance of connection between our undertaking and the great enterprise within whose field of action the Grecian troubles were presumed to lie.

Our next great enterprise, still persisting, is the Marshall plan. This likewise, by force of events, has found itself outside the United Nations Organization, on which the hopes of the world were focused. This great organization lies before us helpless and deserted. Mr. President, it is time to use it.

The Charter of that organization provides procedures for such disputes and situations as might lead to international friction. The question at issue between this country and Russia over the shooting of an unarmed American aircraft should be referred to the United Nations as it can be under article 34. Let me read the entire article:

ART. 34. The Security Council may investigate any dispute, or any situation which might lead to international friction or give rise to a dispute, in order to determine whether the continuance of the dispute or situation is likely to endanger the maintenance of international peace and security.

The Security Council may then, in accordance with paragraph 2 of article 33, put into effect paragraph 1 of that article, which reads as follows:

ART. 33. 1. The parties to any dispute, the continuance of which is likely to endanger the maintenance of international peace and security, shall, first of all, seek a solution by negotiation, inquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their own choice.

2. The Security Council shall, when it deems necessary, call upon the parties to settle their dispute by such means.

Should one or both parties refuse to proceed thus, it is then appropriate to apply article 36, paragraphs 1 and 2 of which read as follows:

ART. 36. 1. The Security Council may, at any stage of a dispute of the nature referred to in article 33 or of a situation of like nature, recommend appropriate procedures or methods of adjustment.

2. The Security Council should take into consideration any procedures for the settlement of the dispute which have already been adopted by the parties.

Finally article 37 seems appropriate:

ART. 37. 1. Should the parties to a dispute of the nature referred to in article 33 fail to settle it by the means indicated in that article, they shall refer it to the Security Council.

2. If the Security Council deems that the continuance of the dispute is in fact likely to endanger the maintenance of international peace and security, it shall decide whether to take action under article 36 or to recommend such terms of settlement as it may consider appropriate.

Now, of course, there is a catch to all this. Russia and ourselves are both members of the Security Council. The presence of China and Yugoslavia in the Security Council is challenged by Russia. It would be appropriate under article 27, section 3, for Russia and the United States to refuse to vote in the Security Council on this matter. Russia might, however, refuse reference to that procedure just described. Article 14 provides that the General Assembly may recommend measures for the peaceful settlement of matters of this sort, and article 11, paragraph 3, provides that they may be brought to the attention of the Security Council, while articles 10, 11, and 12 provide for full discussion in the General Assembly and the making of recommendations to the Security Council and other members of the United Nations. But the General Assembly is not in session. In accordance with article 20:

The General Assembly shall meet in regular annual sessions and in such special sessions as occasion may require. Special sessions shall be convoked by the Secretary-General at the request of the Security Council or of a majority of the members of the United Nations.

Since we are facing a situation in which the Security Council may not act, it will be necessary to canvass a majority of the members of the United Nations to bring this dispute before the Assembly.

Admittedly, the results of procedure in the United Nations might be limited, but we should have a public examination before a world forum of critical incidents which, if unexamined, point toward the destruction of the peace of the world.

This procedure, in my judgment, should be immediately and vigorously followed through to whatever conclusion can be reached, inconclusive though the results may be. It is a test of the United Nations which must be made. We may feel confident that whether in the Council or in the Assembly our representative, Ambassador Austin, my predecessor on this floor, and such other members as may be appointed to the Assembly, will pursue our cause with discretion, wisdom, and courage. But the time has come for a show-down.

One event that is possible, if we are determined enough in our attack, is that Russia, instead of walking out, in detail, will walk out altogether. To my mind, that is an event far preferable to the proposals made by ex-President Hoover in his speech to the newspaper publishers on April 27. He advised abandoning the United Nations and starting all over again with a membership confined to the free peoples. It is inevitable that we should sympathize with Mr. Hoover, but is it not better to have an objectionable

tenant bow himself out, rather than to get rid of him by burning the house down?

The American people have put years of hope and faith into the United Nations. It is time for that great institution to justify that faith and hope. It may do so, Mr. President, if it resolutely goes to battle on the issue which the Russian Government has presented to us and to it. If we side-step the United Nations again there is danger that it will die on our hands.

Mr. CAIN. Mr. President, will the Senator from Vermont yield for a question?

The PRESIDENT pro tempore. Does the Senator from Vermont yield to the Senator from Washington?

Mr. FLANDERS. I yield.

Mr. CAIN. From what the able and distinguished Senator from Vermont has just said concerning the opportunity of the Security Council, I gathered that the Security Council has sufficient authority to undertake the investigation of a dispute, without being requested to do so by either of two parties to such dispute. May I inquire of my friend from Vermont whether my understanding is correct?

Mr. FLANDERS. It is my understanding from a study of the Charter that the Security Council can initiate an investigation, and does not have to be requested to do so, though the primary method is by request.

Mr. CAIN. It would be natural to assume that one of the parties to a dispute would request an investigation by the Security Council. But that is not being done in the case before us. I wonder if the Senator from Vermont has any conclusions as to why the Security Council, together with the United Nations is not affirmatively and positively grappling with this dangerous predicament.

Mr. FLANDERS. The only suggestion I can make, which seems to me to be a trivial one, is that we have got out of the habit of referring anything to the United Nations excepting minor questions. We have got out of the habit of asking them to intervene on any of the major questions affecting peace. There has been a reason for that, in many instances, because so many questions have been tied up with the matter of treaties in the settlement of World War II, and such questions, as I understand, lie outside the purview of the United Nations. This seems to be a matter which is outside that area, and so it should come within the purview of the United Nations.

Mr. CAIN. Will the Senator from Vermont permit me to say that the junior Senator from Washington thinks he understands the position taken by the Senator from Vermont, and I should like to associate myself with the position he has just expressed. The only reason I make mention of the matter is in the hope that the Senator from Vermont, the junior Senator from Washington, and nearly all other Senators, in expressing similar urgings with reference to the Security Council of the United Nations, will bring about an investigation which I believe to be imperatively nec-

essary. The Senator from Vermont is probably conscious of a speech several days ago made by one of our very distinguished colleagues, the senior Senator from Maryland [Mr. TYDINGS], in which he said he hoped, but thought there was reason to doubt, that we could longer avoid war with Russia. If there be any substance to that fear, I think if the United States does not ask for an examination by the Security Council, the Security Council itself should, automatically, and at an early moment, grapple with this world-wide dilemma.

Mr. FLANDERS. I agree completely with the Senator from Washington. The Security Council thus may find itself stymied by the veto of Russia, from the standpoint of the question of taking up the subject. But there are ways of getting around that, as I indicated, such as an appeal to the Assembly.

Mr. President, I wish to say a few words on Senate bill 3304—

Mr. FERGUSON. Mr. President, will the Senator yield for a question on the last item?

Mr. FLANDERS. I yield.

Mr. FERGUSON. The Senator indicated that the Security Council has authority, under its charter, to go into the matters to which he has referred. I wonder whether he can advise the Senate if the Security Council, on its own motion, has ever gone into a similar set of facts and made an investigation?

Mr. FLANDERS. I wish I could remember what happened in connection with the Grecian border and the Iran situation. Whether an appeal was made to the Security Council, or whether the Council itself took initial action, I do not remember. But there were two examples of going into questions of this sort.

Mr. FERGUSON. I think I recall the Iranian matter. I think that was on the application of the Prime Minister of Iran, but I am not clear as to the Grecian situation. I wonder if the Senate can have that checked and put the result into the RECORD as a part of his remarks.

Mr. FLANDERS. I have just been informed by my assistant, who has been checking the matter, that there has been no case in which the Council has acted without request.

Mr. FERGUSON. I thank the Senator. Here is a case in which it could act, and there is no reason why the Security Council should not, on its own motion, take up the matter, as well as on petition.

Mr. FLANDERS. That seems to me to be the case. I hope it will do so.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. FLANDERS. Mr. President, I desire to speak for a few moments on the bill which is presently before the Senate. As I have watched the operations of ECA, the broad purposes for which it was established have been effectively forwarded, and it has been moving toward the completion of those broad ob-

jectives, the economic recovery of the countries of western Europe, and a parallel and continuing movement toward the restraint of communism. We know what has taken place. We know that, so far as statistics go, there is evidence of real recovery in all European nations. In fact, the recovery has exceeded the predictions originally made.

So far as helping to stop the spread of communism is concerned, I doubt that anyone can deny the proposition that communism was stopped politically in France and Italy very largely, and most importantly, as a result of ECA activity. It has a fine record of achievement for the time in which it has been in operation. It is a self-liquidating and self-terminating undertaking. The proposal has been made, and is still urged, that we reduce our contributions by approximately \$1,000,000,000 a year for 4 years in which the ECA is to be in operation. I think it is always wise in providing for liquidating any project of this sort, which is tied in so tightly to the economy of other nations and the economy of our own Nation, that its abandonment should be by orderly processes, because we have found how difficult it is, for instance, to liquidate our war controls in any except an orderly manner.

What I wish particularly to address myself to is the proposal made in a number of amendments presented that the amount of the ECA appropriation for this year should be decreased by more than \$1,000,000,000 of the amount originally called for. The senior Senator from Ohio [Mr. TAFT] a few days ago made a very clear presentation of the case for cutting off a large part of the appropriations for England, in view of the fact that it had materially improved the position of its dollar reserves. That increased improvement in dollar reserves is a real undertaking, but, viewed not from quarter to quarter, but viewed over the year, it is not at all impressive.

The sum in March 1949, was \$1,912,000,000. On March 30, 1950, it was \$1,984,000,000, a difference of only \$72,000,000. That sum represents only a small percentage of increase for the year. It is true that in September 1949, the dollar reserve went down to \$1,425,000,000, which is more than \$500,000,000 below the present figure. That dip, however, was due to special causes and not to any broad general improvement in the movement of goods and services in the channels of international trade. It was due very largely to the expenditure of dollar reserves abroad in anticipation of devaluation, and the recovery is the return of funds of that sort to the balance. In other words, there is a condition somewhat analogous to the drawing out of deposits in a bank on the occasion of a run, and the return of funds to the bank as the run has been stemmed and depositors regain confidence. Therefore, it does not seem to me that the present position of the dollar balances of Great Britain, as compared with what they were a year ago, and in consideration of the temporary and accidental elements in the broad quarterly changes, warrant a reduction

in that part of the funds which are allocated to Great Britain.

There are many other elements aside from the size of the dollar balances which give us grave concern with regard to Great Britain. Great Britain is not organized at present in its economy or in its Government in a way for which we can have the slightest sympathy. It is quite true that the support we have given Great Britain has enabled her to continue along on her present course, which otherwise she could not have done. However, it is also quite true that this has been an advantage to the economy of the world as a whole and all the nations dependent on Great Britain's monetary standard. So that, while we have had the embarrassment and distaste of lending support to an economic plan or method to which we cannot give sympathy, the over-all results, I believe, have been good. With regard to this and to a number of other criticisms which have been raised on the floor, among which I would include the criticism of shipping goods in categories which we do not allow our own people to ship by countries whom we are assisting under the Marshall plan to countries beyond the iron curtain. It is well that such criticisms should be brought out in discussion on the floor of the Senate, so that they may become a part of the Record, and thus come to the careful attention of those who administer the Marshall plan. At the same time, we must recognize the difficulties they encounter.

There is one other proposal to which, because of its source, I feel I must give special attention. The senior Senator from New York [Mr. Ives] has been a supporter of the Marshall plan from the beginning. He has spoken for it, worked for it, and voted for it. Therefore, when he suggests a reduction of \$500,000,000, it comes from a source to which thoughtful attention must be given. One point came to my mind immediately when he made his proposal, namely, that we might seem to be in the position, having greatly increased an expenditure for rivers, harbors, and flood control, of taking it out on ECA. There is, of course, no connection between the two except that this question arises: Do we apply the same kind of judgment, do we apply the same kind of anxiety, and do we apply the same kind of experience, to the rivers, harbors, and flood-control bill, that we do to ECA? We are bound to do so, Mr. President. It seems clear to me that if we do so, we shall find ourselves somewhat embarrassed in being so lavish over the budget and over the House allocations in the rivers and harbors bill, on the one hand, and making an exceedingly careful analysis of the ECA bill, on the other, if we are to justify ourselves for upping the one and downing the other.

I may say at once that any criticism of our action which may be involved in this matter does not apply to the senior Senator from New York, because he voted against the rivers, harbors, and flood-control allocations. His record is clear in that respect.

It was also a satisfaction to me today to see the considerable measure of dis-

sent to the rivers, harbors, and flood-control bill from both sides of the aisle. I trust that the next bill will be more carefully considered.

The proposal to cut \$500,000,000, it seems to me, should be left to the administrative judgment of ECA. It has had administration of a very high order indeed. The past year it did not spend, as I remember, an amount within \$150,000,000 of the sum appropriated. If various criticisms, suggestions, and objections are put into the Record, and if they can be carefully studied and considered by the ECA, I personally feel that we can trust their judgment as to whether the amounts can be cut. I would not be surprised, Mr. President, if we received, sometime in the next few days definite suggestions as to the possibility of lowering some of those allocations.

So my plea, Mr. President, is for supporting the full sums allocated in the bill and for the ECA Administration, Mr. Hoffman and his assistants, to make a careful scrutiny of the debate on the floor, in order that all possibilities of improvement in operation and cutting down of expenditures may have due consideration.

UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

Mr. HENDRICKSON. Mr. President, there is on the desk an amendment to the pending measure to continue the work of the children's fund under the United Nations.

From my personal experiences abroad, I think there is no phase of our foreign-aid program which has as worthy an objective as UNICEF—United Nations International Children's Emergency Fund.

I feel highly honored as one of the cosponsors of the amendment, that former President Herbert Hoover supports this view and that the Ladies' Home Journal and other publications have expressed themselves similarly.

I invite attention of the Members of the Senate to a communication from Mr. Hoover, directed to my distinguished colleague, the senior Senator from New Jersey [Mr. SMITH], and to an editorial from the May issue of the Ladies' Home Journal entitled "For All of the World's Children."

I ask unanimous consent, Mr. President, that Mr. Hoover's letter and the editorial in question, be inserted in the body of the Record at this point in my remarks, together with a brief statement by me on this important subject.

There being no objection, the letter, editorial, and statement were ordered to be printed in the Record, as follows:

NEW YORK, N. Y., April 27, 1950.

HON. H. ALEXANDER SMITH,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: I have your inquiry as to the desirability of continuing the work of the Children's Fund under the United Nations.

As you know, I was largely responsible for the establishment of this agency soon after the end of the war and have taken a great interest in it ever since. It has been magnificently managed by Maurice Pate, who served with us in the First World War in similar work. The agency is gradually transforming itself from a famine relief agency

into one of broader support of the health of children over the world. I do not believe there is any foreign activity in which our Government can engage that has as many returns both from a human and from an economic point of view.

Yours faithfully,

HERBERT HOOVER.

FOR ALL THE WORLD'S CHILDREN

(By G. M. White)

Fear never rises so hollowly in a woman's heart as when her child is suffering. The terror comes in questions: Have I done everything possible to help? Has my child had the best medical care? The most nourishing food? Throughout our land the answer is most often "Yes." Most children in this country can be well fed and cared for. Our mothers seldom hear the whimpering cry of hunger gone too long, or watch a sick child, unattended by a doctor, writhe and scream in pain.

But every day, from Italy to Yugoslavia to China, this happens. All over the world are children—some the homeless waifs of war, some with parents who share their anguish—suffering from the lack of food and medicine. They are the innocent victims of world conflict. You have heard of them. They cannot be fed once and forgotten. A child gets hungry every day; the conditions under which he lives do not improve as rapidly as his stomach empties. "The needs are the same," a missionary in China reports, "no matter what the political rule, for there isn't enough food here to fill empty stomachs." Starving, ailing children are the seedbed for still more horrible wars. Providing for the health and well-being of all the world's children is the surest way to a better world.

Knowing this, one practical United Nations agency works doggedly on to help hungry, ill and destitute children on both sides of Europe's iron curtain and in other parts of the world. This is UNICEF—the United Nations International Children's Emergency Fund. A strictly nonpartisan organization, UNICEF has allegiance to no single country, but to the children of all. Last year, with the help of people of every race, creed, nationality, and political belief, it provided food or other assistance to over 20,000,000 children.

This was paid for by voluntary donations from governments and private citizens in 60 lands. Nobody is compelled to support UNICEF, but the contributions come. Rather than diminishing through administrative expenses, every dollar contributed doubles in value as it goes to work. To get UNICEF aid for its children, a country must add a dollar's worth of its own products to every dollar's worth sent in. Our Government and private citizens have been generous, although the contributions of many other nations, in terms of ability to pay, have also been impressive. The need continues to be great. Sixty million of the world's children need help.

It is common sense to cooperate for the survival of all the world's children—the next generation on which our future depends. It cannot be put off until next month or next year. "The needs of these children cannot wait," writes the Chilean poet and Nobel prize winner, Gabriela Mistral. "We cannot answer tomorrow. The child's name is today."

UNITED NATIONS INTERNATIONAL CHILDREN'S FUND

Why the United Nations Children's Fund should have our continued support:

- (1) Humanitarian measure—
- (a) Important in itself.
- (b) Important as a demonstration of American humanitarianism against Communist charges of ruthless imperialism.

(2) Dollar value—

Children's Fund is a unique program, both from American and International point of view:

Based on Hoover principles first tried out in the American Relief Administration, now carefully followed by an American businessman, who worked with Mr. Hoover in the American Relief for Belgium, and the American Relief Administration.

In essence these principles are:

When a donor government outside the United States of America gives the equivalent of \$28, this is matched by the United States Government with \$72. In addition, many governments have sponsored private campaigns yielding \$11,000,000, which are not matched by the United States Government.

On an average, the resulting \$100 is matched by the government or municipality or other organizations within the country whose children are assisted by the provision of local supplies and services. In this way the United States Government contribution is actually tripled in value by the time assistance reaches the children.

The results of these provisions are:

(a) The United States commodity dollar is tripled before it reaches the recipient child.

(b) Contributing governments constantly review the value of the UNICEF program and have no commitment to continue support.

In a period of dollar starvation, the ability of UNICEF to accept contributions in local currencies, which can be converted into supplies for children, has made it possible for many financially pressed countries to support this United Nations Program.

(c) Recipient governments are encouraged to help themselves because they must assume new financial responsibility for this international assistance and must demonstrate that the programs will be used to strengthen permanent services on behalf of children.

As of this date, the UNICEF matching provision has stimulated \$30,000,000 in voluntary contributions from 42 governments for the use of children in other countries, and the equivalent of more than \$100,000,000 for the use of children in receiving countries.

It is for these reasons that Mr. Hoover has stated, "I do not believe there is any foreign activity in which our Government can engage that has as many returns both from a human and from an economic point of view."

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 1243) to amend the Hatch Act.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 5472) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes, and it was signed by the Vice President.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. LEHMAN. Mr. President, I shall not detain the Senate long with what I have to say on the bill now pending. I speak simply to urge my colleagues to vote for the entire foreign assistance

bill, and especially for the full authorization requested for the European-aid program.

Mr. President, there are a number of amendments pending before the Senate to cut the authorization for the ECA program by \$1,000,000,000, or \$500,000,000, and other cuts, too, may be proposed. These amendments must be seriously considered. They must be given, and have been given, earnest and objective study. The justification for the amendments lies in the heavy tax burden under which the American people now labor, and in the fact that our national budget shows a deficit.

In my opinion, these are strong considerations. I have no doubt that great numbers of our people—including people of good will and fair mind—are concerned over the deficit and over the high cost of Government. I share their concern. I am worried about an unbalanced budget in these times of relative prosperity. I would like to see Government income balanced against Government expenditures, and a margin provided for the retirement of our huge national debt.

But, Mr. President, these are not ordinary times. These are times that are extraordinary and exceptional. These are times of peril and threat to our very national existence and to our way of life. These are times of peril to our very freedom to debate such questions as the one we are now discussing. Today we are spending 73 cents of every tax dollar on the so-called cold war, in defense appropriations, or in paying for previous wars. The dollars we propose to spend under the ECA program and the rest of the foreign-assistance program are as much expenditures for defense of our way of life, for defense against the imperialistic aggression and infiltration of Soviet communism, as expenditures for planes and tanks and guided missiles, and our other weapons.

We cannot afford to be penny-wise in this regard. To skimp and save at the expense of this program—to save a billion or a half billion on ECA—would be the most wasteful extravagance I know. To do that would be to invite the necessity for expending vastly greater amounts, astronomically greater amounts, at a later and even more perilous time than today.

Mr. President, I heard told on the floor of Congress some weeks ago, and I have heard it referred to on other occasions, how, during the war, the Senate by a voice vote, after a few moments of debate, approved a national-defense appropriation of \$59,000,000,000, mostly for the needs of the Air Force. That was just one single appropriation of a great many made during those dynamic days. Those appropriations had to be made, and they were made. There was no attempt then to cut five hundred million, or a billion, or ten billion off those appropriations. Today we are in a position where we may, and God grant that we shall, avoid the necessity of appropriations such as those I have just referred to. I hope and pray that we shall avoid the necessity for the unreimbursable appropriation of the lives of our sons. We can help avoid such a situation by such

measures as the Foreign Assistance Act and the ECA program.

Mr. President, I have the perhaps unique distinction of being a Member of the Senate who has also been an official of ECA. I was a member of the Public Advisory Board for 2 years, and resigned from that board only to take my seat in the Senate. Moreover, I have spent considerable time in Europe studying and surveying at first-hand the results of the ECA program. I know from personal observation with what care the schedule of needs is worked out in each instance by ECA Administrator Paul Hoffman, Ambassador Harriman, and their many skilled researchers.

I know, too, from personal observation, that the administrators of this great program, both here and abroad, are men of ability, vision, and patriotism, whose sole and controlling inspiration is a deep desire for peace and security of our country, and of the freedom-loving peoples of the world.

It is my firm conviction that the ECA program has worked a miracle in western Europe. I have been able to make comparisons with conditions which existed a year or two ago. It has not put Europe back on its feet as yet. Europe is not wholly recovered. I would not venture to say to what degree Europe's basic economic problem has been solved. I do not think that it is possible to rebuild a healthy economy under the terrible shadow of fear and the threat of aggression.

But we have given the countries of Europe not only a breathing space but a substantial lift upward toward recovery. They have been enabled, through our assistance, to marshal all their internal resources for the common struggle. Those resources are inadequate in many cases. Conditions peculiar to the people and the countries in question have held back recovery in some cases. Some of the steps which we believed desirable, such as a greater economic integration and coordination in Europe, have not been taken with as much speed as we should like. But, despite all this, and despite some failings on our part, we have helped western Europe take giant steps on the road back to economic health. We have enabled those countries to strengthen their internal regimes and to establish beyond immediate challenge the rule of law and order and the sanctity of the basic freedoms.

Mr. President, while we debate this issue, while we waive these authorizations and expenditures, the world smolders. Mighty forces contend for mastery. Disaster could overtake us all. Let us not economize foolishly. That thrifty soul, Benjamin Franklin, who said, "A penny saved is a penny earned," also said that "A stitch in time saves nine." The ECA is such a stitch. It must not be a half stitch or a quarter of a stitch. I hope the Senate will approve the full ECA authorization as requested.

Mr. KEM. Mr. President—

The PRESIDING OFFICER (Mr. MAGNUSON in the chair). Does the Senator from New York yield to the Senator from Missouri?

Mr. LEHMAN. I am glad to yield.

Mr. KEM. I should like to ask the Senator whether or not he knows as to shipments of goods from the Marshall plan countries to Russia and the satellites. Is the Senator informed as to whether or not military goods or potential war materials are being sold by Marshall plan countries to Russia and the satellites?

Mr. LEHMAN. I am not informed with regard to the condition today, because I resigned as a member of the ECA Advisory Board 6 months ago, when I was elected to the Senate, but I can say that I do know from the reports that were continually made to the members of the Board that while no steps were taken by ECA to stop trade between the east and the west, every effort was made to stop any shipments of actual war materials from the western countries to the countries behind the iron curtain.

Mr. KEM. Has the list of war materials now being shipped, or materials which were shipped during the year 1949, from Belgium and Luxembourg, and from the United Kingdom and from France, to Russia and the satellites, respectively, which I put into the RECORD under date of April 19, 1950, come to the attention of the able Senator from New York?

Mr. LEHMAN. No; I have not seen those records.

Mr. KEM. Was the Senator present on Monday last, when I again addressed myself to that subject?

Mr. LEHMAN. I have heard the able Senator from Missouri on many occasions. I have heard him speak on this subject, but I do not recall the exact remarks to which he refers, or the tables which he used.

Mr. KEM. I call the attention of the Senator to some of the items which are passing from France, let us say, to the countries behind the iron curtain, which appear in the following list, which I have heretofore put into the RECORD:

Chemicals: inorganic, organic; rubber and rubber products; steel-mill products, hot-rolled, sheets and plates; steel-mill products, cold-rolled, tubular products and wire; aluminum, crude and semimanufactures; aluminum alloys; lead and lead alloys; metal manufactures; machinery and apparatus; machinery, electrical and apparatus; transportation equipment; optical, surgical, scientific, and photographic instruments and apparatus.

Would the Senator agree that such items as those add to the war potential of Russia and the satellites?

Mr. LEHMAN. The Senator from New York would have to have much more information than is given in the short statement made by the Senator from Missouri. He would need to know to what countries these materials were shipped, and when, and under what circumstances. The Senator from Missouri would also have to demonstrate that these were supplies which were purchased through ECA moneys.

Mr. KEM. The Senator means that they were not purchased through ECA moneys? Is the Senator perfectly willing that the Marshall-plan countries ship such supplies to Russia and the satellites?

Mr. LEHMAN. My recollection is that the western European countries have carried on trade relations with the eastern countries of Europe for many years. The western nations have not wished to destroy or wipe out those relationships, because the economy of the western European countries depends to a great extent on the continuation of the trade with eastern European countries; to stop that trade would involve a loss to the economy of western Europe as great in volume as the aid which they have received from the United States.

Mr. KEM. May I invite the attention of the Senator from New York also to a list of war materials shipped in 1949 from Belgium and Luxembourg to Russia and the satellites: Arms, iron, case iron, steel, copper, lead, zinc, tin, other base metals and alloys, boilers, machinery, mechanical apparatus and appliances and parts, electrical machinery and apparatus and articles for electrotechnical use and parts, railway and tramway rolling stock and material, optical, measuring, precision, and other instruments and apparatus; chemical products, explosives, fireworks, matches and other inflammable materials, rubber, and manufactures.

Is the Senator from New York willing that such materials be shipped to Russia and the satellites while we are at the same time supplying Belgium and Luxembourg with ECA aid?

Mr. LEHMAN. In the first place, the Senator from New York does not know that all or any special part of the list the Senator from Missouri has read is a direct war potential. The Senator from Missouri mentioned explosives, but it may be explosives which have no particular war potential. The Senator referred to matches and to certain metals. I do not know about them. But quite aside from that, it was never contemplated, so far as I know, that the ECA was to demand the cessation of normal trade relations between the western European countries and the eastern European countries. Such a proposal was never contemplated.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. LEHMAN. I yield.

Mr. LODGE. I think I can make a contribution which may answer the question asked by the Senator from Missouri. In 1938 east-west European trade amounted to more than \$2,600,000,000. In that same year United States trade with eastern Europe amounted to \$149,000,000.

In 1949 east-west European trade amounted to not quite \$2,600,000,000, and United States trade with eastern Europe, in spite of the severe export license restrictions, amounted to \$110,000,000.

So eastern Europe has always been, as the Senator from New York correctly stated, a big source of trade for western Europe. Obviously eastern Europe can obtain manufactured products it needs from western Europe without the use of dollars.

It is impossible, in the light of these figures, which show approximately the

same ratio in 1949 as existed in 1938, to point to any unfair discrimination against United States businessmen insofar as that east-west trade is concerned. I just wanted to bring the figures to the attention of the Senator from New York.

Mr. LEHMAN. I thank the Senator from Massachusetts.

Mr. KEM. Mr. President, will the Senator from New York yield further?

Mr. LEHMAN. I yield.

Mr. KEM. Is the Senator from New York familiar with the so-called positive list in the regulations of the Department of Commerce, the Office of International Trade, which forbids the shipment of certain articles from the United States to Russia and the satellites?

Mr. LODGE. Mr. President, will the Senator from New York yield to me so I may show to the Senator from Missouri that the positive list does not restrict—

Mr. LEHMAN. I yield.

Mr. KEM. Mr. President, I asked the Senator from New York a question.

Mr. LODGE. The Senator from New York yielded to me.

Mr. KEM. Mr. President, I ask for the regular order.

Mr. LODGE. Mr. President, the Senator from New York has the floor and he yielded to me.

Mr. LEHMAN. Mr. President, the Senator from New York yields to the Senator from Massachusetts.

Mr. KEM. Mr. President, I ask for the regular order. The Senator from New York can yield for only a question.

Mr. LODGE. Mr. President, I will ask the Senator from New York to yield for a question. If we are going to be legalistic and technical, I suppose I can be legalistic and technical, too. I do not think we accomplish very much by being legalistic and technical. I will ask the Senator from New York a question.

The PRESIDING OFFICER. The Senate will be in order.

Mr. LODGE. Mr. President, I asked the Senator from New York to yield, and he yielded to me.

The PRESIDING OFFICER. The Senator from New York yields to the Senator from Massachusetts.

Mr. LODGE. Is it not true, I will ask the Senator from New York, that the Senator from Missouri is in error when he says that the positive list of the Department of Commerce is the list of items which are prohibited to be sent in the foreign trade; is it not true that the positive list is merely a list of commodity classifications which require an export license and regarding which an embargo and a prohibition is not placed at all?

Mr. LEHMAN. I believe that is correct.

Mr. WHERRY. Mr. President—

Mr. LEHMAN. Mr. President, I yield the floor.

Mr. KEM. Mr. President, will the Senator from New York yield for a further question?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Missouri for a question?

Mr. LEHMAN. I shall be glad to. I have already told the Senator from Nebraska that I yielded the floor.

Mr. KEM. Is it not true that the merchants and manufacturers of the United States are prohibited, under the present regulations of the Office of International Trade, from shipping a large quantity of goods, that is, a large number of items, from the United States to Russia and the satellites?

Mr. LEHMAN. I believe it is required that before goods can be shipped from this country an export license be obtained from the Department of Commerce.

Mr. KEM. Is it not further true that export licenses are not issued for goods that are considered war materials or potential war materials?

Mr. LEHMAN. I think there is a considerable list issued by the Department of Commerce of certain items whose export is restricted.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. KEM. Is it not true that a large number of the items that are being shipped from the United Kingdom, from Belgium, and from France to Russia and the satellites, are items that the merchants and manufacturers of the United States are prohibited from shipping to Russia and the satellites?

Mr. LEHMAN. I cannot make exact comparisons, because I do not have the two lists in front of me, but may the Senator from New York point out to the Senator from Missouri that as he has explained, and as the Senator from Massachusetts has explained, it was never contemplated that under the ECA program the countries of western Europe would have to discontinue all trade with the eastern European countries, because so much of their economy depended on that trade. More than \$2,500,000,000 of trade was carried on 12 years ago, in 1938, and the same amount of trade is presumably still being carried on, or at least a comparable amount. For the western European countries to give up that trade would have completely prevented any economic recovery or improvement in those countries.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. KEM. I am sure the Senator from New York understands that I am not directing my attention to the normal trade between these Marshall plan countries and Russia and the satellites, except so far as war materials and potential war materials are involved. My question to the Senator from New York is whether we should send Marshall plan aid under the ECA program, and munitions of war under the armament program, to these countries of western Europe who are in turn sending to Russia and its allies materials that can have no other effect but to increase the war potential of Russia and the satellites?

Mr. LEHMAN. Well, on the list which the Senator from Missouri read there were a great many items which are in normal trade.

Mr. LODGE. Mr. President, will the Senator from New York yield for a question?

Mr. LEHMAN. I yield to the Senator from Massachusetts.

Mr. LODGE. I should like to ask the Senator one or two questions. Is it not true that are instances in which an American firm is denied a license for a certain item, which a European firm is allowed to ship, for the very reason that the American firm has a secret process or prototype which is particularly unusual, that it is not desired to have get into the iron-curtain countries? Is that not true?

Mr. LEHMAN. That is quite true.

Mr. LODGE. Is it not true that these goods can be broadly classified as follows: Articles that are of direct and specialized military value, which are completely prohibited; articles which have a quasi-military significance, but are largely of a commercial character, which are subject to license and restriction; and finally articles that have no direct military value at all, but in the manufacture of which there is maybe a secret process which could be adopted, and which in their turn are subject to control? Is that correct?

Mr. LEHMAN. That is an exact analysis.

Mr. LODGE. Is it not further true that every single item that is shipped into the East today from the West, that is from the United States or from the Marshall plan countries, is either shipped following a clearance by the American military authorities, or else is shipped with the knowledge of the American military authorities, and that there has been no complaint from those American military authorities? Is not that true?

Mr. LEHMAN. I am not entirely familiar with the exact procedure that is followed, but I have no doubt that the statement made by the Senator from Massachusetts is completely accurate.

Mr. KEM. Mr. President, will the Senator yield for a few questions?

Mr. LEHMAN. I am very glad to yield.

Mr. KEM. I should like to ask the Senator whether the Department of Commerce has objected to the shipment by Marshall plan countries into Russia and the satellite countries of articles which our own merchants and manufacturers are prohibited from sending to Russia or the satellite countries.

Mr. LEHMAN. I am very glad to reply to that question. If that is true, I have no knowledge of it. I do not know of any objections which have been filed by the United States Department of Commerce with regard to the trade that is carried on. I do not know that of my own knowledge.

Mr. KEM. Has the attention of the able Senator from New York been directed to an Associated Press dispatch from Washington, under date of May 4, by John N. Hightower, reading in part as follows:

Secretary of State Acheson is being urged by the Commerce Department to bring strong pressure on western European leaders to tighten their controls on trade with eastern Europe. He will see these leaders at London next week. Commerce officials are reported to be concerned at what they consider dis-

criminations against American business arising out of differences in the control systems operated by the western European countries and the United States.

Mr. LEHMAN. I can only reply that I have no knowledge of any conversations between the Department of Commerce and the Department of State, nor do I know the extent or the seriousness of the conversations, nor do I know anything about the statement the Senator from Missouri has read.

Mr. KEM. Did the Senator from New York mean to suggest, in reply to the questions asked by the Senator from Massachusetts, that he did have knowledge with regard to the matters about which the Senator from Massachusetts inquired?

Mr. LEHMAN. Will the Senator from Missouri repeat the question, please? I did not hear it clearly.

Mr. KEM. Did the Senator from New York by his replies to the question asked a moment ago by the Senator from Massachusetts mean to indicate that he did have knowledge of the matters about which the Senator from Massachusetts inquired?

Mr. LEHMAN. If the Senator from Missouri will recall, the Senator from Massachusetts asked me certain questions with regard to the procedure followed; and I said I did not know from my own knowledge what the procedure was, and therefore I could not either confirm or deny the procedure the Senator had outlined.

Mr. KEM. I think that is correct.

So the Senator from New York wants to be understood as not having any knowledge in this field, in either case; is that correct?

Mr. LEHMAN. Oh, no. I want it very clearly understood that until 6 months ago I was deeply interested in the work of the ECA. Although I was not in the administrative end, I was in the advisory end; and as a result of that observation or training, if I may call it that, I have come to believe strongly in the efficacy and the usefulness of the ECA as it is now carried on.

Mr. KEM. At the time when the Senator from New York was connected with the ECA, was this traffic in war materials and materials which potentially might be war materials going on between Marshall-plan countries and Russia and the satellites?

Mr. LEHMAN. I know there was no traffic going on between this country and the iron-curtain countries. I was and am aware that trade relations were being maintained between the western European countries and the eastern European countries. As to the exact nature of those trade relations, I cannot give information of my own knowledge.

Mr. KEM. Does the Senator from New York know whether during that period materials which might be materials of war were being shipped by Marshall-plan countries to Russia and the satellites?

Mr. LEHMAN. I know that trade relations were being carried on. Into what exact categories or classifications they fell, and whether they fell into those suggested by the Senator from

Massachusetts, I cannot inform the Senator from Missouri.

Mr. KEM. Would the Senator from New York approve the shipment of war materials from Marshall-plan countries to Russia and the satellites?

Mr. LEHMAN. I certainly would not approve such shipment of war material which was distinctly war material. But in regard to the shipment of materials which the able Senator from Missouri might consider war material but which others might not consider so, I certainly would not advocate the stoppage of all trade relations between the west and the east.

Mr. KEM. I notice that in the partial list of exports from Belgium and Luxembourg during 1949 to Russia and the satellites, the following appears: "Arms to Czechoslovakia."

I have been told that those arms were either hunting rifles or shotguns.

Would the Senator from New York approve the shipment of hunting rifles or shotguns from Belgium to Czechoslovakia under existing circumstances?

Mr. LEHMAN. I would have to know what was the character of the arms. If they were little .22's, I would not object to it. If they were .30-50's, I probably would object to it or certainly I would have some reservation about it.

But I think the Senator from Missouri must give the facts before he asks questions to which he should expect an intelligent answer.

Mr. KEM. What would the Senator from New York say about such shipment of cast iron and steel?

Mr. LEHMAN. I do not think they necessarily have a direct war potential.

Mr. KEM. What would the Senator from New York think about such shipment of copper and tin?

Mr. LEHMAN. I do not think they necessarily have direct war potentials. Those materials could be used for a great many other purposes.

Mr. KEM. What would the Senator from New York say about similar shipments from the United States to Russia and the satellite countries?

Mr. LEHMAN. I know the United States Department of Commerce has certain regulations which reflect its point of view. I certainly have no right to question—or no desire to question, as a matter of fact—the decision of the Department of Commerce of the United States.

Mr. KEM. Is not the Department of Commerce of the United States preventing shipments of that character from the United States to Russia and the satellite countries at this time?

Mr. LEHMAN. Let me very respectfully point out to the distinguished and able Senator from Missouri that that matter already has been explained, namely, that it was never contemplated that the ECA program would prohibit trade relations between the east and the west.

Mr. KEM. But I am asking the Senator from New York a question. If he will pardon me, I wish to repeat it, for perhaps I have failed to make myself clear.

I am asking the Senator whether such shipments from the United States to Russia and the satellite countries are being prevented at the present time.

Mr. LEHMAN. I have no doubt that that is so.

Mr. KEM. Then I ask the Senator from New York whether he approves the shipment of similar materials from Marshall-plan countries to Russia and the satellite countries.

Mr. LEHMAN. I have explained to the Senator from Missouri that unless he explains what the material on the list from which he has read actually is and whether it has a direct and immediate war potential, I cannot answer that question.

Mr. KEM. I am giving the Senator from New York a hypothetical case. Assuming that such materials are prohibited from being shipped from the United States to Russia or the satellite countries, does the Senator from New York feel that it is proper to ship materials of an identical nature from the Marshall-plan countries to Russia and the satellite countries?

Mr. LEHMAN. I should like to explain to the Senator from Missouri that I feel perfectly justified in approving or disapproving or criticizing in any way the acts of my own Government. I do not feel qualified to pass judgment on the acts of the governments of other countries.

Mr. KEM. Does not the Senator from New York feel that so long as we are sending aid in the form of dollars and commodities and goods and arms to the countries of western Europe, we certainly have a right to suggest that they should not ship war materials to our potential enemies?

Mr. LEHMAN. I have no knowledge as to whether that suggestion has been made by our Government to other governments. I have no means of knowing that.

Mr. KEM. Does the Senator from New York—

Mr. LEHMAN. If the able Senator from Missouri will please permit me to complete my reply before he asks another question, I shall appreciate it.

I also wish to point out again—although I am not very hopeful of being able to make this clear to the Senator from Missouri—that at no stage, at no time, was it contemplated under the ECA program, that trade relations between the western European countries and the eastern European countries should be prohibited.

Mr. WHERRY. Mr. President, when the junior Senator from Vermont [Mr. FLANDERS] made a few observations earlier in the session, he apparently stated that those who might have voted for the conference report on the rivers and harbors and flood-control bill would be in an untenable position if they were to vote for that bill and then view with equanimity a cut in ECA authorizations. I should like the record to show that so far as the junior Senator from Nebraska is concerned, most of the works provided for in that particular bill, with necessary surveys, and so forth, consist of projects already on the

shelf, projects which have come before the Senate for authorization, and that the bill referred to is not in itself an authorization bill. I should like to tell my distinguished colleague, and to state for the record, that if the Senate will wrap up all 12 of the so-called appropriation bills, into 1 appropriation bill, which will include appropriations for the Interior and appropriations for rivers and harbors, the junior Senator from Nebraska will vote to make a cut. But such a unified bill must include all bills, ECA and everything else. All the appropriations must be wrapped up in one package. The junior Senator from Nebraska will vote to make whatever cut is necessary in order to balance the budget. I did so at the last session, and I shall do it again at this session. So I want the record to show that, when it comes to actual appropriations, they must all be viewed as one. Different allocations may be made for particular objectives, I imagine, but in the final analysis, if the budget is to be balanced, the cut ought to be made on a unified appropriation bill. I shall be glad to do that, and I shall support it when the time comes.

Mr. President, Members of the Senate in considering the pending ECA authorization find themselves lacking in sound information, and they find themselves bombarded by much misinformation. I could not ask for a better example than what has just transpired on the floor of the Senate.

For instance, the junior Senator from Missouri [Mr. KEM] has raised a vital question, at least, I think it is vital. It does not matter what the purposes were in the beginning, the results show, as the Senator from Missouri has already indicated, that there are being exported from western European countries into so-called satellite countries and into Russia, goods which cannot be exported by American industry to the same destination. I care not whether responsibility is that of the Department of Commerce, or the Department of Defense, or whatever department it may be, it presents a vital question. The Senator from Missouri has presented it to the Senate with evidence from official sources, showing that while the United States pours billions of dollars into western Europe for the purpose of staving off communism and that countries receiving this aid through ECA are sending war materials into Russia and eastern European countries behind the iron curtain.

It cannot be justified merely by passing the buck from one department to another, or by this, that, or the other thing; it is an actuality. The junior Senator from Missouri has presented evidence that the United States has a so-called positive list which prohibits the exportation from the United States of identical war materials which the ECA countries are sending to Russia and her so-called satellite countries.

As a member of the Committee on Small Business for many years, I have learned something about export licenses. I know something about what the military authorities regard as war matériel. The point made by the Senator from Missouri is that if war mate-

rials are being reexported from the satellite countries—and I certainly think steel would be so classified—it presents a very vital question indeed. Steel used to be classified as war matériel. We are told that the strength of a nation depends upon its production of steel. In fact, when appropriations are requested for the national defense, the first thing we hear is that Russia's production of steel amounts to 18,000,000 tons, while ours is over 90,000,000 tons. Therefore, we must absolutely keep our production above that, or else we shall be unable to defend the United States properly, and not only the United States, but whatever territories we may be called upon to defend.

It is possible to enumerate many materials of war. Yet, despite this amazing situation, there is no information in the report of the Senate Committee on Foreign Relations which throws any light on the subject whatever. Look at the bill, and look at the report. There is nothing in the report to furnish the required information. When the question was asked recently on the floor of the Senate, even the Senator from Massachusetts was not informed as to the so-called positive list, at least until that time.

For example, the lack of information upon which to legislate wisely is illustrated in connection with the much advertised dollar gap. It is argued that we should support the pending bill in an effort to close the dollar gap, and that if we can close the dollar gap by transacting business with all the countries of the world, we shall benefit, and they will benefit; they will be on their own, and we will be on our own. Supposedly reliable figures were presented showing that the so-called dollar gap is not really so great as the windmills of propaganda would have the Senate believe.

Recently, on the floor of the Senate, the junior Senator from Nebraska sought to ascertain whether dollars received by countries in the Pacific from sales to the United States found their way into the receipts of the mother countries in Europe. It seems to me that is a perfectly intelligent question, which ought to be answered, in arriving at what the dollar gaps really are. For example, the United States pays dollars for rubber from the Far East. The junior Senator from Nebraska inquired whether those dollars eventually reached the mother country in Europe; but no member of the Foreign Relations Committee, at that time on the floor, could offer any answer to the question. The question certainly has a bearing upon the claimed need of more dollars from the American taxpayers.

The junior Senator from Nebraska, on this floor, asked whether the Administrator of ECA, Mr. Paul Hoffman, could produce for the Senate an audit of the ECA money spent by recipient countries abroad, whether any check is made upon expenditures of funds by the ECA countries after the funds are given by the United States Treasury to a foreign country.

I am sure that the distinguished occupant of the chair, the junior Senator from New York [Mr. LEHMAN], will recall that one of the amendments I offered to

the UNRRA bill provided that check be made, that our representatives in those countries check the food deliveries, to see that the food was distributed where it rightfully belonged, rather than being sent somewhere else for the benefit of those who were not intended to receive it.

The junior Senator from Nebraska has been told by observers of ECA that ECA makes no effort to audit the books of the recipient countries, to see that ECA money received by them is spent for the purposes for which it is given. I suppose there will be those who will think it offensive that we should make such an inquiry and that we have no right to inquire into the subject, but I submit we have a right to know where these gifts and grants in aid which are received by foreign countries ultimately go.

It seems to the junior Senator from Nebraska to be highly pertinent to the question now before the Senate, whether ECA funds are being squandered by the receiving countries, and whether the American taxpayers' money actually is being used to bolster socialistic governments abroad.

It would be interesting to have some approximate figures on the number of dollar millionaires that have been created in Europe with ECA funds.

But, again, there was no information forthcoming and there appears to be no effort to supply the information.

Most Senators will agree, I believe, that in voting for ECA authorizations they have done so with hope and faith, hope that it would accomplish all the goals of the authorization, faith in the wisdom of the countless numbers of persons through whom the American taxpayers' money is being channeled.

The broadcasting of American dollars and goods in western Europe has accomplished some good, of course, but the results obtained have been very expensive. An appearance of prosperity could be obtained anywhere by tossing dollar bills from airplanes or automobiles, but it would be artificial prosperity.

Needs of the destitute have been met and tools have been provided for self-progress, but it is plain to any competent observer that the fundamental economic problems of the western European countries have not yet been solved.

The productivity of these countries has been increased above prewar levels—with the aid of the American taxpayers—but the machinery for accomplishment of the prime essentials to permanent prosperity in Europe, free convertibility of currencies and free flow of trade, have not been attained.

That is self-evident by the testimony of the Administrator who is now asking that a fund of \$600,000,000 be set aside as a sort of penalty to compel countries to trade with each other to make up the difference in the soft-currency dollars.

Unless these objectives are attained by 1952, ECA will have been a ghastly failure, a gigantic waste of the people's money.

It was this situation that the junior Senator from Nebraska expected to result from the European recovery plan, or the ECA as it is now called.

That was why the junior Senator from Nebraska voted against the original authorization, though he voted for the appropriations after the authorization became law.

The junior Senator from Nebraska tried to persuade the Senate to approve a European-aid program that would provide procedures for a transition from the American dole to self-sustaining, free enterprise in the ECA countries.

Mr. Hoffman is quoted as saying a miracle would have to occur by 1952 to effect the integration of Europe that is needed to enable Europe to get along on its own steam, and off the backs of the American taxpayers.

The junior Senator from Nebraska, with his limited resources, has made an effort to penetrate the mysteries of ECA, and he proposes this afternoon—to give the Senate the results of some of his findings.

We have had a nightmare of foreign commitments, foreign aid, foreign loans, flashing before our eyes, again and again and again.

The Congress is caught in a propulsion toward passing legislation which will extend and add authorities to prior commitments and theories, which were no more than trial balloons, in their first authorization.

We have lost sight of how those authorities may be back-tracked, mushroomed, or spread all over creation, to the ultimate dissipation of our national resources.

Mr. President, I have found little substantiation in either the presentations by the proponents of this legislation, or in the hearings and reports by the Foreign Relations Committee, for continuation of this kind of foreign-aid program. Nor has any reasonable evidence been adduced to substantiate that the ECA program is still needed by most of its participants, or that the program continues to serve the purposes for which it was created.

We are being lulled into a belief that European economic aid should be continued on the theory that it is a diminishing program for which only a little more money is needed to get it over the hump, and that this authorization is practically the last step that will be necessary to accomplish economic rehabilitation for Europe.

Mr. President, there are certain specific sections of the current ECA legislation, and the reports on that legislation, to which the junior Senator from Nebraska wishes to address himself.

Certainly, in authorizing this ECA legislation, it should be done in the light of the needs abroad and also our ability to provide.

During the war, and in the first authorizations of foreign aid, this country did not have saddled upon it the debt that it now has. This theory that two and one-half billion dollars is nothing compared to the cost of war is not ample evidence to justify this appropriation.

Is it a good investment for the future?

Well, the best way to determine that is to review what has happened not just in postwar years but, let us say, for the last 10 years.

In view of the great debt that is saddled upon our shoulders, it is imperative

that every Member of the Senate make this authorization in the light of our current fiscal situation, in which our Treasury is being operated on a deficit at the rate of, roughly, six and one-half billion dollars a year.

There has been no recapitulation made by any Member of the Senate or by any committee, so far as I know, that reveals the amount of loans, grants, and all manner of assistance which this Nation has extended to European nations and to the whole world—billions which the United States, the taxpayers, have not the slightest chance to recover, either in the cash repayment of debt or in the exchange of goods.

The tabulation has been prepared by the Legislative Reference Service of the Library of Congress from factual data. It shows all of the aid extended by the United States to all foreign countries for the period July 1, 1940, through June 30, 1949. This was a terrific undertaking, covering 6 months, to trace the expenditures through the different agencies to find out what occurred.

The tabulation is broken down into grants and credits for the war period, 1940–45, and the postwar period, 1945 to June 30, 1949.

The report shows that during the period July 1, 1940, to June 30, 1949, the United States allowed foreign entities a total of \$29,356,768,280 in grants-in-aid and in credits. Of this amount, \$2,631,447,661 was paid out in the war period and \$26,725,320,619 in the postwar period.

The total includes shares deposited by the United States with the International Monetary Fund and the International Bank for Reconstruction and Development.

It does not include, however, the two and one-half billion dollars which was granted the International Bank on a contingent basis, nor does it include expenditures by the United States Government for international agencies, such as United Nations, UNESCO, and others; nor does it include allowance payments in foreign areas, supplies and materials, dependency payments, transportation services, and so forth.

The report states there is no conclusive figure for such disbursements during the war and postwar periods.

But the report points out that a conservative estimate would be that approximately \$20,000,000,000 have been spent on such disbursements since 1940.

Mr. President, this Legislative Reference Service report has not been generally distributed, although some parts of it have been asked for by individual Members of Congress.

Perhaps it is understandable why this report has not been widely reproduced and distributed. It is most revealing.

The give-away artists of the Truman administration never tell the cost, and they certainly are not anxious to have such a complete analysis of our total, country by country, grants-in-aid and credits published for scrutiny by the American taxpayers.

The Senate is told that this authorization of nearly \$3,000,000,000 is a mere dribble as compared with what the cost of a war would be. And the Senate is asked:

Do you want this three billion authorization, or do you want to risk war?

That is the technique which has been used so successfully through recent years.

Do you want to prevent war, or spend this mere pittance?

The Congress is always asked to view requests for new and continuing funds for foreign-aid programs on a piecemeal fiscal basis, and not in relation to other and overlapping programs.

While one pipe dream for spending the American taxpayers' money runs out, a dozen more are incubated to carry on the give-away show, the biggest give-away show on earth.

But, Mr. President, this Legislative Reference Service report rounds into one compilation the total outlay by the United States for the last 10 years and gives a glimpse of the burden that generations upon generations—Americans yet unborn—will have to bear.

And when there is a tabulation of this two billion and that two billion, which we are told is only a mere pittance, and is necessary to prevent war, a grand total is reached which shows that the cost of our fumbling and bungling with the peace is approaching the cost of a hot shooting war.

These figures in the report come from official records of the Bureau of the Budget and other Government agencies.

Mr. President, I now ask unanimous consent to have the tabulation of the Legislative Reference Service included in the RECORD at this point in my remarks.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

EXHIBIT 1

[Library of Congress, Legislative Reference Service]

AID EXTENDED BY THE UNITED STATES TO ALL FOREIGN COUNTRIES

(Period July 1, 1940–June 30, 1949; war period July 1, 1940–June 30, 1945; postwar period July 1, 1945–June 30, 1949.)

CONTENTS OF REPORT

This report contains the cumulative totals of assistance rendered to foreign countries by the United States since the beginning of the Second World War until June 30, 1949. A break-down for the war and postwar periods show the utilized totals of such assistance.

ASSISTANCE

The totals for grants and long-term credits utilized is the most generally accepted measure of assistance given abroad by the United States Government. Strictly speaking only grants should be regarded as assistance. Credits are a further means of aid though such assistance creates an obligation to repay. Grants are not synonymous with "gifts" since they include foreign aid currently extended on an indeterminate basis and which is subject to future settlement.

TOTAL OF ALL AID

During the period July 1, 1940, to June 30, 1949, the United States allowed foreign entities \$75,430,468,280 which include the shares deposited by the United States with the International Monetary Fund and International Bank for Reconstruction and Development. The deposit with the bank does not include the \$2,500,000,000 which was granted the bank on a contingent basis nor do the totals include expenditures by the United States Government for international agencies such

as United Nations, UNESCO, and others; nor military agency disbursements such as military pay and allowances in foreign areas, supplies and materials, dependency payments, transportation services, overseas cemetery expenses, and so forth. There is no conclusive figure for such disbursements during the war and postwar periods. However, a conservative estimate would be that approximately \$20,000,000,000 have been spent on such disbursements since 1940.

WAR AND POSTWAR PERIODS

During the war period of July 1, 1940, to June 30, 1945, the United States of America expended \$48,705,147,661. A major portion of this aid naturally consisted of lend-lease.

It is with the postwar period commencing with July 1, 1945, that we are vitally concerned. Until June 30, 1949, during the four postwar years of the United States actually distributed aid to the value of \$26,725,320,619. Of this, total grants comprised \$13,260,417,976 and credits \$10,079,872,643.

AID BY FISCAL YEARS

During the four postwar fiscal years, aid extended through grants and credits utilized are divided as follows:

1946 -----	\$5,620,786,232
1947 -----	9,410,055,225
1948 -----	5,387,417,675
1949 -----	6,307,061,487

Total ----- 26,725,320,619

The 1947 total was larger than the sum expended in each of the other 3 years because of the deposits with the International Monetary Fund, the International Bank and the special British loan.

GRANTS

The section on grants give a detailed statement of aid by the United States Government on other than credit or cash terms, that is on aid for which no repayment is expected or where the conditions of reimbursement are not sufficiently clear to justify the creation of a credit. Specifically, such grants are: (1) The economic cooperation subdivided into European recovery and Chinese and Korean aid; (2) civilian supplies furnished by the United States Army for civilian use abroad; (3) relief other than supplies furnished by the military through international or national agencies abroad; (4) other grants, such as Greek-Turkish aid, Philippine rehabilitation funds, aid to China, and cultural and economic programs in the American Republics.

THE EUROPEAN RECOVERY PROGRAM

The totals for the ERP include those given to the dependencies of the mother countries. ERP supplies furnished to foreign governments are reported at the landed cost abroad, which is designed to include all costs chargeable to the United States Government for delivery at the end of ship's tackle at the port of final debarkation. During the first 15 months—till June 1949—of the duration of this program the Economic Cooperation Administration spent \$3,615,934,533 in grants, and the Export-Import Bank, on behalf of the ECA, made loans of \$854,409,381. During the current fiscal year the ERP received an appropriation of \$3,628,380,000 and \$150,000,000 of additional loan authorizations for Marshall plan countries from the Export-Import Bank.

CIVILIAN SUPPLIES—MILITARY

Civilian supplies furnished by the United States Army in occupied areas have been generally considered a form of assistance for which the local government should be financially responsible. While no direct payments have been received for such supplies, the obligations for such supplies have been or will be included in the war-account settlements. Not only do such supplies include petroleum transfers, diversions from Regular Army stores, but also incentive materials for

Germany and Japan. The War Department has included under "Government and Relief in Occupied Areas"—Garloa fund—the money spent for relief purposes. These Garloa expenditures amounted to the following totals:

1947—\$675,000,000 for relief out of \$725,000,000.

1948—\$1,025,000,000 for relief out of \$1,083,000,000.

1949—\$1,240,000,000 for relief out of \$1,300,000,000.

1950—\$912,500,000,000 for relief and government.

RELIEF

The larger portion of the relief total as shown in the various tables comprise shipments made by UNRRA and post-UNRRA aid.

OTHER GRANTS

Aid to cultural and economic programs for the American Republics represent grant programs primarily distributed by the Coordina-

tor of American Affairs in the Department of State.

Aid to China was extended by the Treasury Department such as cash and supplies, by the Office of the Foreign Liquidation Commissioner, and through the three Departments of the National Military Establishment.

Assistance to Greece and Turkey was provided in 1947 and again in 1948, and during the fiscal year 1949-50 a further \$45,000,000 have been appropriated.

Philippine rehabilitation includes disbursements for war damage claims, surplus property, and rehabilitation and improvement of public property.

CREDITS

United States Government credits comprise loans and surplus property credits and commodity programs.

LOANS

Loans are direct disbursements by the Treasury on the special British loan and dis-

bursements by the Export-Import Bank; also by the Export-Import Bank on behalf of the European Cooperation Administration. Originally the aid rendered on behalf of the ECA was on an indeterminate basis, but was subsequently determined to be on a loan basis.

PROPERTY CREDITS

Surplus property credits resulted from the sale of United States surplus property abroad. Bulk sales often are merely estimates and subject to revisions. Lend-lease settlements are for materials in the pipe lines. Merchant ship credits are really the mortgages received from foreign purchasers as part payment for ships sold by the Maritime Commission.

Commodity programs comprise the value of raw cotton advanced to occupied areas. The \$150,000,000 natural fibers revolving fund of the Army is also included in this program.

TABLE 1.—Summary of utilized foreign grants and credits by the United States Government, by program for 3 periods: Total period July 1, 1940, through June 30, 1949; war period July 1, 1940, to June 30, 1945; postwar period July 1, 1945, to June 30, 1949

Type of assistance	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period July 1, 1945, to June 30, 1949	Type of assistance	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period July 1, 1945, to June 30, 1949
Total	\$75,430,468,280	\$48,705,147,661	\$26,725,320,619	Other grants	\$1,548,979,298	\$433,224,267	\$1,115,755,041
Paid to International Bank for Reconstruction and Development	635,000,000		635,000,000	Greek-Turkish aid	517,386,535		517,386,535
Paid to International Monetary Fund	2,750,000,000		2,750,000,000	Philippine rehabilitation	346,404,841		346,404,841
Grants and credits utilized	72,045,468,280	48,705,147,661	23,340,320,619	Chinese stabilization	500,000,000	380,406,157	119,593,843
Grants	60,728,897,785	47,468,449,809	13,260,447,976	Chinese military aid	103,725,407		103,725,407
Economic Cooperation	3,615,934,533		3,615,934,533	Inter-American aid	81,462,515	52,818,100	28,644,415
European recovery	3,425,306,075		3,425,306,075	Credits	11,316,570,495	1,236,697,852	10,079,872,643
Chinese aid	179,850,076		179,850,076	Loans	7,548,839,571	489,484,928	7,059,354,643
Korean aid	10,778,382		10,778,382	Economic Cooperation	854,409,381		854,409,381
Civilian supplies	4,473,659,841	813,309,277	3,660,350,564	Export-Import Bank	2,944,430,190	489,484,928	2,454,945,262
Lend-lease	47,286,300,000	46,073,700,000	1,212,600,000	British loan	3,750,000,000		3,750,000,000
Relief	3,804,024,113	148,216,275	3,655,807,838	Property credit and commodity programs	3,767,730,924	747,212,924	3,020,518,000
Interim aid	557,382,676		557,382,676	Surplus property and merchant ships	1,340,731,852		1,340,731,852
UNRRA	2,659,570,345	82,696,421	2,576,873,924	Lend-lease	1,669,609,507	329,838,493	1,339,771,014
Post-UNRRA (Public Law 84)	299,509,880		299,509,880	Occupied areas and commodity programs	757,389,565	417,374,431	340,015,134
Refugee assistance	156,675,193	3,356,720	153,318,473				
International Children's Emergency Fund	58,287,524		58,287,524				
American Red Cross	72,598,495	62,163,134	10,435,361				

TABLE 2.—Foreign grants by agency: July 1, 1940, through June 30, 1949; war period July 1, 1940, to June 30, 1945; postwar period July 1, 1945, to June 30, 1949

Type of assistance	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period July 1, 1945, to June 30, 1949	Type of assistance	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period July 1, 1945, to June 30, 1949
Total	\$60,728,897,785	\$47,468,449,809	\$13,260,447,976	Refugee assistance (IRA)	\$8,937,000		\$8,937,000
American Red Cross (ARC)	72,598,495	62,163,134	10,435,361	Philippine War Damage Commission (private claims) (P-I)	174,696,145		174,696,145
Economic Cooperation Administration:				Reconstruction Finance Corporation (RFC)	2,435,325	\$2,382,134	53,191
Chinese aid	179,850,076		179,850,076	State Department:			
Dollar funds (CA)	166,742,576		166,742,576	Greek-Turkish aid (GT)	517,386,535		517,386,535
Counterpart funds (CA-C)	13,107,500		13,107,500	Institute of Inter-American Affairs (IIAA)	79,027,190	50,435,966	28,591,224
European recovery	3,425,306,075		3,425,306,075	Philippine rehabilitation:			
Dollar funds (ERP)	3,411,632,305		3,411,632,305	Office of Foreign Liquidation Commissioner (P-II)	100,000,000		100,000,000
Counterpart funds (ERP-C)	13,673,770		13,673,770	Public Reconstruction and Rehabilitation (P-III)	71,708,696		71,708,696
Interim aid (Public Law 389)	557,382,676		557,382,676	International programs:			
Korean aid	10,778,382		10,778,382	For refugees (IRS)	136,381,473		136,381,473
Dollar funds (KA)	7,035,052		7,035,052	For Palestine relief (UN)	8,000,000		8,000,000
Counterpart funds (KA-C)	3,743,330		3,743,330	For children (ICEF)	58,287,524		58,287,524
Post-UNRRA (Public Law 84)	299,509,880		299,509,880	UNRRA	2,659,570,345	82,696,421	2,576,873,924
Executive Office of the President:				Treasury Department:			
Chinese military aid (EOP)	103,725,407		103,725,407	Chinese stabilization (Treasury)	500,000,000	380,406,157	119,593,843
National Military Establishment:				War Refugee Board (WRB)	3,356,720		
Army and Air Force Departments (Army)	4,309,854,664	807,260,067	3,502,594,597	Foreign Accounts and Collections Division:			
Navy Department (Navy)	24,905,528	8,049,210	16,856,318	Lend-Lease (LL)	47,286,300,000	46,073,700,000	1,212,600,000
Army and Navy Departments (Army and Navy)	4,412,881		4,412,881	Civilian supplies (YE)	134,486,768		134,486,768

TABLE 3.—Foreign grants—by country, by agency: Total period July 1, 1940, to June 30, 1949; war period July 1, 1940, to June 30, 1945; postwar period July 1, 1945, to June 30, 1949

Country	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period July 1, 1945, to June 30, 1949
Total.....	\$60,728,897,785	\$47,468,449,809	\$13,260,447,976
American Republics.....	454,466,309	423,821,894	30,644,415
American Red Cross.....	3,794	3,794	
Reconstruction Finance Corporation.....	2,435,325	2,382,134	53,191
Institute for Inter-American Affairs.....	79,027,190	50,435,966	28,591,224
Lend-lease.....	373,000,000	371,000,000	2,000,000
Argentina.....	1,320,703	1,192,291	128,412
Reconstruction Finance Corporation.....	4,876		4,876
Institute for Inter-American Affairs.....	1,315,827	1,192,291	123,536
Bolivia.....	3,481,393	1,831,059	1,650,334
Reconstruction Finance Corporation.....	25,000		25,000
Institute for Inter-American Affairs.....	3,456,393	1,831,059	1,625,334
Brazil.....	16,086,731	12,015,391	4,071,340
Reconstruction Finance Corporation.....	328,507		328,507
Institute for Inter-American Affairs.....	15,758,224	12,015,391	3,742,833
Chile: Institute for Inter-American Affairs.....	6,379,890	2,623,982	3,755,908
Colombia.....	2,917,404	1,929,285	988,119
Reconstruction Finance Corporation.....	999	999	
Institute for Inter-American Affairs.....	2,916,405	1,928,286	988,119
Costa Rica: Institute for Inter-American Affairs.....	2,562,613	1,448,317	1,114,296
Cuba: Institute for Inter-American Affairs.....	250,897	220,107	30,880
Dominican Republic: Institute for Inter-American Affairs.....	741,542	330,732	410,810
Ecuador: Institute for Inter-American Affairs.....	5,241,746	3,764,530	1,477,216
Guatemala: Institute for Inter-American Affairs.....	2,721,657	1,230,893	1,490,764
Haiti.....	3,098,854	994,037	2,104,817
American Red Cross.....	3,794	3,794	
Institute for Inter-American Affairs.....	3,095,060	990,243	2,104,817
Honduras: Institute for Inter-American Affairs.....	3,032,560	2,581,086	451,474
Mexico: Institute for Inter-American Affairs.....	12,671,797	7,445,428	5,226,369
Nicaragua: Institute for Inter-American Affairs.....	1,210,158	1,069,947	140,211
Panama: Institute for Inter-American Affairs.....	1,046,914	906,897	140,017
Paraguay: Institute for Inter-American Affairs.....	3,903,056	2,329,944	1,573,112
Peru (IIAA).....	4,770,604	2,906,770	1,863,834
Salvador: Institute for Inter-American Affairs.....	1,531,057	871,498	659,559
Uruguay.....	1,396,898	757,547	639,351
Reconstruction Finance Corporation.....	10,414		10,414
Institute for Inter-American Affairs.....	1,386,484	757,547	628,937
Venezuela: Institute for Inter-American Affairs.....	3,457,491	2,414,293	1,043,198
Unclassified—Americas.....	376,642,254	374,957,860	1,684,394
Reconstruction Finance Corporation.....	2,065,529	2,381,135	315,606
Institute for Inter-American Affairs.....	1,576,725	1,576,725	
Lend-lease.....	373,000,000	371,000,000	2,000,000
Albania: UNRRA.....	20,444,496		20,444,496
Austria.....	540,505,770	1,021,763	539,484,007
European recovery plan.....	216,482,001		216,482,001
Public Law 389.....	68,046,773		68,046,773
Public Law 84.....	88,069,666		88,069,666
Army.....	95,211,159	1,021,763	94,189,396
UNRRA.....	72,696,171		72,696,171
Belgium-Luxemburg.....	279,491,212	67,700,000	211,791,212
American Red Cross.....	17,153		17,153
European recovery plan.....	149,336,914		149,336,914
UNRRA.....	1,137,145		1,137,145
Lend-lease.....	129,000,000	67,700,000	61,300,000
British Commonwealth.....	31,223,817,362	29,952,216,162	1,271,601,200

Country	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period July 1, 1945, to June 30, 1949
United Kingdom.....	\$31,222,716,951	\$29,951,358,073	\$ 1,271,358,878
American Red Cross.....	16,206,589	16,158,073	48,516
European recovery plan.....	1,001,041,791		1,001,041,791
UNRRA.....	8,368,571		8,368,571
Lend-lease.....	30,197,100,000	29,935,200,000	261,900,000
Australia.....	347,265	108,433	238,832
American Red Cross.....	108,433	108,433	
UNRRA.....	238,832		238,832
Bermuda: American Red Cross.....	990	990	
British East Africa: American Red Cross.....	300,803	300,803	
Hong Kong: American Red Cross.....	368,223	368,223	
India: American Red Cross.....	77,088	77,088	
Jamaica: American Red Cross.....	3,490		3,490
Trinidad and Tobago: American Red Cross.....	2,552	2,552	
China.....	2,764,964,270	1,231,915,616	1,533,048,654
American Red Cross.....	6,451,630	4,562,703	1,888,927
Chinese aid:.....			
Dollar fund.....	166,742,576		166,742,576
Counterpart fund.....	13,107,500		13,107,500
Public Law 84.....	41,193,830		41,193,830
Executive Office of President.....	103,725,407		103,725,407
UNRRA.....	363,043,327	146,756	362,896,571
Treasury Department Chinese stabilization.....	500,000,000	380,406,157	119,593,843
Lend-lease.....	1,570,700,000	846,800,000	723,900,000
Czechoslovakia.....	189,365,966	5,916,679	183,449,287
American Red Cross.....	75,363		75,363
UNRRA.....	189,090,603	5,716,679	183,373,924
Lend-lease.....	200,000	200,000	
Denmark.....	63,280,005		63,280,005
European recovery program.....	63,275,680		63,275,680
UNRRA.....	4,325		4,325
Egypt.....	2,041,990	1,699,621	342,369
American Red Cross.....	1,545,433	1,545,433	
UNRRA.....	496,557	154,188	432,369
Ethiopia.....	1,439,162	1,000,000	439,162
UNRRA.....	439,162		439,162
Lend-lease.....	1,000,000	1,000,000	
Finland.....	3,492,636	1,488,810	2,003,826
American Red Cross.....	1,652,206	1,488,810	163,396
UNRRA.....	1,480,430		1,480,430
France and possessions.....	3,774,996,594	2,581,380,186	1,193,616,408
France.....	3,758,757,765	2,565,248,511	1,193,509,254
American Red Cross.....	9,594,726	7,448,511	2,146,215
European recovery program.....	800,334,297		800,334,297
Public Law 389.....	312,867,800		312,867,800
UNRRA.....	3,060,942		3,060,942
Lend-lease.....	2,632,900,000	2,557,800,000	75,100,000
Algeria.....	16,051,834	15,945,136	106,698
American Red Cross.....	283,490	274,042	9,448
Army.....	15,017,532	15,017,532	
UNRRA.....	750,812	653,562	97,250
French Equatorial Africa: American Red Cross.....	118,448	118,448	
French Morocco: American Red Cross.....	68,091	68,091	
Indochina: UNRRA.....	456		455
Germany.....	2,040,804,701		2,040,804,701
European recovery program.....	405,971,372		405,971,372
Army.....	1,631,217,512		1,631,217,512
UNRRA.....	3,615,817		3,615,817
Greece.....	942,025,965	78,927,202	863,098,763
American Red Cross.....	1,420,567	1,385,479	35,088
European recovery program.....	125,030,643		125,030,643
Public Law 84.....	37,124,289		37,124,289
Greek-Turkish aid.....	415,153,303		415,153,303
UNRRA.....	281,997,163	2,241,723	279,755,440
Lend-lease.....	81,300,000	75,300,000	6,000,000
Hungary: UNRRA.....	2,359,429		2,359,429
Iceland.....	3,105,209	99,440	3,005,769
American Red Cross.....	99,440	99,440	
European recovery program.....	3,005,769		3,005,769

TABLE 3.—Foreign grants—by country, by agency: Total period July 1, 1940, to June 30, 1949; war period July 1, 1940, to June 30, 1945; postwar period July 1, 1945, to June 30, 1949—Continued

Country	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period, July 1, 1945, to June 30, 1949	Country	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period, July 1, 1945, to June 30, 1949
Iran: American Red Cross.....	\$353,209	\$353,209	.....	Saudi Arabia: Lend-lease.....	\$7,100,000	\$7,100,000	.....
Ireland: American Red Cross.....	329,856	308,087	\$21,769	Spain: American Red Cross.....	1,759,204	1,759,204	.....
Italy and possession:				Sweden.....	19,087,286	766,059	18,321,227
Italy.....	1,646,619,624	810,166,264	1,336,453,360	American Red Cross.....	815,355	766,059	49,296
American Red Cross.....	3,183,112	2,991,944	191,169	European recovery program.....	17,722,865	.....	17,722,865
European recovery program.....	389,026,335	.....	389,026,335	UNRRA.....	549,066	.....	549,066
Public Law 339.....	176,468,103	.....	176,468,101	Switzerland: UNRRA.....	1,802,644	.....	1,802,644
Army.....	410,106,584	300,159,735	109,946,843	Trieste.....	29,115,290	.....	29,115,290
UNRRA.....	416,768,896	7,014,585	409,754,318	European recovery program.....	14,097,623	.....	14,097,623
Civilian supplies.....	134,486,768	.....	134,486,768	Public Law 84.....	12,009,949	.....	12,009,949
Public Law 84.....	116,579,826	.....	116,579,826	Army.....	3,007,718	.....	3,007,718
Former dependency: Eritrea:				Turkey.....	141,891,824	34,800,000	107,091,824
American Red Cross.....	14,625	14,625	.....	European recovery program.....	5,241,080	.....	5,241,080
Japan and possessions:				Greek-Turkish aid.....	101,850,744	.....	101,850,744
Japan: Army.....	1,224,781,805	.....	1,224,781,805	Lend-lease.....	34,800,000	34,800,000	.....
Ryukyu Islands.....	44,235,262	4,048,185	40,187,077	U. S. S. R.....	11,025,985,801	10,783,205,189	242,780,612
American Red Cross.....	12,558	.....	12,558	American Red Cross.....	17,005,388	15,205,189	1,800,199
Army.....	21,361,891	.....	21,361,891	UNRRA.....	186,380,413	.....	186,380,413
Navy.....	18,447,932	4,048,185	14,399,747	Lend-lease.....	10,822,600,000	10,768,000,000	54,600,000
Army and Navy.....	4,412,881	.....	4,412,881	Yugoslavia.....	331,001,094	32,228,267	298,772,827
Miscellaneous Islands: Navy.....	86,423	73,825	12,598	American Red Cross.....	719,122	.....	719,122
Korea.....	238,652,893	.....	238,652,893	UNRRA.....	229,081,972	1,028,267	298,053,705
Korean aid:				Lend-lease.....	31,200,000	31,200,000	.....
Dollar fund.....	7,035,052	.....	7,035,052	Trust Territory of the Pacific:			
Counterpart fund.....	3,743,330	.....	3,743,330	Caroline Islands: Navy.....	815,179	90,483	724,696
Army.....	227,328,200	.....	227,328,200	Marianas Islands: Navy.....	5,109,043	1,595,305	3,513,738
UNRRA.....	546,311	.....	546,311	Marshall Islands: Navy.....	446,951	241,412	205,539
Netherlands and possession.....	315,863,956	108,724,641	207,139,315	International Organizations:			
Netherlands.....	308,133,584	105,100,000	203,033,584	Intergovernmental Committee on Refugees.....	5,667,719	2,017,874	3,649,845
American Red Cross.....	121,889	.....	121,889	IRO and ICR.....	3,649,845	.....	3,649,845
European recovery program.....	173,613,065	.....	173,613,065	War Refugee Board.....	2,017,874	2,017,874	.....
UNRRA.....	1,898,630	1,898,630	.....	International Children's Emergency Fund.....	58,287,524	.....	58,287,524
Lend-lease.....	132,500,000	105,100,000	27,400,000	International Refugee Organization.....	141,668,628	.....	141,668,628
Indonesia: Army.....	7,730,372	3,624,641	4,105,731	Refugee assistance.....	8,937,000	.....	8,937,000
Norway.....	67,257,068	31,270,330	35,986,738	IRO and ICR.....	132,731,628	.....	132,731,628
American Red Cross.....	241,045	70,330	170,715	United Nations.....	8,000,000	.....	8,000,000
European recovery program.....	35,044,673	.....	35,044,673	UNRRA.....	420,430,005	55,714,221	364,715,784
UNRRA.....	771,350	.....	771,350	Unclassified areas:			
Lend-lease.....	31,200,000	31,200,000	.....	Europe.....	620,143,644	435,368,926	184,774,718
Philippines.....	434,975,747	52,514,589	382,461,158	British zone (Army).....	231,518,718	123,855,456	107,663,262
American Red Cross.....	458,384	447,119	11,265	United States zone (Army).....	272,157,026	221,510,743	50,646,283
Army.....	80,412,702	52,067,470	28,345,232	Balkans (Army).....	90,003,445	90,002,727	718
Philippine War Damage Commission (private claims).....	174,696,145	.....	174,696,145	Other Europe.....	26,464,455	.....	26,464,455
Philippine rehabilitation:				European recovery program.....	12,408,197	.....	12,408,197
Office of Foreign Liquidation Commissioner.....	100,000,000	.....	100,000,000	European recovery program counterpart funds.....	13,673,770	.....	13,673,770
Public reconstruction and rehabilitation.....	71,708,696	.....	71,708,696	Greek-Turkish aid.....	382,488	.....	382,488
UNRRA.....	7,699,820	.....	7,699,820	Miscellaneous (world).....	1,243,342,940	1,236,615,937	6,727,003
Poland.....	387,470,494	22,284,833	365,185,661	American Red Cross.....	8,271,774	6,177,091	2,094,683
American Red Cross.....	913,494	58,393	855,101	Public Law 84.....	4,532,320	.....	4,532,320
UNRRA.....	374,057,000	10,026,440	364,030,560	War Refugee Board.....	1,338,846	1,338,846	.....
Lend-lease.....	12,500,000	12,200,000	300,000	Lend-lease.....	1,229,200,000	1,229,100,000	100,000
Portuguese Possession: Cape Verde Islands, American Red Cross.....	971	971	.....			

TABLE 4.—Foreign credits utilized by agency: July 1, 1940, through June 30, 1949; war period, July 1, 1940, through June 30, 1945; postwar period, July 1, 1945, to June 30, 1949

Type of assistance	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period, July 1, 1945, to June 30, 1949	Type of assistance	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period, July 1, 1945, to June 30, 1949
Total.....	\$11,316,570,495	\$1,236,697,852	\$10,079,872,643	State Department:			
Agriculture Department (AGR).....	214,353,092	.....	214,353,092	Proper.....	\$11,465,935	.....	\$11,465,935
Economic Cooperation Administration (ECA).....	854,409,381	.....	854,409,381	Institute of Inter-American Affairs (IIAA).....	247,180	\$217,180	30,000
Export-Import Bank (EIB).....	2,944,430,190	459,484,928	2,484,945,262	Office of Foreign Liquidation Commissioner (OFLO).....	1,093,710,842	.....	1,093,710,842
Maritime Commission (MC).....	229,001,030	.....	229,001,030	Treasury Department:			
National Military Establishment: Army Department (ARMY).....	27,339,120	.....	27,339,120	Proper (TREAS).....	8,750,000,000	.....	3,750,000,000
Reconstruction Finance Corporation (RFC).....	503,984,238	417,157,251	86,826,987	Foreign Accounts and Collections Division (FACD).....	1,669,609,507	329,838,493	1,339,771,014
				War Assets Administration (WAA).....	18,019,930	.....	18,019,930

TABLE 5.—Foreign credits utilized—by country, by agency: July 1, 1940, through June 30, 1949; war period, July 1, 1940, to June 30, 1945; postwar period, July 1, 1945, to June 30, 1949

Country	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period, July 1, 1945, to June 30, 1949	Country	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period, July 1, 1945, to June 30, 1949
Total.....	\$11,316,570,495	\$1,236,697,852	\$10,079,872,643	Bahrain: Reconstruction Finance Corporation.....	\$17,047,575	\$17,047,575	-----
American Republics.....	703,017,669	374,271,276	328,746,393	Belgium-Luxemburg.....	221,645,837	-----	\$221,645,837
Export-Import Bank.....	565,715,727	280,446,816	285,268,911	Economic Cooperation Administration.....	50,900,000	-----	50,900,000
Maritime Commission.....	12,197,440	-----	12,197,440	Export-Import Bank.....	132,000,000	-----	132,000,000
Reconstruction Finance Corporation.....	4,594,974	2,541,418	2,053,556	Office Foreign Liquidation Commissioner.....	38,560,000	-----	38,560,000
Institute of Inter-American Affairs.....	247,180	217,180	30,000	Foreign Accounts and Collections Division.....	185,837	-----	185,837
Office Foreign Liquidation Commissioner.....	11,094,058	-----	11,094,058	British Commonwealth.....	5,510,179,217	607,461,525	4,902,717,692
Foreign Accounts and Collections Division.....	109,017,337	91,065,862	17,951,475	United Kingdom.....	5,138,216,860	434,281,061	4,703,935,799
War Assets Administration.....	150,953	-----	150,953	Economic Cooperation Administration.....	313,000,000	-----	313,000,000
Argentina: Export-Import Bank.....	594,785	390,000	204,785	Reconstruction Finance Corporation.....	390,000,000	390,000,000	-----
Bolivia.....	22,302,393	4,510,228	17,792,165	Office Foreign Liquidation Commissioner.....	60,000,000	-----	60,000,000
Export-Import Bank.....	19,899,754	2,129,754	17,770,000	Treasury.....	3,750,000,000	-----	3,750,000,000
Reconstruction Finance Corporation.....	2,402,639	2,380,474	22,165	Foreign Accounts and Collections Division.....	625,216,860	44,281,061	580,935,799
Brazil.....	182,804,079	95,692,339	87,111,740	Australia.....	16,621,719	8,371,719	8,250,000
Export-Import Bank.....	166,592,682	95,692,339	70,900,343	Office Foreign Liquidation Commissioner.....	7,750,000	-----	7,750,000
Maritime Commission.....	6,242,400	-----	6,242,400	Foreign Accounts and Collections Division.....	8,871,719	8,371,719	500,000
Reconstruction Finance Corporation.....	1,998,031	-----	1,998,031	British East Africa: Office Foreign Liquidation Commissioner.....	81,655	-----	81,655
Office Foreign Liquidation Commissioner.....	7,970,966	-----	7,970,966	British Honduras: Reconstruction Finance Corporation.....	481,755	468,258	13,497
Chile: Export-Import Bank.....	75,518,655	22,467,330	53,051,325	Canada (including Newfoundland and Labrador).....	172,785,000	32,785,000	140,000,000
Colombia.....	42,464,208	22,435,330	20,028,878	Export-Import Bank.....	165,685,000	25,685,000	140,000,000
Export-Import Bank.....	41,639,818	22,435,330	19,204,488	Reconstruction Finance Corporation.....	7,100,000	7,100,000	-----
Reconstruction Finance Corporation.....	28,170	-----	28,170	India.....	176,110,782	131,555,487	44,555,295
Office Foreign Liquidation Commissioner.....	796,220	-----	796,220	Office Foreign Liquidation Commissioner.....	13,063,636	-----	13,063,636
Costa Rica: Export-Import Bank.....	7,259,607	7,174,607	85,000	Foreign Accounts and Collections Division.....	163,047,146	131,555,487	31,491,659
Cuba: Export-Import Bank.....	56,168,473	45,678,473	10,490,000	New Zealand: Office Foreign Liquidation Commissioner.....	4,332,732	-----	4,332,732
Dominican Republic: Export-Import Bank.....	3,283,932	3,283,932	-----	Pakistan: War Assets Administration.....	136,464	-----	136,464
Ecuador.....	12,179,580	5,566,654	6,612,926	Union of South Africa: Office Foreign Liquidation Commissioner.....	1,412,250	-----	1,412,250
Export-Import Bank.....	11,529,170	5,405,710	6,123,460	Burma: Office Foreign Liquidation Commissioner.....	5,042,501	-----	5,042,501
Reconstruction Finance Corporation.....	166,134	160,944	5,190	China.....	346,973,636	118,501,339	228,472,297
Office of Foreign Liquidation Commissioner.....	484,276	-----	484,276	Export-Import Bank.....	201,159,765	118,501,339	82,658,426
Haiti.....	10,830,953	10,320,000	510,953	Maritime Commission.....	16,387,120	-----	16,387,120
Export-Import Bank.....	10,680,000	10,320,000	360,000	Army Department.....	20,000,000	-----	20,000,000
War Assets Administration.....	150,953	-----	150,953	Office Foreign Liquidation Commissioner.....	59,081,782	-----	59,081,782
Honduras.....	1,117,519	895,000	222,519	Foreign Accounts and Collections Division.....	50,344,969	-----	50,344,969
Export-Import Bank.....	1,000,000	895,000	105,000	Czechoslovakia.....	30,377,258	794,444	29,582,814
Office Foreign Liquidation Commissioner.....	117,519	-----	117,519	Export-Import Bank.....	22,778,151	794,444	21,983,707
Mexico.....	110,012,273	16,218,279	93,793,999	Office Foreign Liquidation Commissioner.....	7,599,107	-----	7,599,107
Export-Import Bank.....	109,795,098	16,001,099	93,793,999	Denmark.....	52,040,989	-----	52,040,989
Institute of Inter-American Affairs.....	217,180	217,180	-----	Economic Cooperation Administration.....	31,000,000	-----	31,000,000
Nicaragua: Export-Import Bank.....	4,650,000	4,650,000	-----	Export-Import Bank.....	20,000,000	-----	20,000,000
Panama: Export-Import Bank.....	2,693,578	2,487,704	205,874	Office Foreign Liquidation Commissioner.....	1,040,989	-----	1,040,989
Paraguay: Export-Import Bank.....	6,200,000	5,405,000	795,000	Egypt.....	15,372,010	-----	15,372,010
Peru.....	5,937,016	-----	5,937,016	Export-Import Bank.....	4,687,579	-----	4,687,579
Export-Import Bank.....	444,159	-----	444,159	Office Foreign Liquidation Commissioner.....	10,684,431	-----	10,684,431
Maritime Commission.....	4,099,500	-----	4,099,500	Ethiopia.....	5,734,540	4,357,778	1,376,762
Office Foreign Liquidation Commissioner.....	1,393,357	-----	1,393,357	Export-Import Bank.....	1,250,000	500,000	750,000
Salvador: Export-Import Bank.....	1,476,000	900,000	576,000	Office Foreign Liquidation Commissioner.....	426,762	-----	426,762
Uruguay.....	16,403,948	7,085,849	9,318,099	Foreign Accounts and Collections Division.....	4,057,778	3,857,778	200,000
Export-Import Bank.....	14,186,688	7,085,849	7,100,839	Finland.....	141,880,604	26,211,330	115,669,274
Maritime Commission.....	1,855,540	-----	1,855,540	Export-Import Bank.....	117,027,262	26,211,330	90,815,932
Institute of Inter-American Affairs.....	30,000	-----	30,000				
Office Foreign Liquidation Commissioner.....	331,720	-----	331,720				
Venezuela: Export-Import Bank.....	7,491,063	5,144,078	2,346,985				
Unclassified: American Republics.....	133,629,602	113,966,473	19,663,129				
Export-Import Bank.....	24,612,265	22,900,611	1,711,654				
Foreign Accounts and Collections Division.....	109,017,337	91,065,862	17,951,475				
Austria.....	23,164,487	-----	23,164,487				
Export-Import Bank.....	11,361,553	-----	11,361,553				
Office Foreign Liquidation Commissioner.....	8,850,712	-----	8,850,712				
War Assets Administration.....	2,952,222	-----	2,952,222				

TABLE 5.—Foreign credits utilized—by country, by agency: July 1, 1940, through June 30, 1949; war period, July 1, 1940, to June 30, 1945; postwar period, July 1, 1945, to June 30, 1949—Continued

Country	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period July 1, 1945, to June 30, 1949	Country	Total, July 1, 1940, to June 30, 1949	War period, July 1, 1940, to June 30, 1945	Postwar period July 1, 1945, to June 30, 1949
Finland—Continued				Liberia: Foreign Accounts and Collection Division	\$14,805,433	\$1,801,259	\$13,004,174
Maritime Commission	\$1,167,520		\$1,167,520	Netherlands and possessions	530,186,663	40,346,554	489,840,109
Office Foreign Liquidation Commissioner	18,671,763		18,671,763	Netherlands	467,319,099	40,346,554	426,972,545
War Assets Administration	5,014,059		5,014,059	Economic Cooperation Administration	144,500,000		144,500,000
France	2,120,378,927		2,120,378,927	Export-Import Bank	205,284,546		205,284,546
Economic Cooperation Administration	172,000,000		172,000,000	Maritime Commission	9,559,840		9,559,840
Export-Import Bank	1,200,000,000		1,200,000,000	Office, Foreign Liquidation Commissioner	18,750,912		18,750,912
Maritime Commission	56,036,250		56,036,250	Foreign Accounts and Collection Division	88,346,554	40,346,554	48,000,000
Office Foreign Liquidation Commissioner	331,857,981		331,857,981	War Assets Administration	877,247		877,247
Foreign Accounts and Collections Division	353,300,000		353,300,000	Indonesia: Office, Foreign Liquidation Commissioner	62,867,564		62,867,564
War Assets Administration	7,184,696		7,184,696	Norway	115,396,463	226,612	115,169,851
Germany	125,535,070	\$4,559	125,530,511	Economic Cooperation Administration	35,000,000		35,000,000
Agriculture Department	34,206,079		34,206,079	Export-Import Bank	50,448,000	226,612	50,221,388
Export-Import Bank	4,596,662	4,559	4,592,103	Maritime Commission	18,963,000		18,963,000
Reconstruction Finance Corporation	2,655,861		2,655,861	Office Foreign Liquidation Commissioner	4,465,790		4,465,790
Office Foreign Liquidation Commissioner	84,076,468		84,076,468	Foreign Accounts and Collection Division	5,900,000		5,900,000
Greece	111,117,241		111,117,241	War Assets Administration	619,673		619,673
Export-Import Bank	14,563,313		14,563,313	Philippines	79,217,764		79,217,764
Maritime Commission	41,298,000		41,298,000	Maritime Commission	2,081,480		2,081,480
Office Foreign Liquidation Commissioner	55,255,928		55,255,928	Reconstruction Finance Corporation	70,000,000		70,000,000
Hungary: Office Foreign Liquidation Commissioner	16,023,655		16,023,655	Office Foreign Liquidation Commissioner	6,051,618		6,051,618
Iceland	2,673,747	590,000	2,083,747	War Assets Administration	1,084,666		1,084,666
Economic Cooperation Administration	1,996,989		1,996,989	Poland	80,969,722	3,547,412	77,422,310
Export-Import Bank	590,000	590,000		Export-Import Bank	43,188,027	3,547,412	39,640,615
Office Foreign Liquidation Commissioner	86,758		86,758	Office Foreign Liquidation Commissioner	37,781,695		37,781,695
Iran	38,107,365	462,429	37,644,936	Portugal and possessions	1,335,866	1,335,866	
Export-Import Bank	462,429	462,429		Portugal: Export-Import Bank	1,270,866	1,270,866	
Office Foreign Liquidation Commissioner	29,103,895		29,103,895	Angola: Export-Import Bank	65,000	65,000	
Foreign Accounts and Collection Division	8,541,041		8,541,041	Saudi Arabia	27,038,130	8,558,773	18,479,357
Iraq: Office Foreign Liquidation Commissioner	889,350		889,350	Export-Import Bank	10,000,000		10,000,000
Ireland: Economic Cooperation Administration	39,012,392		39,012,392	Office Foreign Liquidation Commissioner	1,880,000		1,880,000
Italy	380,820,067	13,376,265	367,443,802	Foreign Accounts and Collection Division	15,158,130	8,558,773	6,599,357
Economic Cooperation Administration	67,000,000		67,000,000	Spain: Export-Import Bank	13,681,074	13,681,074	
Export-Import Bank	104,525,761	13,376,265	91,149,496	Sweden: Export-Import Bank	6,266,000	4,111,000	2,155,000
Maritime Commission	65,222,110		65,222,110	Thailand (Siam): Office Foreign Liquidation Commissioner	6,215,270		6,215,270
Office Foreign Liquidation Commissioner	144,072,196		144,072,196	Turkey	34,117,844		34,117,844
Japan	239,534,833		239,534,833	Export-Import Bank	21,902,783		21,902,783
Agriculture Department	180,147,013		180,147,013	Maritime Commission	6,088,270		6,088,270
Export-Import Bank	25,909,910		25,909,910	Office Foreign Liquidation Commissioner	6,126,791		6,126,791
Army	7,339,120		7,339,120	U. S. S. R.: Foreign Accounts and Collection Division	221,916,703		221,916,703
Reconstruction Finance Corporation	12,104,073		12,104,073	Yugoslavia: Foreign Accounts and Collection Division	900,000		900,000
Office Foreign Liquidation Commissioner	14,034,717		14,034,717	International organizations, United Nations: State	11,465,935		11,465,935
Korea: Office Foreign Liquidation Commissioner	24,927,596		24,927,596				
Latvia: Export-Import Bank	10,782	10,782					
Lebanon: Office Foreign Liquidation Commissioner	1,550,280		1,550,280				

Sources: Latest releases from Clearing Office of Foreign Transactions, Department of Commerce, Department of State, Treasury, Export-Import Bank, National Military Establishment, RFC, Maritime Commission, UNRRA, International Monetary Fund and International Bank, plus official tabulations by the Legislative Reference Service, Library of Congress.

Mr. KEM. Mr. President, will the Senator from Nebraska yield for a question?

Mr. WHERRY. I would prefer to finish my remarks, and then I shall be very glad to yield for questions.

An additional table furnished by the Legislative Reference Service, brings this information on appropriations up to date through the current fiscal year, adding another \$6,344,880,029 to the foreign aid total, making the figures as follows:

In total grants and credits for the period ended June 30, 1949, \$29,356,768,280.

Amount appropriated for fiscal 1950, \$6,344,880,029.

Our subscription to the contingent fund of the International Bank for Reconstruction, \$2,500,000,000.

Estimate of expenditures to international agencies and disbursements by military agencies in foreign areas since the war, \$20,000,000,000.

Mr. President, the total is \$58,201,648,309.

This does not include 1 dime for the shooting war. Neither does it include 1 dime of war lend-lease.

There has been excluded, particularly, \$46,073,700,000 for lend-lease during the war, which could be credited to help in winning the war.

I ask that the additional table be printed in the RECORD at this point as part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

[Library of Congress Legislative Reference Service]

SUMMARY OF FOREIGN AID APPROPRIATED, FISCAL YEAR 1950

During the fiscal year 1950, comprising a period from July 1, 1949, through June 30, 1950, the following totals have been appropriated:

1. European recovery program, July 1, 1949, to June 30, 1950-----	\$3,628,380,000
2. European recovery program: Loan funds through the Export-Import Bank-----	150,000,000
3. Aid to Greece and Turkey-----	45,000,000
4. Government and relief in occupied areas: Economic relief in occupied areas-----	925,000,000
5. Military aid program-----	1,450,000,000
6. Aid to Korea-----	60,000,000
7. International Refugee Organization-----	70,000,000
8. Relief of Palestine Refugees-----	16,000,000
Total-----	6,344,380,000

Mr. WHERRY. If wartime lend lease were included in the total, the total aid and credits would be the staggering sum of \$104,275,348,309.

Authorities have stated that the cost of World War II when finally ascertained will be more than \$350,000,000,000.

The statement has recently been made by former Secretary of War Gordon Gray that World War II will have cost the United States \$1,300,000,000,000 before it is finally paid for.

Think of that, fellow Americans. Let us think of that when we are making these commitments. Somebody will have to pay the bill. When and where will it be paid, and who will pay it? What about the stability of the United States of America? The time to consider these questions is now, when authorizations are asked for, as well as later, when appropriations are requested.

Mr. Hoffman used that cost reference in his testimony before the Senate Foreign Relations Committee as added emphasis to what he called the small amount of money requested for ECA.

In my opinion, it is impossible to compare the cost of a hot war with the cold war we are now experiencing.

At the same time it is misleading to use the \$2,950,000,000 now being asked for by ECA, or all of the ECA funds thus far authorized, in comparison with the cost of war, or as anything but a small proportion of our accumulated foreign aid, which is now over \$58,000,000,000, or \$104,000,000,000 if we include lend-lease.

Our efforts to bolster the economies of western European countries have been costly and ineffectual in accomplishing the integration of European trade and commerce, and might eventually result in their independence and our relief from the millstone around our necks.

We have enabled foreign nations, through our gifts, to reduce their internal debts, balance their national defi-

cits, build up their gold reserves, and increase their over-all production to 20 percent above prewar levels.

We have sat helplessly by while our free-enterprise dollars are used to foster socialistic forms of government.

We have continued aid, and the ECA countries are still asking for more, to countries who are carrying on active trade with Red Russia, in contravention to our national efforts, and with materials supplied in whole or in part by American dollars.

As several of my colleagues have stated in the past few days, Great Britain has entered into 96 trade agreements with Russia since the war, and both France and Great Britain have nonaggression pacts with U. S. S. R.

British steel, French steel, and Belgian steel is going behind the iron curtain, and we have been powerless to prevent it, or to stop the transshipment of American products by our so-called co-operating countries.

The very idea of putting any requirements upon our dollars in the way of protections to our trade, or limitations upon what our debtor nations may do with the dollars we are giving them, is repugnant to the State Department and to ECA.

The blank check is shoved in front of us.

Ask no questions, Mr. American Taxpayer.

Every country in the world has its hands, up to the elbows, in the American taxpayers' pocket, and we are being asked for more.

Last week press statements referred to conversations between Great Britain and the United States in which the United Kingdom is stated to have asked for more United States help in shouldering her burden of debt to the Sterling bloc nations of the Far East. Those conversations took place last September 7, Mr. President, right in our own backyard, yet the American people and the Congress have been kept in the dark about such proposals.

And I assure the Senate it has been impossible for one Senator of the United States, the junior Senator from Nebraska, to find out from the Office of the Secretary of the Treasury what was said or agreed to at that meeting.

It was a secret until it broke in the press on April 24, but evidently the British make no bones about what it is they are seeking.

The following is a quotation from the New York Journal of Commerce, of Tuesday, April 25, 1950. It is entitled "Britain Asks United States Share Debt Load. Wants Aid on Pakistan, India, Asia Obligations." I read a portion of it:

The British Government has proposed the United States take over a big share of Britain's economic burden in India, Pakistan, and southeast Asia. The British plan would call for the United States to pay off in dollars to such countries as India and Pakistan part of Britain's \$9,000,000,000 wartime debt to sterling bloc nations.

Mr. President, I ask that the article be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRITAIN ASKS UNITED STATES SHARE DEBT LOAD—WANTS AID ON PAKISTAN, INDIA, ASIA OBLIGATIONS

WASHINGTON, April 24.—The British Government has proposed the United States take over a big share of Britain's economic burden in India, Pakistan, and southeast Asia.

Officials disclosed today the British Embassy has put forward this idea in an exploratory proposal now under consideration by high administration officials.

The British plan would call for the United States to pay off in dollars to such countries as India and Pakistan part of Britain's \$9,000,000,000 wartime debt to sterling-bloc nations.

FOLLOWS DOLLAR CRISIS TALKS

The main idea behind the suggested program is to help non-Communist countries in Asia fight off Communism while at the same time ease the huge debt which is jeopardizing Britain's economic comeback.

The British memorandum stems from last fall's American-British-Canadian dollar crisis talks. At that time, it was decided to examine the sterling debt and other economic problems to determine what steps could be taken.

The United States long has been urging Britain to get its creditors to agree to scale down these debts. But the countries like India which need financial aid have resisted this.

Informed officials said the British paper is the first concrete proposal of what might be done even though it is highly tentative and intended mainly for discussion.

They added, in response to questions, that the paper does not go into detail on what return the United States could expect for helping Britain pay off the sterling debt.

Presumably the dividends would be measured in cold war gains—a healthier southeast Asia and a sounder British economy to bolster western Europe.

Mr. WHERRY. Two weeks before that, Sir Stafford Cripps, the British Chancellor of the Exchequer, in an official announcement, boasted that in the first quarter of 1950 the sterling area had earned a net gold and dollar surplus of \$40,000,000, the first surplus since before the war.

British gold and dollar reserves rose by \$296,000,000 during the quarter, so that on March 31, they stood at \$1,984,000,000, closely approaching the \$2,000,000,000 which Sir Stafford considers a safe point in British economy.

The socialistic British Government has been supported by ECA dollars for 2 years. Its hand is outstretched for another \$687,000,000 of ECA money—free money—for the coming fiscal year, and Britain has been trying to wangle another separate and special loan to ease British debt obligations to India and south Asia.

The quarterly surplus referred to by Sir Stafford Cripps means only that Britain has \$40,000,000 which she can apply against her internal debt.

As of March 31, 1950, the British internal debt was \$66,112,622,800.

Their external debt was \$6,139,285,600, most of which is owed to the United States. Their frozen debts, incurred to their own Dominions during the war—and this is the important part—was

\$14,000,000,000 and has been reduced to \$9,000,000,000.

It is that latter \$9,000,000,000 that Britain is trying to get us to take over for her on another "hold-back-the-tide-of-communism" plea.

Mr. President, for the past year we have been importuned with the idea of "embarking upon a great world program to help the underdeveloped areas of the world."

The President of the United States announced it as a "bold, new program" in his inaugural address of January 20, 1949, and again in a special message to Congress on June 24, 1949.

The only thing that is new about it is the name—point 4.

It is the same old give-away program we have been "new-dealing" in for the past 10 years.

We are just not doing enough to suit our world-minded Government do-gooders.

Fifty-eight billion dollars, plus \$46,000,000,000 in lend-lease, is not enough.

We must dress up the old programs, give them some more money, and a new 5-year lease on life.

Once the point 4 is on the books, we will find ourselves saddled with a new "gimmick" and told we are duty-bound to support our commitment—ad infinitum.

The \$45,000,000 asked for today will just lay the cornerstone of what is to follow.

We are told that there are limitations, but I have been in the Senate 8 years, and I find that once an agency gets its toe in the door, it says, "Oh, yes, it was authorized; now let us get the appropriation." Just as sure as the sun rises that is what is going to happen, in my opinion, if this allocation is made.

This is what the Secretary of State, Dean Acheson, said when he testified on the point 4 legislation before the Senate Foreign Relations Committee on March 30, 1950. I quote his statement in part:

But our foreign policy is not based on security alone. We have never been satisfied merely to resist a threat—of communism or any other ism. Our policy is broader than this. It is essentially constructive. It is based on the assumption that, in the world as it is today, our own welfare is closely related to that of other peoples. * * *

The bill now before you (the point 4 amendment) establishes economic development of underdeveloped areas for the first time as a national policy.

For the first time it is a national policy.

The line of approach has shifted. The Marshall plan ballyhoo, which for 2 years has been dinning "hold back the tide of communism" in our ears, is moving into another area of appeal. All the stops are out, it is a real tear jerker, we must underwrite all of the economic ills of the world in order to stop communism, and for our national security. That is the new cry.

Mr. President, with all the statements which have been made, the truth is that we are losing the cold war, despite the billions we have poured into Europe. General Bradley says we are losing the cold war. High Commissioner McCloy, in Germany, says we are losing the cold war. Everybody can see the way Russia

is taking over China and sending shivers through the South Pacific.

Mr. President, is it not about time that we take stock of our situation, and consider how fast we are going down the road of bankruptcy? Is it not about time to ask questions?

The most deceptive snare is that the proponents of the point 4 proposals have ignored the grants-in-aid, the financial assistance, and all manner of scientific and technical guidance that has been given to all the so-called underdeveloped areas of the world by the United States Government over a period of years, exclusive of ECA.

Mr. President, I turn to tabulations 3 and 5 in the Legislative Reference Report, to which I referred earlier. These tabulations give a break-down, by countries, of all the grants and credits that have been made by the United States over the past 10 years, and the account source of the funds so donated.

The American republics have received \$454,466,309 in grants and \$703,017,669 in credits, a total of \$1,157,483,987 in RFC loans and scientific and technical assistance. The countries so benefited include Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Salvador, Uruguay, and Venezuela.

"Come one, come all." That is the slogan. "Get in, get some money from Uncle Sam." Let us close the dollar gaps throughout the world. Everybody get in for the big give-away show.

Africa, the Far and Near East, British East Africa, Union of South Africa, Egypt, Ethiopia, Algeria, French Equatorial Africa, French Morocco, Liberia, Lebanon, Iran, Iraq, Bahrain, Saudi Arabia, India, Burma, Siam, China, Indochina, Indonesia, Japan, Korea, Hong Kong, Pakistan, the Philippines, the Ryukyus Islands have received aid in amounts varying from thousands to millions of dollars. And this does not include ECA money and materials and counterpart funds which may be spent by European countries in their dependent areas.

Later I shall go into more detail on just what those programs have been.

EUROPEAN PAYMENTS UNION

Mr. President, the Foreign Assistance Act of 1948 clearly sets forth in its declaration of policy that—

The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plans, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers.

The first objective was to rehabilitate Europe's industrial machine and restore manufactures and agriculture. The second, and interlocking, objective is to bring about greater trade and interchangeability of currencies between the European nations, in order to promote

interdependence upon themselves and less dependence upon American dollars.

Having established the beachhead of increased production effort in the 16 participating countries, ECA is now faced with the fact that it must accomplish the trade unification of Europe, or it has no reason for further existence.

ECA must make the second half of its policy work, or the production effort will tumble like a house of cards when ECA dollars are withdrawn.

At this crucial point there are signs of reviving nationalism in many of the cooperating countries, and prewar rivalries and struggles for trade supremacy have been reopened. Trade unification of Europe, if it still is as desirable as it seemed, is certainly as far away as at any time in the postwar period.

In recent hearings before the Senate Foreign Relations Committee, February 21, 1950, both the Secretary of State and ECA Administrator Hoffman spoke in glowing terms of the production gains which have been made by the 16 Marshall-plan countries.

An average of 20 percent above 1935–38 production levels has been attained. An increase up to 40 percent has been reached in some countries in manufacture. Gains in agricultural production have been less marked.

Testimony has indicated, however, that real progress toward convertibility of currencies and elimination of other trade barriers between the European nations has not been accomplished.

Various plans have been tried in the past 2 years. At present there is in effect, but due to expire on June 30, an intra-European payments agreement between ECA and the 16 Marshall-plan countries.

A part of the ECA dollar aid apportioned to each country, which it needs to pay for necessary imports from the dollar area, is given only on condition that the recipient country extends a grant-in-aid in the same amount in its own currency to the other participating countries with which it has a trade deficit.

Belgium, for example, receives dollar financing to pay for goods and services from the United States and elsewhere in the dollar area, on condition that it make a grant of Belgian francs to Greece with which Greece can buy steel in Belgium.

In other words, ECA dollars act as the come-on to persuade two of the participating countries to trade with each other. However, the limitation has been that the intra-European payments plan is based on a series of bilateral arrangements between pairs of countries, rather than providing for multilateral trade movements.

The drawing rights that Belgium might give Greece can be used only in Belgium. Greece cannot shop around and buy its steel in the most advantageous market.

However, the ECA dollar stimulus has not been sufficient up to this point to induce the individual countries to bring their trade into balance.

Therefore, Administrator Hoffman is anxious to try another step, which he

hopes will make European currencies freely convertible into one another. He also has hopes it will further break down quantitative restriction, price differentials, and tariff barriers which are still very much in evidence between the European nations.

This new step is called the European Payments Union. It might almost be called a figment of Mr. Hoffman's imagination at this point, for certainly it has not reached the point of being acceptable to the countries who will participate, nor is it clear how Mr. Hoffman proposes to go about setting up what amounts to a separate European monetary fund.

We will not see the European Payments Union identified as such in the present legislation. In fact, we will not find much discussion of it anywhere.

In the bill, at the top of page 2, it is proposed to add a paragraph (d) to section 111 of the Economic Cooperation Act of 1948.

The paragraph reads:

(d) The Administrator is authorized to transfer funds—

Note the expression, Mr. President, "transfer funds"—

not to exceed a total of \$600,000,000 directly to any central institution—

To any central institution, if you please—

or other organization formed to further purposes of this act by two or more participating countries, or to any participating country or countries in connection with the operation of such institution or organization, to be used on terms and conditions specified by the administration, in order to facilitate the development of transferability of European currencies, or to promote liberalization of trade by participating countries with one another and with other countries.

According to this rather vague wording, the ECA Administrator will be able to transfer \$600,000,000 of ECA funds to an outside institution or organization, on terms and conditions which he personally sets up, to promote the hoped for trade integration.

Thus far Mr. Hoffman has not needed any additional legislative authority to run the present or previous intra-European payments plans, because they involved only the withholding of ECA dollars if a country did not extend a grant-in-aid in its own currency to the other participating country with which it has a trade deficit.

It is amazing that the Administrator has found it necessary to ask for authority in addition to that already contained in the ECA act.

If paragraph (d) can be called a firm definition, it is evidently needed in order that ECA may immobilize \$600,000,000 and transfer it, I think, to a separate institution.

And what do we know about the European payments union proposal? There is not much in the report about it, and it has not been discussed fully, at least on the floor of the Senate, by any member of the Foreign Relations Committee. It has been presented, yes, but its ramifications have not been explained.

Nothing but the briefest of explanations have been offered by officials of ECA who thought it up.

Mr. Acheson addressed himself to it in general terms in Senate Foreign Relations Committee hearings; Mr. Hoffman testified in slightly more detail; and Mr. Bissell of ECA attempted to clarify the proposal.

So far as I know, the committee has not asked for testimony on the European Payments Union proposal from representatives of the International Monetary Fund, the International Bank, from participating countries, or from experts in international trade and banking who would be in a position to advise us as to its feasibility under existing law, or its conflict with the interests of American industry and business.

In my opinion, Mr. Hoffman is now sending up another expensive trial balloon, this time with \$600,000,000. It will be added to the \$800,000,000 he spent on a similar, and unsuccessful plan, during the present fiscal year.

Testimony has shown an equal amount, or more as admitted by Mr. Bissell, was spent in the same effort during the first year of ECA.

Mr. President, there is no doubt about the integration of European currencies and trade being a pressing problem. I agree to that. I mentioned it time and time again when the first authorization was made. That is why I felt the loan should be made through some sort of international RFC which could accomplish this integration so that individuals in the other countries could take a part of the responsibility, put up a part of their own capital. But no, that has not been done.

Two years of the Marshall plan have gone by and integration, one of the important principles of the plan, has not been accomplished. I am speaking about the elimination of trade barriers and the convertibility of currency.

It stands out crystal clear that the European countries are not cooperating to the extent necessary to foresee their possible independence from ECA support at any near point in the future. If they were, Mr. Hoffman would not ask for the \$600,000,000.

It is plain that we are about to prime the pump with another \$600,000,000 in order to persuade certain European countries to do business with each other, perhaps with a few more requirements this time, but certainly with the same idea of taking up the slack in their trade deficits.

Mr. President, at what point is western Europe going to stand on its own feet? That is a question which ought to be answered. At what point is it going to stand on its own feet? If the plan is to end in 1952 what, then, is going to happen to the ECA countries? What about trade barriers, what about convertibility of currencies then, if we are not giving them any more money?

Is the United States the only party to the plan that is cooperating?

The only satisfactory information that has been published about the European payments union proposals that I can find is contained in a report by the Senate ECA "watchdog committee," for which the junior Senator from Nebraska is grateful. This is Senate Document No. 144, issued March 8, 1950.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. WHERRY. I asked that I be permitted to continue until I had concluded my presentation, but I shall be glad to yield for a unanimous-consent request.

Mr. LODGE. On this particular point I wanted to ask the Senator from Nevada whether the report had been approved by the membership of the watch-dog committee.

Mr. WHERRY. It is published without comment.

Mr. LODGE. It was not approved?

Mr. WHERRY. I do not know whether all the members of the committee have gone into all of it; I do not know whether all the members of the committee have signed the report; but I understand they are continuing to investigate the program. Whether they are in total agreement with the report, I cannot tell the Senator. I will say, however, that they raised the very point respecting the pending legislation that I am raising. We established the watch-dog committee for that purpose. I am glad the committee is functioning. Until we create some other committee to watch the funds and find out how the program is working, I shall continue to look to the watch-dog committee for whatever advice it can furnish on these questions, respecting matters I cannot find anywhere in the report issued by the committee, and which I cannot find in the evidence of Mr. Hoffman or in the evidence of Dean Acheson.

Mr. LODGE. The report was not approved by the watch-dog committee, although it had the opportunity to approve it if its members wanted to.

Mr. WHERRY. I do not know. I have great faith in the chairman of that committee, whether the committee has approved it or not. The report of the watch-dog committee was issued on March 8, 1950, as Senate Document No. 144. To my knowledge this is the first time the point has been brought to the attention of the Senate that the watch-dog committee did not approve. That does not really make any difference so far as the point I am making is concerned.

In it ECA has submitted a memorandum on the proposed European Payments Union, which the committee published without comment. This memorandum is followed by a staff report on the proposed European clearing organization, which I have found very revealing. I recommend that each Senator read the committee's report before final action comes on the ECA legislation.

page 6:

Following are a few excerpts from it—page 6:

Mr. Hoffman apparently feels that the ECA makes a poorer showing in bringing about European integration and removing intra-European trade barriers than on other aspects of its program. Some people believe that Mr. Hoffman hoped to bring home from his recent trip to Europe an agreement to establish a clearing organization as evidence to Congress that something tangible had been accomplished in this direction.

The European response to the ECA proposal has been disappointing to the ECA. The Marshall-plan countries have agreed to

study the matter to see if something can be worked out, but nothing more.

The ECA clearing house proposal apparently stirred up a certain amount of conflict among the United States agencies represented on the National Advisory Council on International Monetary and Financial Problems (Treasury, State, Commerce, Federal Reserve, Export-Import Bank, and ECA). It was necessary for the ECA to change the original proposal which it sent to the European countries and on which these countries had been working for a month before the approval of the National Advisory Council was obtained.

Does the Senator from Massachusetts agree with that statement?

Mr. LODGE. I did not hear the Senator.

Mr. WHERRY. Very well, I will not repeat it.

Mr. LODGE. I was engaged in consultation. If the Senator will repeat it—

Mr. WHERRY. What I stated runs to the very question the Senator asked. The Senator can find it in the RECORD between now and tomorrow's session, and I hope he will answer the question.

As to conflicting views of United States agencies the report states:

The first is the relation of the Payments Union to the International Fund. Ever since the Bretton Woods Agreement it has been the policy of the United States to work toward the free convertibility of all the world's currencies and the International Monetary Fund has been the instrument for attaining this objective. * * *

The other major issue which appears to exist in the minds of the National Advisory Council members is the question as to whether or not it is desirable for the United States to foster in Europe a regional soft-currency area which is protected from United States competition by trade restrictions, and which develops an artificial economic structure within its walls. To a considerable extent this is what the economic integration of Europe does.

Mr. President, I believe I have read enough to show that the Senate does not know much about the *carte blanche* authority which paragraph (d) proposes to hand over to the ECA Administrator.

It is quite evident that Mr. Hoffman needs new authority, or he would not ask for it—authority even in addition to the broad powers of the ECA Act—in order to establish a regional European Monetary Fund, which I think will be separate and distinct from anything we have had before.

It is evident that the National Advisory Council, established to coordinate Government policies on the International Fund and Bank, has grave reservations in regard to what relation a European Payments Union would bear to the International Monetary Fund. It also doubts whether it is desirable for the United States to foster a regional soft-currency area which could exclude United States competition and could develop an artificial economic structure in western Europe.

It is evident that Mr. Hoffman is promoting an idea that has not been received with any enthusiasm by Marshall plan countries. An article in the New York Times, April 19, entitled "Mystery Over British Aims Delays Monetary Compact," bears the subtitle "Real Issues of Payments Union Await Discussion Till This Uncertainty Ends."

I ask unanimous consent to have this article included in the RECORD as part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MYSTERY OVER BRITISH AIMS DELAYS MONETARY COMPACT—REAL ISSUES OF PAYMENTS UNION AWAIT DISCUSSION TILL THIS UNCERTAINTY ENDS

(By Michael L. Hoffman)

THE HAGUE, THE NETHERLANDS, April 18.—Uncertainty about the intentions of British monetary policy is having a pronounced deterrent effect on the economic progress of Europe.

Unlike previous phases of the prolonged crisis of the pound sterling the tendency in Continental central bank and treasury circles is less to blame the British for doing the wrong thing than to ponder the very grave consequences for the world of what seems to them to be British inability to decide just what it is they are standing for in international monetary affairs.

There is no lack of understanding on the continent of the special problems of the sterling area as it has emerged from the war. There is a great lack of understanding of why Britain will not face these special problems on a technical level and work out some kind of a system that will enable the 15 other monetary areas participating in the Marshall plan to get away from the now very costly bilateralism in their payments relationships.

TECHNICAL PROBLEMS EMPHASIZED

Uncertainty in Europe as to Britain's real intentions explains much of the emphasis on "technical problems" as a factor in delaying agreement on the new European Payments Union. Discussions will resume tomorrow in Paris on this project, which has acquired the status of a kind of fetish both in Europe and in Washington. Everybody says it is something that must be done, but few of those building the structure are certain in their own minds that it is a good thing.

There are no technical difficulties in bringing sterling into a European Payments Union supported by several hundred million dollars of Marshall aid. Any competent European or American financial technician can draft one or more plans that would achieve that result without costing Britain a penny in dollars or gold beyond what she is paying anyway under existing arrangements.

The British are among the best financial technicians in the world and it is inconceivable to their colleagues on the continent that the British don't know the difference between sense and nonsense in matters of this kind. Yet the issues as they emerge from technical discussions are nonsensical in the light of the present pattern of trade and payments in Europe and in world.

QUESTIONS ON BRITISH AIMS

The real issues cannot be discussed until the other parties know what the British want with respect to the real issues. Do they, as many Continental and American experts have come to suspect, want to maintain indefinitely a system that makes them arbiter of the terms of trade of other European countries? Are they afraid that a United States depression is imminent that would make the sterling area a kind of haven for a Europe unable to earn dollars and deprived of Marshall aid? This would make sense to many Continentals. Do the British want to force the creation of a third monetary area that would practice discrimination against the dollar and thus indirectly put sterling in the position of a mediator in world trade?

These are all real issues, but they are not being discussed. Meanwhile, a country like the Netherlands has to face the prospect, if a European payments union is formed without British cooperation, of being de-

prived of its present right to sell freely in the sterling area—the derivative of its right to accept sterling freely in payment for exports. This is a very grave matter for a country whose second largest traditional market is Britain and whose trade is now nearly half financed through sterling.

It is a measure of the fears of British intentions that the Dutch are prepared to accept this outcome if necessary rather than trade indefinitely on British terms. Meanwhile, here and elsewhere in Europe plans are delayed, business is uncertain, and the sense of western solidarity is weakening.

Mr. WHERRY. Mr. President, if it can be assumed that a more effective kind of financial clearing house is necessary to achieve the trade cooperation we seek between Marshall plan countries—and I know of no quarrel with that argument—the proposals suggested in section 102 of the ECA bill are premature and unexplored, and more testimony should be taken, so that we may understand exactly what authority is being requested under this section.

The vague commitments of the proposed paragraph (d) to section 111 of the act, as contained in section 102 of the ECA bill, provide neither definitions nor limitations that would be in the interest of American industry and trade. It simply says, "Here is another \$600,000,000 for you, Mr. Administrator, to play around with as you see fit."

If the Senate wishes to extend new authorities to the administration with respect to a European Payments Union, in my opinion it is more appropriate that such proposals be clearly introduced in separate legislation and subjected to the scrutiny of full committee hearings. I think it is a question to be studied by the Banking and Currency Committee, as well as the Foreign Relations Committee. I do not mean that in this respect the Foreign Relations Committee does not have equal authority with the Banking and Currency Committee, but I think this matter also relates to the banking and currency field. And I think it should be thoroughly explored by means of additional hearings, in order to determine what is sought in connection with this newly requested authority.

III. POINT 4

Mr. President, there seems to be an inclination on the part of the proponents of the point 4 to propound it as a new idea—a bold, new program in our world-saving foreign policy.

Others view the proposed point 4 idea more reasonably as a device for opening up new fields for American business investment and outlet. At least, that is the way it is being sold to the Members of the Senate.

With this latter viewpoint I might feel some sympathy if I could be sure of a foreign investment program that would be a two-way street, and that enterprise so sponsored would be free enterprise, in cooperation with free governments, for the benefit of free peoples.

However, there is no such assurance under existing conditions.

Let me remind the Senate that we are considerably ahead of ourselves in speaking of a program for investment expansion. The bill before us does not contain any such provision; and the proposals for a point 4 program are con-

tained in an amendment offered by the distinguished chairman of the Foreign Relations Committee, limiting point 4 to scientific and technical assistance only. The amendment asks for only \$45,000,000, which is expected to be supplemented by another \$40,000,000 contributed by other nations.

It is ridiculous to imagine that we could raise the standard of living in backward countries, explore their natural resources, and improve their participation in world trade, without the expenditure of billions upon billions of dollars.

No, Mr. President, the \$45,000,000 just starts the ball rolling, and then commits us, I think, for another 5 years. Although it may be said that this particular measure commits us only to the initial authorization, yet once a toe gets in the door, I think it will be very difficult for us to avoid having to make additional authorizations and appropriations in the future.

The junior Senator from Nebraska has not received one letter from an American businessman or firm, large or small, which has urged the passage of a point 4 program.

I doubt seriously that there is any general understanding of its proposals.

In hearings held by the Senate Foreign Relations Committee on March 30 and April 1, which really were held on the broader proposals for international development as contained in the House bill, as I view the matter, and not on the Senate version as reported by the committee, I was amazed to notice that so few witnesses appeared in behalf of the program.

What I deplore most in the promotion of point 4, as a national policy, is that it is assumed we have not already put millions of dollars into underdeveloped areas in the world. We are told that because the ECA concentrates its efforts, in technical assistance for western Europe, we must add a coordinated program to take care of the rest of the world.

One would think we had left these poor people out in the cold on foreign assistance, while devoting all our effort on western Europe.

Nothing could be further from the truth.

If the tabulations I have previously submitted for the RECORD are not sufficiently convincing, I should like to go still further into the amount of scientific, technical, and financial assistance we have extended over a period of years to all corners of the world.

The third semiannual report by the Department of State on its information and educational program states that under the Institute of American Affairs the United States has—

Sent to Latin-American countries approximately 1,700 technicians from the United States Government.

Brought from Latin America over 2,000 younger scientists and technicians for training in United States Government agencies.

Given grants to over 1,500 university students to come to the United States for advanced study.

Sent over 200 United States professors to lecture in Latin-American universities.

Brought to the United States on travel grants approximately 500 bureau chiefs and other key officials from Latin-American countries for observations and discussions.

Since the origination of this earlier program the work of technical assistance has continued on a very much expanded scale, under new authorities set forth in Public Law 402, Eightieth Congress.

Mr. President, the United States Information and Education Exchange Act of 1948 granted to the Department of State much broader authorities than those now being sought under the point 4 amendment to the ECA bill.

Sections 301, 402, and 403 of the act permit the Secretary of State to send technical missions to any part of the world and to call upon every agency of government in accomplishing the programs set forth.

It would seem, then, that what is proposed by this new point 4 amendment is to merge the scientific and technical assistance now being carried on under Public Law 402, and to set up a mushrooming authority to be superimposed upon existing programs.

Point 4 would be separate and additional to the ECA technical and other economic assistance being rendered to western European nations and their dependent areas.

Mr. President, presently under way under the scientific and cultural cooperation program in the State Department are a wide range of scientific and technical projects, not limited to Latin-American countries at all.

For example, Department of Agriculture specialists are now working in Egypt to improve the development of the onion and other vegetable crops.

Believe me, Mr. President, our Government has some employees in South America helping to develop potatoes which will be sent to this country, to be sold on a free-trade basis; and then we shall have to raise our price supports in order to pay American potato farmers the cost of production in the United States and to take care of the surplus besides.

A civil aviation mission is working in Turkey.

Technical assistance by the Bureau of Mines has been extended to Afghanistan, and plans are under way to give metallurgical and mining assistance to Siam and India.

Public Health officers are assisting Iran in an antimalaria campaign.

Meanwhile, scientific and technical assistance is going on full tilt in the American Republics. Everything from library exchanges and child-health programs to even a 1950 Latin-American census are now in progress, believe it or not.

The State Department reports that for the 6-month period January 1950 through June 30, there were 188 United States Government experts abroad on projects from the Department of Agriculture, Commerce, Federal Security Agency, Interior Department, Labor Department, Library of Congress, Smith-

sonian Institution, and the Bureau of the Budget. For the same period 293 technical trainees were in this country on study grants.

All that is exclusive of other informational and cultural programs in progress by the State Department, which include the Voice of America, publications, and motion-picture projects.

In the State Department report it is also stated that during the war period funds were made available from the President's emergency fund for the exchange of specialists with a number of far eastern, near eastern, and African countries.

Technical cooperation activities have been carried out in the Philippines since 1946 under the authority of Public Law 370, Seventy-ninth Congress.

Technical assistance has also been a significant part of the Greek-Turkish aid program, separate from ECA.

The Department of the Army has provided technical assistance in the occupied areas under military government to help such areas become self-supporting.

The different kinds and sources of scientific and technical aid to Latin-America and to the other so-called underdeveloped areas of the world, the Near and the Far East and Africa, run like a checkerboard through Government funds and through the assignment of specialist personnel.

To arrive at the total amount spent by the State Department and other Government agencies in this effort over the past 10 years, would be a technical project in itself, and certainly one which I think the Committee on Foreign Relations should undertake before it proposes legislation for a new program—the point 4 program.

The Department of State estimates that from 1940 to June 30, 1950, \$58,975,300 has been spent in technical cooperation under the Institute of Inter-American Affairs, alone. It would be necessary to add to that the total funds spent in the past 2 years under the Educational and Informational Act.

For the same period, the Legislative Reference Service estimates that over \$81,000,000 has been spent in grants for inter-American technical assistance, and a grand total of \$1,157,483,978 in all aid, loans, and credits to the American Republics.

Aid and loans and credits to other countries of the globe enumerated in the Legislative Reference report, outside ECA countries, has in the past 10 years reached a total of \$5,748,317,178.

In addition, millions have been spent yearly in the so-called underdeveloped areas by private industry, and by religious and other institutions.

This does not look as though the underdeveloped areas are being neglected.

We now come to the consideration of technical assistance programs carried on directly with ECA funds and by the use of counterpart funds.

Under section 111 of the Foreign Assistance Act of 1948, as amended, the Administrator of ECA may approve the

procurement and furnishing of technical information and assistance to the extent he deems necessary and proper.

He may extend to any person, guaranties of investments in connection with ECA projects, or the expansion of existing projects in Marshall-plan countries and dependencies, that he may approve.

He has an authorization of \$150,000,-000 to insure such investments.

As the Senate knows, the United States gets nothing back from ECA funds, ex-

cept 5 percent of the counterpart money, which is supposed to be set aside for use by the United States in either purchasing or developing strategic materials.

As the participating country uses its ECA dollars, it must set up in its own currency a counterpart fund, which the foreign government may use on approved projects within its continental or dependent areas.

ECA reports that, as of February 28, 1950, it has authorized \$6,100,400 in tech-

nical assistance. This will amount to \$8,840,200 by the end of fiscal 1950, and it is estimated that the cumulative total will amount to \$16,359,900 in 1951.

I ask unanimous consent to have included in the RECORD at this point a tabulation showing ECA technical assistance, commitments, actual and estimated, through 1951.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Technical assistance—actual and estimated commitments—by country

[Thousands of dollars]

Country	Fiscal year					Country	Fiscal year				
	1949 (actual)	1950			1951 (esti- mated)		1949 (actual)	1950			1951 (esti- mated)
		First half (actual)	Second half (estimated)	Total				First half (actual)	Second half (estimated)	Total	
Total.....	2,637.6	2,589.3	6,250.9	8,840.2	16,359.9	Denmark.....	21.3	5.5	176.5	182.0	374.4
OEEC.....	0	20.5	277.0	297.5	3,017.8	Austria.....	0	3.8	115.1	118.9	341.9
United Kindgom.....	94.9	426.4	1,448.6	1,875.0	2,684.4	Norway.....	24.9	1-2.8	119.5	116.7	336.9
Greece.....	2,081.1	1,743.1	1,813.8	3,556.9	2,200.7	Ireland.....	1.7	20.7	36.5	67.2	254.8
Turkey.....	0	170.5	851.3	1,021.8	2,058.3	Belgium-Luxemburg.....	0	2.2	25.5	27.7	201.6
France.....	10.6	57.6	408.1	465.7	1,560.1	Sweden.....	0	0	33.3	33.3	152.7
Italy.....	124.7	14.2	314.8	329.0	1,080.2	Trieste.....	0	0	15.0	15.0	50.0
Germany (Federated Republic).....	0	19.8	198.3	218.1	811.5	Iceland.....	0	0	10.0	10.0	25.0
Netherlands.....	8.4	23.3	197.1	220.4	473.0	Unallocated miscella- neous and program costs ¹	0	84.7	175.3	280.0	300.0
Portugal.....	0	0	35.0	35.0	436.7						

¹ Represents cancellations of previously authorized projects.

² Includes management costs which are charged to specific projects on their completion and cannot be determined precisely in advance.

Mr. WHERRY. Now, as to investment guaranties by ECA.

Cumulatively, through February 28, 1950, ECA has issued guaranties totaling \$8,967,823, of which \$6,042,627 is capital investment and \$2,925,196 is to guarantee distribution of information media abroad by private American concerns.

The capital-investment projects include a carbon-black plant, a watch and clock plant, production of sewing-machine parts, medical and pharmaceutical products, drill-chuck manufacturing plant, regulating instruments, miners'

safety lamps, streptomycin, metal spraying equipment, soluble coffee plant, refractories, railway equipment, materials handling equipment, electrical insulating materials, and a stone-cutting yard.

In informational media, ECA has issued guaranties for motion-picture projects, magazine projects, book projects, and newspaper and news-agency projects.

The use of counterpart funds is equally interesting. As of January 31, 1950, local currencies equivalent to \$3,598,200,-000 have been authorized for withdrawal

by ECA for use by Marshall plan countries.

The report issued by ECA as of January 31, 1950, shows the types of program and the country-by-country use of counterpart funds.

Mr. President, I ask unanimous consent to have printed in my remarks the chart which shows the break-down of approvals and withdrawals of European counterpart funds.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

ECA approvals for withdrawal of European counterpart funds and actual withdrawals, cumulative, through Jan. 31, 1950

[Dollar equivalents of the local currency, in millions of dollars]

Purpose	Total		Public Law 472		Public Laws 84 and 389		Purpose	Total		Public Law 472		Public Laws 84 and 389	
	Approved for withdrawal	Withdrawals	Approved for withdrawal	Withdrawals	Approved for withdrawal	Withdrawals		Approved for withdrawal	Withdrawals	Approved for withdrawal	Withdrawals	Approved for withdrawal	Withdrawals
Total.....	3,598.2	3,385.4	3,103.5	2,906.7	494.7	478.7	Promotion of production—Continued						
Monetary and financial stabilization.....	1,114.0	1,114.0	1,068.7	1,068.7	45.3	45.3	Manufacturing.....	150.8	150.8	129.4	129.4	21.4	21.4
Debt retirement.....	1,114.0	1,114.0	1,068.7	1,068.7	45.3	45.3	Primary metals.....	54.6	54.6	49.7	49.7	4.9	4.9
Promotion of production.....	2,079.9	1,882.2	1,647.2	1,464.5	432.7	417.7	Food products.....	24.1	24.1	24.1	24.1		
Agriculture.....	187.2	172.2	153.7	153.7	33.5	18.5	Machinery.....	17.1	17.1	12.1	12.1	5.0	5.0
Land reclamation.....	73.7	73.7	73.5	73.5	.2	.2	Petroleum and coal products.....	11.5	11.5	3.8	3.8	7.7	7.7
Forestry.....	8.0	3.0	2.9	2.9	.1	.1	Fertilizer.....	8.4	8.4	7.0	7.0	1.4	1.4
Other agricultural programs.....	110.5	95.5	77.3	77.3	33.2	18.2	Textiles.....	7.5	7.5	7.5	7.5		
Extractive industries.....	300.1	300.1	266.0	266.0	34.1	34.1	Chemicals and chemical products.....	4.8	4.8	4.1	4.1	.7	.7
Coal mining.....	296.6	296.6	262.5	262.5	34.1	34.1	Pulp, paper, and paper products.....	3.8	3.8	3.8	3.8		
Metal mining.....	3.5	3.5	3.5	3.5			Stone, clay, and glass products.....	8.4	3.4	2.5	2.5	.9	.9
							Rubber and rubber products.....	2.4	2.4	2.4	2.4		
							Other manufactures.....	13.2	13.2	12.4	12.4	.8	.8

ECA approvals for withdrawal of European counterpart funds and actual withdrawals, cumulative, through Jan. 31, 1950—Continued

[Dollar equivalents of the local currency, in millions of dollars]

Purpose	Total		Public Law 472		Public Laws 84 and 389		Purpose	Total		Public Law 472		Public Laws 84 and 389	
	Ap- proved for with- drawal	With- drawals	Ap- proved for with- drawal	With- drawals	Ap- proved for with- drawal	With- drawals		Ap- proved for with- drawal	With- drawals	Ap- proved for with- drawal	With- drawals	Ap- proved for with- drawal	With- drawals
Promotion of production— Continued							Other purposes.....	404.3	389.2	387.6	373.5	16.7	15.7
Transportation, com- munication, and utili- ties.....	1,143.6	1,033.3	806.6	696.3	337.0	337.0	Construction of public buildings and housing facilities.....	146.5	146.0	136.0	136.0	10.5	10.0
Railroads.....	402.3	292.0	272.7	162.4	129.6	129.6	Housing.....	136.8	136.3	130.7	130.7	6.1	5.6
Merchant and fish- ing fleet.....	89.4	89.4	59.8	59.8	29.6	29.6	Public buildings.....	9.7	9.7	5.3	5.3	4.4	4.4
Roads.....	27.1	27.1	26.0	26.0	1.1	1.1	Special relief projects.....	61.7	60.6	58.6	58.0	3.1	2.6
Waterways and har- bors.....	19.7	19.7	15.3	15.3	4.4	4.4	Care of refugees and miscellaneous so- cial services.....	51.0	50.5	50.0	50.0	1.0	.5
Communication fa- cilities.....	12.2	12.2	7.1	7.1	5.1	5.1	Health and sanita- tion.....	5.2	5.2	3.1	3.1	2.1	2.1
Electricity, gas, and power facilities.....	590.5	590.5	423.3	423.3	167.2	167.2	Transportation of relief packages.....	5.5	4.9	5.5	4.9		
Water systems.....	2.4	2.4	2.4	2.4			Payments to German exporters.....	143.4	143.4	143.4	143.4		
Deficiency materials.....	38.2	38.1	38.2	38.1			Tourism.....	5.9	5.9	3.0	3.0	2.9	2.9
Technical assistance.....	4.4	3.2	3.6	2.4	.8	.8	Undistributed other purposes.....	46.8	33.3	46.6	33.1	.2	.2
Loans to commerce and industry (n. e. c.).....	2.5	2.5	2.5	2.5									
Undistributed promo- tion of products.....	253.1	182.0	247.2	176.1	5.9	5.9							

NOTE.—“Dollar equivalents” are used as a rough measure of transactions which occur in local currency. Dollar equivalents of withdrawals are computed at the conversion rates in effect at the time of withdrawal and amounts approved but not yet withdrawn are computed at the current rates.

Mr. WHERRY. An interesting item, the first on the tabulation, is \$1,114,000,000, which has been used to retire the national debts of several of the participating countries.

The United Kingdom has used \$784,000,000 for that purpose; France has used \$171,400,000; Norway has used \$73,500,000; and Austria, \$85,000,000.

No break-down is given of how much of the counterpart funds are spent in the dependent areas of the Marshall-plan countries. In requesting such information from ECA, I was told that France is the only country that has used counterpart funds overseas, but I find it hard to believe.

At any rate, France has spent \$85,000,000 of counterpart money in Algeria, Tunisia, Morocco, the Cameroons, French Equatorial Africa, French West Africa, Madagascar, New Caledonia, and miscellaneous overseas locations.

This is quite a point 4 program already in progress.

CONCLUSION

Mr. President, I have tried to demonstrate that present scientific and technical assistance programs, the furnishing of commodities and materials, and the guaranteeing of American investments abroad, are going on full-tilt under present legislation and with present authorizations.

Is it true that this is a diminishing program with respect to ECA?

But there is no time limit set upon the Information and Educational Act of 1948.

What then is the purpose of setting up a new scientific and technical assistance commission if it is not for the purpose of perpetuating ECA and entering upon a new world foreign-assistance program to extend for many more years?

Mr. President, I shall vote against the amendment providing for the so-called point 4 program.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WHERRY. I yield for a question.

Mr. CONNALLY. Will the Senator also vote against the amendment proposed by the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Colorado [Mr. MILLIKIN]?

Mr. WHERRY. Mr. President, when the Senator from Colorado and the Senator from Massachusetts present their amendment and explain it, the Senator from Nebraska will then determine how he will cast his vote. As always, he will be guided by his best judgment. On any amendments, I withhold my decision as to how I shall vote until the amendments have been thoroughly explained and I have had opportunity to make up my mind.

Mr. CONNALLY. The amendment referred to has been pending here for a long time.

Mr. WHERRY. Yes; there are pending numerous amendments which have not been explained. That is one difficulty regarding the ECA bill—it has not been sufficiently explained. The necessary explanation cannot be found in the report. The answers to the questions which the junior Senator from Nebraska has been asking, not only today, but for several days during the consideration of this measure, cannot be found in the report.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WHERRY. Mr. President, I know there are other Senators who desire to speak. I am trying to conclude. This is the only time I have spoken on the pending bill.

Mr. CONNALLY. Of course, if the Senator declines to yield, I shall sit down.

Mr. WHERRY. I will yield to the Senator, just as soon as I have finished for any questions the Senator may de-

sire to ask. I always endeavor to treat the Senator from Texas with utmost respect, because of my love and affection and admiration for the distinguished chairman of the Foreign Relations Committee.

Mr. CONNALLY. I thank the Senator very much.

Mr. WHERRY. I do not think the amendment providing for the so-called point 4 European program has been properly explored from the standpoint of what we are now doing in the field. The interest of and the benefit to American industry and labor have not been shown.

The drain upon the American taxpayer is evident.

It is my opinion, that point 4 legislation which after all is to be administered by the State Department, should be separately considered, and exhaustive hearings and studies conducted upon it, in which the full facts would be developed.

The time has long since passed when we should have stopped signing blank authorizations of any sort for the conduct of our national and international affairs.

During the war we became accustomed to huge outlays, which had to move quickly, and we were forced to place most unusual confidence in the administration of men.

It is high time that we return to the administration of our affairs by law, and the Constitution.

We cannot undertake at this point in our financial situation any expenditures without the most careful scrutiny as to their ultimate costs and benefits.

When the Republican Eightieth Congress passed the original ECA authorization, there was a Treasury surplus, the first surplus in 16 years. Today our Nation's financial situation is drastically different. Compared with the Treasury

surplus of \$8,500,000,000 on June 30, 1948, the United States now faces a deficit of about \$6,000,000,000 for the present fiscal year, and, I am told, a deficit of \$7,000,000,000 or \$8,000,000,000 for the succeeding fiscal year.

Some of us are having difficulty in reducing the punitive, wartime excise taxes. A billion dollars of tax relief here would work wonders on affected industries. And, yet, we are asked to scatter billions upon billions around the world.

The root cause of Europe's present economic situation is the failure or refusal of those countries to work together for their mutual benefit.

American dollars will not teach them how to put aside their ancient grudges and rivalries.

American dollars will not accomplish integration of European economies, because as long as our taxpayers are willing to give, there will be those in Europe who reason, why should they work?

America cannot forever arm and support half the world.

Our national debt again is rising. It is now about two hundred and sixty billion. And that two hundred and sixty billion debt is in bonds held by banks, insurance companies, other business establishments, and by millions of individual American citizens.

The junior Senator from Nebraska has confidence in the wisdom of the American people to put a stop to spendthrift government and keep America strong and dynamic, by maintaining the free-enterprise system.

This system has produced, over 2,000 years, more wealth and happiness than all the other systems together.

We do a disservice to the people of western Europe when we assume their responsibilities.

No one begrudges aid to suffering humanity, but Europe's productivity is far above prewar, and there is no moral or legal obligation upon the United States to finance England, France, and other countries to goals of commerce they never have reached.

Above all, American foreign policy should be to help preserve freedom for the individual, and the opportunity for initiative, enterprise, and skill to flourish. These wholesome virtues are being destroyed by the present give-away show.

Why, the same principles of survival seem to apply to animals.

The seagulls at St. Augustine, Fla., have for years followed the fishing fleet and fed off the refuse from the fishing boats.

Recently, the fishing fleet has moved down the coast to do its shrimp fishing off the Keys.

The seagulls, accustomed to depending upon the fishing boats for food, have been dying by the thousands. In the years of following the fleet they have forgotten how to fish and dive for food.

A few clever ones have followed the fleet; the others are dying off.

Mr. President, the pending authorization should be reduced by at least \$1,000,000,000, and there is urgent need for a thorough investigation and ac-

counting to the American people for the billions of their money that has been spent by ECA.

Mr. LODGE and Mr. KEM addressed the Chair.

Mr. WHERRY. Mr. President, I should be glad to yield, but I do not want to detain any other Senator who may wish to make a speech. There are 12 speakers today, and I do not want to be in the position of holding the floor if some other Senator wants to proceed to address the Senate. If the Senator from Massachusetts wants to ask a question, or if any other Senator wants to ask a question, I shall yield.

Mr. LODGE. Mr. President, I desire to obtain the floor in my own right.

Mr. WHERRY. Then, because of the statement I have made, I shall yield the floor.

Mr. LODGE. Mr. President, I have a few remarks to make on the subject, and I plan to yield two or three times during the course of my remarks if Senators have any questions they want to ask me. I suggest doing it in that way, rather than to interrupt the continuity of each subdivision of my speech.

First, Mr. President, I should like to set down a few observations on the Republican record with regard to this particular adventure in foreign policy. I want to do so because I think the record is a good one; it is one in which the Republican Party can take pride and one of which the Nation, as a whole, I think, approves.

This piece of legislation came out of a Republican Congress and was signed by a Democratic President. It represents not only Republican participation, but, in a very real sense, it represents Republican leadership. I know that all through the debate on the basic law of the Marshall plan the words which came from the brain of our beloved colleague, the senior Senator from Michigan [Mr. VANDENBERG], and, to a lesser extent, from the brains of other Senators on this side of the aisle, contributed important features to the law. The initial stages which led to the formulation of the act, the appointment of the Harriman committee, the elimination of the \$17,000,000,000 authorization which was at first proposed, the decision to get the opinion of the Brookings Institute on what the figure should be, the appointment of such an eminent and distinguished American as Paul Hoffman, who has had so much to do with the success of the operation—all these things can be traced directly to Republican leadership and Republican interest.

It must be considered, I think, in conjunction with the North Atlantic Pact. That pact sprang directly from the Vandenberg resolution, which is to me a classic example of the use of the Senate's power to advise in the conduct of foreign relations. In my judgment, the North Atlantic Pact is the finest thing that has happened since the end of hostilities, insofar as measures to prevent the occurrence of world war III are concerned. It is largely Republican in inspiration.

Mr. President, the Republican platform of 1948, which, of course, is the official doctrine of the Republican Party

and the only official doctrine we have, has this to say regarding foreign relations:

We dedicate our foreign policy to the preservation of a free America in a free world of free men. With neither malice nor desire for conquest, we shall strive for a just peace with all nations.

America is deeply interested in the stability, security, and liberty of other independent peoples. Within the prudent limits of our own economic welfare, we shall cooperate, on a basis of self-help and mutual aid, to assist other peace-loving nations to restore their economic independence and the human rights and fundamental freedoms for which we fought two wars and upon which dependable peace must build. We shall insist on businesslike and efficient administration of all foreign aid.

We welcome and encourage the sturdy progress toward unity in western Europe.

We shall erect our foreign policy on the basis of friendly firmness which welcomes cooperation but spurns appeasement. We shall pursue a consistent foreign policy which invites steadiness and reliance and which thus avoids the misunderstandings from which wars result. We shall protect the future against the errors of the Democrat administration, which has too often lacked clarity, competence, or consistency in our vital international relationships and has too often abandoned justice.

We believe in collective security against aggression and in behalf of justice and freedom. We shall support the United Nations as the world's best hope in this direction, striving to strengthen it and promote its effective evolution and use. The United Nations should progressively establish international law, be freed of any veto in the peaceful settlement of international disputes, and be provided with the armed forces contemplated by the Charter. We particularly commend the value of regional arrangements as prescribed by the Charter; and we cite the Western Hemispheric Defense Pact as a useful model.

That is an excerpt from the Republican platform, which, I think, establishes the very foundation on which can be based support of the pending legislation. Taken in conjunction with the part which Republicans have played in the enactment of the Marshall plan, its administration, and the establishment of the North Atlantic Pact, it represents an achievement of which we can be proud. Speaking for myself, I will say that no retreat from that Republican record can have my approval.

We now come, Mr. President, to the question of economy and the cost of the project. In order to give myself some respectability in the discussion of that subject, I should like to submit some of my own credentials. A short time ago today I voted against the river-and-harbor authorization bill. I think I have voted for every motion which has been made for a pro rata reduction of Government expenditures. I am the Senate author of the so-called Lodge-Brown Act, which established the Hoover Commission, which is the most far-reaching attempt at Government economy ever undertaken, as well as being the first overall attempt to reorganize the Government.

There is no one who is more strongly in favor of economy and efficiency in Government than I am. I agree with Calvin Coolidge, who said, "I favor economy, not because I want to save dollars,

but because I want to save people." Or we can quote Franklin D. Roosevelt, who said, "Liberal governments are often wrecked on the rocks of loose fiscal policy." There is nothing partisan about it. I have always been for rigid economy, and reckless Government finance alarms me profoundly.

But the last place in the world where one should want to bring about any false economy or dangerous economy is in those expenditures which involve the very security of our country in a world which is full of instability, full of dangers, and in which large amounts of dynamite are lying around loose. This ECA program must be viewed as a part of a general attempt on the part of the United States to protect itself. We cannot put a magnifying glass on it to see the amount of dollars we must put into it and the money we will immediately get back. A proposal such as this cannot be measured in that way. The measure of worth of this proposal is the security it gives to the men, women, and children of America, the hope it gives that there will be peace in this world, and the assurance it gives, if the worst should happen and we should once again be involved in the tragedy of war, that, because of what we have done now, we shall have much more chance of being successful.

Testimony has been given with respect to the cost of the project. Mr. Paul Hoffman, the Administrator of ECA, said in the hearings:

You will recall that I gave my solemn pledge to the Congress that if, as things developed, we found any way of saving money which would not jeopardize the success of the program, we would do so. It gives me great pleasure to report to you that, according to our present estimates, it will be possible to save \$150,000,000 out of the appropriation money for the present fiscal year. We have tried to overlook no opportunity for saving consistent with contingent recovery, and we have had good luck in several directions, notably the excellent European harvests of last year.

Later on in the hearings he said:

Well, I don't think the man lives that can say what might or might not happen within the next 3 or 4 or 5 months. I can assure you of this, that if there is any change which will make possible cutting out items or perhaps lowering costs, such as would affect the cost of the program, we would take that into account, of course.

It has been pointed out in the committee report that this program would cost less than what was first anticipated. The first authorizations aggregated \$9,930,000,000. It was originally estimated that the 4-year program would cost approximately \$17,000,000,000. It now appears that the total amount required may be less than \$15,000,000,000.

Mr. Hoffman said further:

I would like to call attention to the rapidity with which American aid to Europe is declining from year to year. You will recall that American aid to western Europe for the fiscal year 1948-49 was about \$5,800,000,000, including the special appropriation for Germany.

The appropriation for 1949-50 was about \$4,200,000,000, including Germany.

The requested appropriation for 1950-51 is \$2,950,000,000, including Germany.

That indicates the spirit in which this project has been administered. It is the spirit, of course, of one who speaks from the experience in business which Mr. Hoffman possesses. If there is such a thing as getting a bargain in the conduct of government, I think this is precisely the kind of bargain we are getting.

I have not been able to be present throughout the debate on this measure. I have, however, gone through the CONGRESSIONAL RECORD and have culled out representative statements which have been made. One comment was made that "anyone who contends that the ECA program should be continued indefinitely certainly puts the burden of proof upon himself." Of course, Mr. President, no one has said that the program should be continued indefinitely. The present bill is for a single year's authorization. Congress authorized a 4-year program in principle, and the bill carries out the express intent of the original ECA Act.

There is nothing anywhere about carrying on this program indefinitely. It seems to me that is merely using argumentative language without much substance.

The statement has been made that the European countries have returned to normal. That statement was made by a distinguished Senator. I do not believe that he would have made it if he had thought the matter over very carefully, because it is a known fact to everyone who visits Europe, studies Europe, or keeps in touch with the situation in Europe that, while European nations have made tremendous progress in production, have made tremendous effort, and have shown a degree of industry which surpasses all other previous records, they are not back to normal. Damage of war is not repaired as quickly as that. The population of Europe has increased 10 percent since 1938, which makes added demand on the limited supply of the necessities of life. The supply of raw materials from the Far East and the reduction of trade with eastern Europe have created all sorts of economic problems. There is no justification for saying that European countries have returned to normal. There is justification for saying that they have made great progress and that their production has increased. When I hear Senators complain and use that as an argument for reducing or cutting off ECA, I cannot help but come to the conclusion that they are against this program no matter what happens. If those nations had made no progress at all, those Senators would be here saying how shiftless those ECA nations are and how lazy they are, and we should stop aid to them. Now that they do well, some Senators get on the floor and say that we must stop it because they are doing well and they are getting rich. As usual, the truth is not entirely a thing of white or black. Truth is somewhere in between. If one wants to be a realistic policy maker, with a sense of responsibility for the facts, and not just make arguments for the sake of rhetoric, he must take realities into consideration.

The statement has been made that the figure in this bill has been taken out

of the air. In my judgment, Mr. President, if ever there was a figure which was not taken out of the air, this is such a figure. It was reached after long and detailed studies. Of course, it was made on the basis of estimates and not on the basis of certainties, and it was made with the express understanding that when the time came to make appropriations, the Appropriations Committee would take into account changes in costs which would have come about due to local conditions at that time. When I heard that remark made I asked the ECA to furnish me with a statement showing exactly how the figures are arrived at. I shall read excerpts from the statement:

After prolonged study and consultation with the ECA staff in Paris, the experts and technicians of the OEEC, the ECA staffs in the country missions, and Government experts of the participating countries, the conclusion was reached that, in view of the very substantial recovery already achieved, a general target should be set for the fiscal year 1951 at 25 percent below the aid for the fiscal year 1950. It was recognized that it would be quite possible to show that requirements would be considerably higher than this figure, but that the amount indicated would suffice provided the participating countries took the most vigorous actions in various areas designed to reduce their requirements for aid.

Following this determination the individual countries were requested to submit programs indicating how they proposed to continue the momentum of their recovery within the limits of the aid indicated. These programs were then carefully reviewed by the ECA staff in the missions, the office of the special representative in Paris and by the Washington staff of ECA.

The balance of payments data and the commodity-import programs for fiscal year 1951 were presented to the committees of the Congress and are contained in the record of the hearings are the result of a detailed reevaluation of all the factors entering into each country's balance of international payments and recovery programs. One of the important elements in the computations was the balance of payments status, and this item has not been abandoned as an essential element in the determination of the aid figures, as indicated by Senator TAFT. Thus, there was a double check, country by country, on the original judgment about the size of the total aid figure required for the fiscal year 1951 and as a matter of fact this double check resulted in a further reduction of estimated requirements.

As to the \$600,000,000 to be used in connection with the multilateralization of trade and payments, this sum is not an extra amount over and above the dollars required for imports from the Western Hemisphere but is vitally needed in order to maintain the necessary level of dollar imports into the participating countries. It will be provided in part through ECA financing of goods and services for participating countries, and in part through a new central institution (the proposed European Payments Union) to several of the participating countries, who, in turn, will use these dollars to make essential purchases in the dollar area. These countries will either receive no direct aid at all from the ECA or an amount of direct aid insufficient to maintain the necessary level of dollar imports. Consequently, they will have to rely on receiving a part of the \$600,000,000 withheld to promote trade liberalization. This sum will be withheld by the ECA only until the participating coun-

tries have agreed on the details of a satisfactory European Payments Union, or upon other satisfactory trade liberalization measures which will require dollar support and will then be released as needed during the course of the fiscal year in order to carry on the operations of the EPU and enable the countries who liberalize trade to receive the dollars they need to pay for necessary dollar imports.

Mr. President, that shows how inaccurate it is to say that these figures were taken out of the air. They are very carefully worked out, and they are entitled to respectful consideration on that basis.

Mr. President, the broad aspect of this matter is not simply summed up by consideration of the dollars involved. Mr. Hoffman made a statement in trying to assess the broad significance of ECA in the world as it is today, which I should like to quote. He said:

The vortex of today's struggle is in western Europe. I know that the Kremlin is losing no chance to try to wreck European recovery and for a very sound reason—the reason is that if Moscow can halt recovery and can win in western Europe, its schemes for world domination will be given terrible impetus. And Moscow knows that its failure to halt recovery will mean that its ambition to dominate the world will be blocked.

Six months ago, the Communists in western Europe showed themselves discouraged and despairing. The Marshall plan has frustrated them and turned them back. But there are undeniable signs that they are taking heart again. Their hopes have been renewed in part by the unhappy plight of China and by their wishful propaganda that some in the United States are becoming weary in their resolution to carry on firmly in their support of the European recovery program.

It is against this background that we ask you to consider our request for 1950-51 appropriation of \$2,950,000,000. I am fully conscious of the hugeness of this sum. As far as we are concerned, \$3,000,000,000 is three thousand million dollars—and that is a lot of money. I hold it in the greatest respect—every penny of it.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. LODGE. I have not yet concluded, but I shall be glad to yield.

Mr. DWORSHAK. I was much interested in the Senator's explanation of the various criticisms, or at least some of the criticisms, which have been raised against the Marshall-plan operation. I recall with a great deal of interest that during the Eightieth Congress, in the debate when the first authorization for the Marshall plan was before this body, the junior Senator from Massachusetts profoundly impressed me by his statement that he would be opposed to the shipment of raw commodities to the Marshall-plan countries for processing and subsequent export to countries behind the iron curtain. I recall that the Senator from Massachusetts felt that it would be unwise to make shipments of any equipment, machinery, or anything else which originated in the Marshall-plan program, into western European countries, which might have potential war use in eastern Europe.

Recently I have read that many trade agreements have been negotiated between the Marshall-plan countries, or at least some of them, and Russia, whereby

huge shipments of potential war goods are going behind the iron curtain.

I wonder if the Senator from Massachusetts has had recent occasion to study that particular aspect of the Marshall plan, and if so, whether he could give us some enlightenment on the subject at this particular time.

Mr. LODGE. Mr. President, I shall be glad to try to do so. I do not believe I ever said I was opposed to sending commodities back of the iron curtain for processing. I believe that what I did say was that I was opposed to the Marshall plan being used as a device to build up the military strength of any of the countries behind the iron curtain, which, of course, is not the same thing. We can send commodities into those countries and get things back in exchange for them whereby the trade may be very profitable for us.

In general, my understanding is that the goods which are sent from the United States and from the Marshall-plan countries in behind the iron curtain can roughly be classified, broadly speaking, into, first, those goods which are of direct specialized military value; and those are prohibited, and are not sent either from the United States or from the Marshall-plan countries. So much for that category.

Then there is the category of goods which are predominantly commercial in nature, but have a certain military value, for instance, an automobile. Those are subject to licensing.

Then there are goods which in themselves have no military value, but in the production of them there may be trade secrets, or matters of that kind, which might be of use in other ways. Those are subject to licensing also.

It is further my understanding that all the categories that are not prohibited are either subject to the approval of the American military authorities, or, in the case of certain foreign countries, the shipments are known to the American military authorities, and the American military authorities are satisfied to have the shipments go on.

This is not a subject about which it is possible to make a quick and easy answer. The term "war materials," for instance, is a very broad term. It covers a wide variety of articles, and each situation has to be judged separately, and has to be judged by men who make a profession and a life-long study of that subject. It is emphatically a field in which there must be administrative discretion, because it is a highly technical field.

Mr. DWORSHAK. Mr. President, will the Senator yield further?

Mr. LODGE. I yield.

Mr. DWORSHAK. I am sure the Senator misconstrued my original question. I did not refer to commodities to be shipped behind the iron curtain for processing. I thought I made it clear that I referred to commodities, raw products, which would be shipped under the Marshall plan to countries in western Europe, I will say, to be processed there and shipped to countries behind the iron curtain, where they might have potential war use.

In furtherance of that phase of the program, I am wondering whether, under the trade agreements which have been negotiated, for instance, between Britain and Russia, the Senator is reasonably sure that there are no Diesel engines, or any parts of equipment which might be used by the satellite countries for war purposes, which are being shipped by Britain to Russia and Russian satellite countries.

Mr. LODGE. I shall try to answer the Senator's question. Practically everything that is shipped behind the iron curtain could be used for war. Such an article as soap, for instance, has military value. A screwdriver has military value. An ice pick has military value. It is hard to mention anything that has not some military value, and, as I said the other day, this is a subject on which honest men can have differences of opinion. It is impossible to be completely dogmatic about whether a certain product ought to go or not, once we get out of the strictly military field. Of course, we all agree that articles in the strictly military field should not go, but getting into the field of where things do not have a strictly military character, it is impossible to be dogmatic, and one of the reasons why it is not possible to be dogmatic is that we have to figure on the likelihood of hostilities.

If one thinks there is going to be a war in 6 months then he would probably shut down everything. If one has a hope of world war III being avoided, if one does not believe in the inevitability of war, if one hopes we can jostle the situation along and nurse it along year after year, and that every year that passes is that much gained, then one has another opinion of the matter.

Another factor which would influence one's judgment would be the quid pro quos we would get. We do not know what some of them are. But I know that it was stated in executive session that we are getting some things back. That would influence one's judgment. If we were going to send 10,000 screwdrivers to these countries, and not get anything in return, we might feel differently than if we were sending them 10,000 screwdrivers and receiving something in return which would be more useful than the screwdrivers were. Those are some of things which would make one feel willing not to be rigid in one's thinking about the matter.

Mr. President, I should like to conclude these observations with a few remarks on the general result of the Marshall plan to date. There are some respects in which it has been a very real disappointment. When the original ECA Act was passed many Senators, of whom I was one, hoped that as a result of the Marshall plan there would be some real integration in Europe, that there would be some reduction of the trade barriers, and that there would be a unified European market on the basis of which the European standard of living would be raised and on the foundation on which the dreadful military weaknesses of western Europe would begin to disappear. Unfortunately that has not taken place. It is a great pity that it has not. The European Payments Union, which is pro-

vided for in the bill, is a new step to try to promote that objective. It is hard for me to understand Senators who complain because Europe has not integrated and in the same speech complain because we are placing something in the bill for the purpose of integrating Europe. To me that does not add up, it is not consistent. So much for the disappointment.

The accomplishments have been miraculous. The increase in production, the increase in living standards, the generally more optimistic human outlook that has come into being because the basic factors of European strength were spark-plugged, one might say, by the Marshall plan, has been a sensation. Take my own experience. I was in Europe during the war. I was there in the fall of 1946 and then in 1947 and then in 1949. So I have been able to see the situation with my own eyes. It is easy to remember back to 1946 and 1947. One can remember all sorts of things. The goods that were in the shops. The way the people were dressed, the typical diet people had, the way they talked when they were spoken to. There has been a dynamic and a sensational change in that respect. That would not have happened without the Marshall plan.

In France the Communist movement has been stopped absolutely dead in its tracks. Of course, that is due in part to the good sense and the essential strength of the French people. But it is also due in large part to the Marshall plan, which came along and acted as the coordinator for all the basic French factors.

The check to communism can be seen in the elections which have been held in the French legislative districts. It can be seen in the way the circulation of the Communist newspapers has decreased. That is not simply a figment of the imagination. It is a practical fact.

That, Mr. President, is worth something. That is worth a good deal more than whether they are grateful to us or not. So many people ask me whether they are grateful to us. I do not know whether they are. I do not think that is terribly important, Mr. President. I think we are in the position of the doctor who is taking care of a sick man, and one morning he comes in and the man feels so much better that he picks up the glass of water by the side of the bed and throws it at the doctor. If the doctor has any sense at all he will be delighted that the patient is becoming so healthy. It seems to me that should be our attitude.

We do not want them as satellites. We are not trying to forge a chain of allies. We are not. We hope these people will become strong enough so that life will be worth something to them. That is all we want. That is the strength of our position. We are not trying to create any satellites or slave states. They are becoming strong. When they get strong they will fight for themselves, not because we want them to, but because they want to, and that is much better. When a man fights for that reason he really puts his back into it.

I do not believe any Member on the floor of the Senate would be surprised to hear me say that the international situation has not improved in the last year or two. I do not mean to say that I think war is going to break out in the near future. I am by no means a fatalist. I do not think world war III is inevitable at all. But whereas 2 years ago we thought we might have 10 or 15 years in which to make everyone strong and self-reliant, I now think we probably have only three or four. That is a very different thing from saying we have got to have a war. I think we can still avoid it. But we have lost time in which to get the free world on a strong footing. To talk about reducing the amount for the ECA in the face of the present world situation strikes me as being very shortsighted.

Let us consider the rearmament of Europe under the North Atlantic Pact. I am often very much worried as to whether that is proceeding fast enough, whether enough is being accomplished with respect to it. I think it is very false economy and very wishful thinking to imagine that we would be justified this year or next year in reducing the amounts which we spend, either for our own national defense or for the Marshall plan, or for military aid to Europe—as all three function in a large sense for the same purpose. I am afraid that any Senator who votes to cut down these large amounts now will, when he looks back or historians look back on his record 10 or 15 years from now, find that it will then look as though he did not have very much foresight. So, for all the reasons I have stated. I hope the bill will be approved and the amount will be kept as it is, because I think it offers the best hope we have of keeping the peace.

Regrettably, at the end of the war in 1945 we allowed our whole armed forces to disintegrate. I do not say we demobilized. That is much too orderly a word. The whole Army and Navy which we built up, perhaps the greatest that had ever been seen—it had never been defeated in battle—all of a sudden simply disintegrated, and we lost the great position of influence we had at that time and which we had earned by our own efforts. I am not going to say whose fault it was, because I think it was a little bit of everybody's fault. But now we are in the position of a man who has fallen off the edge of a precipice. One falls off the precipice in about 3 or 4 seconds, and then it takes 10 or 15 years to climb back up again. Now we are trying to climb up again to the high ground we occupied in 1945. It is a long, slow process. The Marshall plan is one of the steps in that process. If it plays a part in preventing world war III, and if it plays a part in making us stronger to resist whatever tragedies or disasters may befall us, I think we will all agree that it will have been well worth the price.

Mr. BENTON. Mr. President, less than an hour ago the distinguished junior Senator from Nebraska [Mr. WHEERRY] on this floor propounded the question: What will happen in 1952 after the Marshall plan?

I do not wish to let that question remain a purely rhetorical one. Therefore, I shall take a few minutes to give a partial answer, which of course applies to only a small, tiny part of the present ECA activity, but has a relevance far beyond that. Indeed, it is so relevant that, in line with the President's eloquent speech before the American Society of Newspaper Editors, I feel that the ECA experience in this area can and should illuminate and prove to be of great value in the whole conduct of our foreign policy. What we learn from our experience with this one, small part of ECA has a bearing on the implementation of the resolution, which I submitted a few weeks ago in behalf of myself and 11 of my colleagues on both sides of the aisle. I refer to Senate Resolution 243, which calls for a new kind of campaign throughout the world—nothing less, as I said then, than a campaign of ideas.

As the Senator from Massachusetts has just pointed out, there never has been a time when the United States was in such a critical position. We now occupy a role which calls upon us to rally the ideals and the strength of the free world, to take leadership in marshalling the hearts and the minds of mankind against the siege apparatus of tyranny.

I have been gratified, Mr. President, and honored beyond the legitimate expectations of so junior a Member of this distinguished body, by the action of the President of the United States in specifically endorsing Senate Resolution 243 in his speech to the American Society of Newspaper Editors.

I mention this resolution again now because I believe that the ECA measure now before us represents the same essential spirit as that of my resolution—in the ideological field as well as in the economic. Our Marshall plan is indeed a fundamental part of the American story to which the President referred when he endorsed a world-wide campaign of truth. It is a dramatic expression of democracy at its best—of democracy acting boldly and imaginatively to meet a threat to the peace and security of the world before that threat has had a chance to secure a strangle hold. The Marshall plan has placed us on the offensive in the struggle now at flood tide in western Europe. In it we have not only a great humanitarian project, unique in history, a project which appeals to the generous hearts of the American people—a project which millions among us would back on humanitarian grounds alone—but we have at the same time a weapon in the cold war which is potentially more important than our jet planes and our battle-ships.

However, I am not now going to try to review those broad aspects of our foreign-aid program which have been debated at such length in the past 2 years. Instead, I shall limit my remarks to one small phase of that program—a small phase, yet one which illustrates the potential power and impact of the American way on our friends overseas when they are fairly and impartially exposed to it.

The ECA's so-called technical-assistance program to my mind belongs to the category of policy which, though inconspicuous and unheralded, expresses the essence of what we hope to accomplish in western Europe. Here in this little noticed and unpublicized activity we are at the very heart of our problem in dealing with western Europe—and, for that matter, with the rest of the world. In this policy we have the rivets required by our mighty ECA structure—the kind of rivets without which great structures have been known to fall.

This program is not point 4, but perhaps we can call it a blood cousin of point 4.

The technical assistance program is a businesslike little venture which recognizes the manifest fact there is more to the economic reconstruction of the free world than simply filling up the pipe lines with American goods—or even filling up the factories of western Europe with American machine tools. The technical assistance program recognizes that it is the people we are after—the people who consume the goods and who man the tools. If the people lack the knowledge, our pipe lines will run empty and our tools will fail.

Through this program, which is only 14 months old, the United States is beginning to make available the accumulated technical knowledge of the United States to assist the Marshall-plan countries to undergo a constructive kind of revolution—not the kind of revolution that starts out with mass executions and winds up as a cold-blooded dictatorship, but the kind of healthy mental revolution which can bring life and vigor and vitality to the economic systems of the countries we are trying to aid.

We, through this program, are now making a tiny beginning in what I hope will become a vast national effort to export abroad the imagination and genius which are the core of what we call our free-enterprise system. Here is our chance to develop great and potent customers as well as great and powerful allies. This technical assistance can grow into a mighty bloodstream of transfusion into the enfeebled and anemic economies of Europe.

In France, where the Communist threat posed itself in the economic ruins left by the war, American experts were put to work to help rehabilitate the railroads, coal mines, and power plants. France has already increased its supply of electrical energy to 50 percent, and by 1952 the supply of electric power will be double the prewar level.

In Greece, where civil war with the Communists came to an actual head, the whole economic machinery that men live by approached a complete breakdown. American technical assistants not only ran the soil-reclamation service and public roads, but also, I am told, they reorganized the Ministry of Finance, the Ministry of Supply, and the Customs Service. The effects of the American technical-assistance program in Greece should be felt for decades to come.

Trial plantings of American hybrid corn have boosted production in some European farm areas by 25 percent.

American methods are rehabilitating the great port of Rotterdam, which was laid flat by the Nazi blitz. In Austria, an ECA mission has undertaken a complete productivity survey to help Austrian business attain the efficiency and output without which no country can compete successfully in the modern world.

But my principal point today is the findings of the so-called teams from Europe that come to the United States under ECA's technical-assistance program.

In these teams we see how an intimate exposure to the United States affects visitors to the United States from abroad. We do not bring these visitors here to here to make them like us. We do not bring them here so that we can brag or boast at them. We merely invite them to come here and see us as we are—to observe our factories, our production techniques, our labor unions, our way of working and producing, of playing and praying and living. These men and women from Europe then go back strong in their knowledge of us. Even though they may see many things they do not like—even though there are many American traits and habits they may not wish to emulate—they know we are not the warmongers of the Russian propaganda machine, nor are we the stereotypes of the Hollywood motion pictures. They have been in our factories and our homes and our churches. They cannot be easily fooled about us again. The ECA so-called productivity teams have been selected to represent one industry. Management, labor, and technicians all have had a voice in their make-up. They come here and travel through the United States and study the United States economic system with its high productivity and high returns to both labor and management. Furthermore, they arrive at some very startling conclusions—that is, startling in the eyes of some Europeans.

Many Europeans believe that America's productive advantage lies in our heavy and expensive machines, which, they think, they themselves cannot afford to buy. Instead, these teams find that in the great mass of American industry, heavy machinery is far less important than the productivity-mindedness of management and of labor. The people contribute more than the machinery. Without the people, the machines are only machines.

The visiting teams go home with a sense of the cooperative spirit, which, despite all differences that may occasionally make for industrial disputes, actuates us far more than it does any of the people in Europe. Indeed it is our most distinctive and productive asset. Furthermore, these teams find that the great majority of Americans are convinced that high and ever higher output is necessary for the development of the American standard of living. This most obvious fact has never been widely recognized in Europe.

Our European visitors realize for the first time that they can begin to close the gap that separates them from the American standard of living if they apply themselves to the task of revamping their economies to produce a high volume of goods at low cost. Here is profit

for the worker as well as for the management. Such a realization, once impressed on all classes of people, rips the foundation out of the Communist doctrine that the free-enterprise system impoverishes the worker. Indeed, the contribution these technical-assistance teams are making to the enlightenment of the European labor movement is immeasurable. Let me cite examples.

Right at the start of the technical-assistance program, a group of Norwegian labor leaders came here to study the American system. When they returned to Norway they found that a similar group had just visited Russia. By a mere comparison of the findings of the two groups, it was directly seen how infinitely better the workers fare in the free-enterprise economy of the United States than in the economy of the U. S. S. R. This was strongly brought home to the Norwegian people.

Here is another specific illustration for the benefit of Senators who are on the floor.

Here is the testimony of the British steel foundry team, whose findings in the United States created a sensation in Great Britain:

First, last, and all the time (American) managements are actuated by the belief that high rates of production are essential to individual and collective success. First, last, and all the time (American) workers at the bench, at the machine, and in the offices subscribe to that same belief.

This does not sound radical to our ears. In fact, it sounds so commonplace that perhaps it is to be wondered that I read it. It sounds like common sense. For us here in the United States it is very hard to realize how radical this statement sounds in England, where there have been no antitrust laws, where British business leaders have conspired to limit production and to hamstring competition, and where, not so many years ago, the London financial world bitterly assailed an irregular steel manufacturer for the introduction of improved methods which stepped up production and cut costs.

Mr. President, this example, and the others to which I shall refer show how visiting labor leaders learn from us. They can and do return to Europe convinced that the sum of the things that American management has in common with labor is far more greater than the sum of the things that divide them. This is a very important discovery.

Here is another example. This is what an English woman worker, also a member of a productivity team, had to say when she went back to England:

I am going back an ambassador; I came out with not much faith. I asked operatives about their jobs; whilst they did work harder, they did get the wage. Some of the women of England work harder (and do not get the wage?). I see no fear now of the stretch when I go home. I will have a rough time, I may get a few hairs pulled out, but I will be an ambassador.

Here is another. Recently a group of some 60 Dutch farmers, most of them between the ages of 20 and 28, came to the United States to work on American farms and study American farming methods for a period of about 7 months.

They worked at the usual chores of American farm hands and they were given an allowance by their American farmer hosts. They not only took a wealth of modern American farm information back home with them; they also left a gap in the hearts of their hosts. This is what one American farmer said about his experience with the Dutch:

Even with all our freedom and education, the last 6 months made me ashamed that I had known so little about Holland. Let's have more of this exchange to get better understanding among the common people of the world who pay the taxes and fight the wars. The experience from this project will long be a cherished memory to me and my family.

This farmer's testimony shows how the ECA program works helpfully both ways. We give much, we get much as well.

These are samples only. Perhaps most important is the day-to-day work of the labor leaders on these visiting delegations. They learn here that the American worker is not averse to talking back to his boss and going out on strike, if he feels that he is underpaid or not treated fairly. But they also learn that it is possible to have a healthy, vigorous labor movement that is not dedicated to those two Marxian gods—class warfare and social revolution. They can and do return to Europe convinced that the sum of things that American management has in common with labor is far greater than the sum of things that divide them.

However, the labor leaders are not the only ones who are being educated by these visits. The management representatives also arrive at conclusions which to them at first seem surprising. To many Europeans the very word "competition" is an anachronistic concept which they pride themselves on having outgrown. They come to the United States and find how competition spurs trade, how it helps develop products at the lowest prices. On their return home, some will take, we can hope, a new look at their easy-going gentlemen's agreements to split markets as well as at their philosophy of low volume at high unit profits. The management representatives also join labor in the discovery that high productivity is first and foremost a problem in human relations and that the many techniques designed to make products both good and cheap, which they observe in the United States, are the result of a cooperative effort between management and labor. Here I shall cite a single example.

The members of a French industrial team were astounded by the comparatively small part that expensive machinery played in our high productivity and by the large part played by relatively inexpensive gadgets which were the fruit of productivity-mindedness of American industry. They returned convinced that their own French industry could compete in world markets, by nothing more than a mental reorientation of its personnel.

Mr. President, it is through such ideas as these, and only through such ideas, that Europe's second industrial revolution

can be promoted. The distinguished Senator from Massachusetts referred to the fact that he had been in Europe four times since the end of the war. I visited Europe on six different occasions between the end of the war and my appointment to the Senate last December. I can attest to the fact from personal observation that these ideas are beginning to permeate and are beginning to take hold.

How is Europe's industrial revolution progressing? For my taste, it is progressing much, much too slowly, and I lay part of the blame on ECA's slow start with its technical assistance program. A few simple figures will show you what I mean. Since the beginning of the program, in March of 1949, only a year ago, only some 900 Europeans have visited this country under technical assistance auspices, and only a handful of American experts have made special trips to the participating countries. This is not the scale on which we should back up one of our proven and biggest weapons in the cold war.

Moreover, the full propaganda and educational value of the technical assistance idea is not being sufficiently exploited. How many Americans know about the program? Very few. How many Americans in factories, on farms, in colleges and business schools and labor unions, would be happy to do their part in making this program more effective? I submit that the answer to this question must be given in millions.

I believe the same is true for Europe. There is enormous scope for broadening the base of the entire program throughout Europe. I would like to see the trickle of a few hundred Europeans enlarge into thousands—making these same study trips. In these trips are values that will far outlast 1952. In them we can build for the future, as indeed we must, when the Marshall plan ends.

As an American who is dedicated to the proposition that the United States and its peaceful aims must be understood throughout the world—as one of the goals of our foreign policy—I would like to see this ECA program greatly and immediately expanded so that it can play its full part in the struggle for men's minds and souls, in which we are now engaged. I have discussed this with Mr. Paul Hoffman. He agrees that this type of activity is highly productive and that the only limitation upon it out of ECA funds should be our capacity to organize the visiting foreign groups, to get them here to the United States and to handle them properly after they are here. Mr. Hoffman goes so far as to say that no other ECA effort is as productive per dollar invested as is this one.

This is the testimony of this great American business leader, out of the wealth of his experience as head of the ECA program.

I therefore propose two concrete suggestions to make this ECA program more effective. I propose first, that the ECA now lay plans for future step-ups of this technical assistance program far beyond its present magnitude so that it will become a means for the mass in-

terchange of peoples between the United States and its western allies. Such plans take a long time to mature. They should be laid with an eye to the decade ahead, and not merely to 1951 and 1952. The ECA should now know that in this area, if in no other, it is the present judgment of the Senate that the ECA is to have a successor in 1953-54-55-56. The present ECA 4-year plan of technical assistance should be followed at least by another 4-year plan. Let us here in the Senate, as practical men who want the great benefits and values of long-range planning, let us face up to this question now so that Mr. Hoffman and his aides can intelligently plan this long-range program not only for themselves but for their successors of 1953. Let us express ourselves as in favor of such a program.

Mr. SCHOEPEL. Mr. President, will the Senator yield, or does he care to yield at this time?

Mr. BENTON. I am glad to yield to the distinguished Senator.

Mr. SCHOEPEL. I should like to ask the distinguished Senator from Connecticut whether he is not referring, in respect to prolonging ECA, to the technical side of it?

Mr. BENTON. I am referring to the technical assistance program only.

Mr. SCHOEPEL. I wanted that to be clear.

Mr. BENTON. This is the great area, Mr. President, which was discussed at such length by the distinguished Senator from Nebraska; and from my own experience with Mr. Nelson Rockefeller, and from my experience in the State Department, I am very happy to attest my belief that it should be developed. In this area there is no question that the ECA should have successors. What the successors will be called, who they will be, what duties, activities, and opportunities may be assigned to them, I am not now discussing. I am confining my remarks here only to the technical assistance program, though indeed I am sure there will be other areas also in which the ECA will inevitably have a successor, regardless of the name by which it may be called.

As a further step on such a development, I had intended to submit on Friday an amendment to the Foreign Aid Act that would earmark \$30,000,000 for technical assistance in 1950-51, instead of the 15 million which I understand is proposed. However, Mr. Hoffman tells me he doubts whether the program can be efficiently expanded as rapidly as that.

Further, he tells me he will and can aim toward the \$30,000,000 mark and come as close to it as he can, even without a special directive from Congress.

Finally, Mr. President, I am persuaded that the special earmarking of funds in the ECA budget by Congress is unsound policy. So, after my talks with Mr. Hoffman and other ECA officers, I decided to abandon my amendment.

However, I urge the Administration to give special attention to formulating a technical assistance program for the next 5 or 6 years, instead of merely for the next 1 or 2 years, based on the experi-

ence of Mr. Rockefeller and his organization, of the ECA, of the State Department, and of other organizations. This program should be formulated for the purpose of greater efficiency. It should be a program aimed at strengthening the nations of the world, striving to create a climate of resistance to Soviet aggrandizement and aggression. Indeed, it should be a fundamental point of study for Mr. Gordon Gray, who is charged with making recommendations for improving the dollar gap after 1952. Our help in making these economies healthier and better will be an important factor in improving this dollar gap. I hope the administration will present to Congress next year a program for the continuation of the technical assistance beyond 1952.

Secondly, Mr. President, I urge that the ECA proceed with an expanded educational program which will effectively call on American industry, agriculture, and labor for full support of this technical assistance program. This educational campaign in the United States should be matched by a publicity campaign in Europe, so that the European people, not merely their labor leaders and industrialists who visit us, will be fully aware of the great and unprecedented service we are placing at their disposal.

I am not proposing additional appropriations for these educational campaigns, Mr. President, because I believe they can be carried on effectively with present authorizations.

That concludes my remarks, Mr. President, and I shall be happy to yield the floor.

Mr. HUMPHREY. Mr. President, after having had the privilege of listening to the very splendid addresses of the distinguished junior Senator from Massachusetts [Mr. LODGE] and the junior Senator from Connecticut [Mr. BENTON], I feel that there is not much more that can or should be said in reference to the value and the worthwhileness of the continuation of the ECA program, commonly known as the Marshall plan. However, I desire to make a few observations with reference to the general economic assistance program, and then to spend the major portion of my time on that portion of the program which is known as point 4, or foreign economic assistance for the undeveloped or backward areas.

The first observation I want to make in reference to the ECA is that I believe the entire amount of \$2,950,000,000 as an authorization for the fiscal year is definitely needed. I again invite the attention of the Members of the Senate, and of as many members of the public as is possible, to the fact that the general outlines of this program as proposed two or three years ago have been pretty well followed in the application of the program. There has, however, been this one change or alteration, that, despite the increase in the cost of the commodities which are sent to European countries under the terms of the ECA program, despite the costs involved in transportation and in administrative matters, the over-all cost of the foreign

economic assistance program has been held down to a basic minimum. It is estimated that it will not exceed \$15,000,000,000 at the end of the 4-year period.

I believe we can ascribe a good deal of the recent reduction in cost to the splendid administration of the Administrator of ECA, Mr. Hoffman, as well as to his assistants, and to the Foreign Relations Committee for the manner in which it has operated.

Much has been made of the fact that this is the time to start to economize on our foreign-aid program. I wish to direct my remarks for a moment toward that matter, because I believe the Senator from Massachusetts [Mr. LODGE] brought it into sharp focus. In view of the fact that there is a series of amendments before us calling for a substantial reduction of the ECA authorization, I believe it merits some further consideration.

The first point is that ECA has done its job. No one ever said that the Marshall plan or ECA would save the world or would totally rebuild and rehabilitate the European economy or remove from Europe all the causes of dissension, distrust, and disunity. The primary purpose of the foreign economic assistance program was to rehabilitate the economies of Europe so they would be on a relatively self-sustaining basis. The political purpose was to check the onrush of Communist aggression and infiltration.

It appears to me, Mr. President, that the argument of those who are either openly opposed to ECA or those who are asking for a substantial reduction, is the best testimony that the ECA program has fulfilled, up to this date, its responsibility.

When I hear Senators say that ECA has worked well to serve the economy of Europe and that we ought now to curtail some of it, it appears to me that we have testimony as to its effectiveness.

The Senator from Massachusetts emphasized a point which needs to be reemphasized. Those who want to cut down on the foreign economic assistance program at this time because it has succeeded would be the very first to criticize had it not succeeded.

It appears to me, Mr. President, that once we have the program of economic rehabilitation in Europe on the upgrade, and making progress, that is the time to continue with a methodical, well-programmed type of effort; not to retrench, not to draw in, but to continue on with an aggressive economic assault upon the conditions of poverty, distress, disunity, and political breakdown. I do not think there can be any one thing that would please the Kremlin agents or the Politburo more than to know that the Congress of the United States was beginning to retreat from its original intentions or purposes under the ECA.

I believe the thing that would make the Communists happiest would be to know that the Congress of the United States thought that now is the time to cut off a billion dollars, or, as some persons have mentioned \$500,000,000, from the authorization of the foreign

economic assistance program. That would tell the Politburo, the master minds of the Communist organization, that this is the time for them to put on the pressure and to drive America and its programs completely out of Europe.

It is strange, it seems to me, to note that some Senators who now want to cut down on economic assistance to Europe are the same ones who only a short time ago asked that we go to Formosa. It was proposed to go to Formosa to stop communism. If we are to prognosticate what will happen, we should base our prediction on what we have seen happen. I believe the Marshall plan and its operation in Europe has done more to strengthen the hands of free governments, to strengthen the free economy of Europe, and to stop the political infiltration of communism than all the naval units or military or armed contingents that we could send to any country anywhere, including Formosa. I find in that argument a glaring type of inconsistency. On the one hand, there seems to be a desire on the part of some of our colleagues to get out of Europe, where we have a fighting chance, and to go off on an excursion more than 6,000 miles distant, all the way to Formosa, where we do not even have a base.

Mr. President, one or two further observations. It is said that some of the ECA nations are trading with countries behind the iron curtain. I want to say that if there were no trade with the countries behind the iron curtain, there probably would be little or no trade among countries in western Europe. It is perfectly obvious that the United States cannot buy all the exportable products of western Europe. It is perfectly obvious, also, that the historical pattern in this world of economics is that there has been a traditional trade between western Europe and eastern Europe.

I believe the Senator from Massachusetts fully answered the argument as to whether or not ECA was aiding and abetting countries behind the iron curtain. The fact is that our friends in western Europe must trade. If we are not prepared to buy their goods, they must find markets for them some place else. In some instances they are finding markets by trading with countries behind the iron curtain or by trading with countries who are not too friendly with us.

I was pleased to hear the analogy presented by the Senator from Massachusetts with reference to the question of whether participating European countries appreciate what we are doing. It reminds me, Mr. President, of the early days of the 1930's. I recall that certain interests in our country were saying at that time, "We must have help." The very first group who were helped through the Reconstruction Finance Corporation were banks, railroads, insurance companies, and some of the great financial institutions. Once they had been given help, they did not come around and say, "Thank you very much." It seems to be a matter of human nature that once a person starts to feel a

little better he forgets to thank his benefactor.

I am quite pleased to see a United Kingdom and a France standing on their own feet and talking back to us. As a matter of fact, it is a sign of their health. It is a sign of the improvement of their economic structure. All of us have witnessed the situation of an individual on his deathbed who starts confessing his sins and promising to live a good life. Suddenly there seems to be some improvement, either through medical care or perhaps through a miracle, and the individual becomes a little regretful that he told his family quite so much of the sins of his life. Immediately he starts to take back some of the things he said, denies confessions, and perhaps even becomes a bit intolerant of those who wish to criticize or interrogate him.

What we are seeing in Europe is a stronger France, a France which does not want to be tied as a satellite or stepchild to the United States of America. We are seeing a United Kingdom which is making many sacrifices with her balances and with her trade in order to have dollars which she needs to keep her economy on an even keel.

Once in a while we hear a Frenchman or an Englishman say some unkind thing about the United States. When such remarks are heard, some people say it indicates that Europeans are ungrateful and unappreciative of what we are doing for them. I repeat what the Senator from Massachusetts has said, that what we are looking for today are not satellites. The Communists have a monopoly on that sort of thing. We are looking for free and independent nations who will stand with us on the basis of principle for a common cause against a common enemy. It appears to me that we are gaining that objective.

Mr. President, I should like to make one more observation on a subject which has not been dwelt upon too much. Just a year ago today Congress ratified the North Atlantic Pact. Inasmuch as we have joined other nations in the North Atlantic Pact, we should see to it that they will be strong and able to fulfill their obligations under the terms of the North Atlantic Pact. Therefore I believe it incumbent upon every Senator who cast his vote in favor of the North Atlantic Pact to cast his vote in favor of the economic assistance program so that the European nations will be worthy allies. We do not need paper allies. We do not need facsimiles of allies. We do not need fictitious allies. What we want are strong contributing and cooperative allies.

Therefore, Mr. President, the ECA program is a fundamental part of the defense structure of western Europe.

We are exporting a large amount of armed assistance to countries in the North Atlantic Pact. Every sensible person knows that those arms will for the most part be outdated soon. Every sensible person realizes that America cannot arm all those countries. It appears to me that our objective should be the rebuilding of the economic structure of these countries, so that they themselves

can make very much larger contributions to their own defense and security.

In concluding my remarks on ECA, let me say that its original purpose of offering economic rehabilitation is well under way of being realized and achieved. Its political purpose of stopping the onrush of communism has surely been achieved. At least, it has held the line. Certainly it has provided the opportunity for the western European countries to develop and to strengthen free political institutions. This is no time to quit the game. This is no time to walk about. Mr. President, if we were at this time to reduce sharply ECA authorizations or appropriations, this great Congress and this great Government could be accused of having wasted the amount of money which we have spent up to now. What we have done up to this time has prepared the way for the final two years of this program.

I strongly support the full authorization of \$2,950,000,000. I do not believe that is too much, Mr. President. As a matter of fact, I believe that when Mr. Hoffman testified before the Committee on Foreign Relations he indicated that he felt that that was a basic minimum. Mr. Hoffman, at page 6 of the hearings, said:

I wish to repeat again that we are laying before you our best carefully screened estimates as to the requirements for the fiscal year. This is the minimum we think we shall need. But, if we can save any of it without wrecking the recovery program, I again pledge you my word we shall do so.

Mr. President, there is one other factor to which I wish to return. Too many people are beginning to think that the ECA is an American hand-out to someone across the seas. Frankly, the ECA program could well be called a self-defense program for the United States. It is about time we made up our minds that we are either going to have friends in the world capable of standing with us, or we are going to stand alone. While I do not want to be accused of being a pessimist, I submit that the United States of America, with 150,000,000 people, cannot stand alone in the world, for, if the western nations of Europe, the so-called North Atlantic Pact countries, or the Marshall plan countries, were overrun and taken over, either by an inside Communist Party, or by outside aggression, the European economy which would be under Communist control would be far superior in industrial capacity and in numbers to any amount of industrial output or manpower we could organize in the United States.

What is the alternative to the program outlined? The alternative is spending many times more than the amount of money requested to make America an armed camp, a garrison state, involving such an expenditure for the armed services that \$15,000,000,000 will seem a small appropriation, indeed merely peanuts.

By spending \$2,900,000,000 in the next fiscal year we can increase our strength manifold, because that amount of money will go into productive processes in Eu-

rope, and strengthen Europe far out of proportion to the amount we spend. It can be used for productive purposes, which will result in making strong nations.

Now, just a few words in reference to the point 4 aspect of the program, the Act for International Development, title V, of the amendment to S. 3304.

Mr. President, I am very much interested in point 4. I am interested in it because I remember the day when the President of the United States called for a "bold new program." I know how the diplomats of the friendly countries, our allies, our associates, seemed to be happy in knowing that the great United States Government and its President had in mind a program of technical assistance, scientific assistance, to the undeveloped and backward countries of the world.

It appears to me that the point 4 program, or, as it is more formally known, the program for international development, is a proper partner to the ECA program. The ECA program is primarily directed to the more fully developed and industrialized areas of the world. The ECA program goes to that great section of the world economy known as western Europe, which is a workshop, literally an industrial establishment. The ECA program went to that part of the world which was largely destroyed and damaged as a result of World War II, and it was the kind of a program that could be used effectively by an intelligent, modern, trained, skilled group of people, who had enjoyed pretty much the same culture we enjoy, and who had many of the same ideas and much of the same economic orientation.

The purpose of the point 4 program was certainly well outlined in the first page of the supplemental committee report, where it is said:

The declared purpose of title V is to aid the efforts of the peoples of the underdeveloped areas to "develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills."

Mr. President, there is one particular factor in American life of which we are justly proud. We are proud of our technical skills, we are proud of our skilled craftsmanship, of our technical know-how. Just as we have great economic strength in terms of dollars, we have equally as great technical strength, the strength that comes from technical skill.

Title V, or the point 4 program for international development, is a program to tap the intellectual, the scientific, the technical resources of this Nation. Frankly, I believe its dimensions as outlined in the committee report are very limited. I believe it is held down to a basic minimum, when we consider the dimensions of the problem.

Why do we want a point 4 program? We want a point 4 program so that we can tap the hidden resources or the untapped resources of the great areas of the world. There have been speeches by the millions all over America about the kind of a world we could live in if man could but put his skill and ingenuity to work to utilize the God-given

resources of the land, the water, and the skies in the development of a better society. We all know that there are fabulous resources in many of the countries of Africa, Asia, and South America, resources which have never been touched. We also know that there are great dimensions of poverty, hunger, sickness, and malnutrition, and all the other evils of humankind, in these undeveloped and underprivileged areas of the world.

We know by now that if there should be another war it might not break out in Europe. It could break out in the poverty-stricken fields and swamps of Asia. It could break out where people are hungry for a little medical treatment or a little food. Time after time very profound and able men have stated again and again that if there be a third world war it may well not start in Europe, it may start in Africa, it may start in Asia, and it may start because of the illiteracy, the ignorance, the sickness, and the hunger, of the great masses of peoples in those areas of the world.

If world war III should come upon us, \$45,000,000,000 would be but a token appropriation, and there would not be very much debate about it; \$45,000,000,000 would not even send the fleet on a long excursion into battle, for any considerable period of time, against a powerful foe in any section of the earth. So I am convinced that what we have to do is at least extend a program we have found quite successful in limited areas.

Here are a few facts which should be known. Two-thirds of the people of the world are living in lands whose resources are not being fully utilized. They lack the skills needed to turn their resources to the benefit of mankind. These two-thirds of the world's population receive only one-fifth of the world's income.

At the other end of the scale is the United States, whose 150,000,000 people receive one-fourth of the world's income. This will give Senators a rough measure of the great differences in the standards of living.

At least three-fourths of the people in the least developed or underdeveloped areas are engaged in agriculture. Yet these three-fourths are underfed, victims of malnutrition, starvation, and poverty. The average diet is less than 2,000 calories a day—hardly enough to live on. Disease goes without cure. Every child born in an undeveloped country in 1939 had a life expectancy of only 30 years—less than half of the life expectancy of children born in the more developed countries. The death rate from tuberculosis in the undeveloped countries is five times higher than the death rate from tuberculosis in the developed countries.

Mr. President, we are not talking about giving people Packards and Cadillacs, beautiful yachts, and homes. We are talking about whether or not we can cut down the rate of tuberculosis. We are talking about whether or not there is a possibility, by means of harnessing scientific information and the technical information and skill, of increasing living standards. We are talking about

whether or not it can be possible to help a great portion of the people of the world who are living in an agricultural economy, but who are starving to death—we are talking about whether it is not possible to lift their standard of caloric intake just enough so they can survive. I do not say that is a very bold program, but I say it is a worth-while one, and it is one to which we can make a contribution.

It will do little good to talk about having freedom in India and having freedom in the subcontinent of Asia, or even trying to have some freedom in China, so long as people are dying of starvation, hunger, sickness, and disease.

Two-thirds of the world's peoples are at the crossroads. All the information we send them over the radio, and all the nice resolutions we adopt on their behalf, are not going to save them. These two-thirds of the people of the world are not asking the people of the United States of America to come and feed them. There has been no formal request that I know of, from the subcontinent of Asia, that we come and take care of their hundreds of thousands of people who are dying of hunger. There is a hope however that this great, powerful country of ours, blessed with skill, knowledge, and information, industry and technological know-how, will be able to lend or to send to them by some means, or in some manner, a few of our technicians, so those technicians can work with their people so that their people can create their kind of economy, so that their kind of economy can provide at least a modicum of subsistence or a reasonable living for their own people. To me that does not appear to be too much to ask for. It seems to me that if there is anything at all to the old story of Cain and Abel, when Cain asked "Am I my brother's keeper?" it applies to the point 4 program.

Mr. President, I repeat, the people of the subcontinent of Asia are not saying "Send us your corn, send us your wheat to feed us." They do not ask that. The Prime Minister of Pakistan, who addressed the Senate during the earlier part of the session today did not at any time in his speech ask for any hand-out from the Government of the United States. Nor did the Prime Minister of India, who addressed the Senate at an earlier date, ask for any hand-out from the people of the United States. If they did ask, we should perhaps respond, but the point 4 program is much more minimal—it is an investment, not a gift.

Mr. President, if we want to stop communism we ought to find how communism starts in the first place. Communism is a political virus born in the diseased, impoverished, hungry, and famishing minds of men. We do not find Communism starting or getting anywhere in a country which is economically sound, socially integrated, and having a great heritage of political freedom. Communism is born in poverty. One of the best ways in the world to stop communism, unless one wants to stop it on the battlefield, with great loss of life and treasure, is to stop it in the more humane, decent way, and that is to pro-

vide for the people, to let the people have use of the services that are here on this earth to rebuild their own economy and to remake their own lives.

Mr. President, there are two choices before the two-thirds of the world's people. Hungry stomachs generally do not make people meditative, and do not make for philosophical minds. Hungry stomachs generally make for empty heads, and empty heads generally find room for Communist ideology.

Mr. President, one choice which these two-thirds of the people of the world have is the choice of communism, which means slavery to the state. The other choice is the democratic choice; that we give technical aid through which these people can improve their own standards of life and develop their own political institutions.

Mr. President, some people believe we ought not to rush into this matter. They say, "Let us wait a while. Let us study the situation. Let us study it some more." I say to such people, there are times when we have to quit studying and go to work. There are times when ultimately we have to pick up the books and fold up the notes and make up our minds that we have to enter upon a program.

The time is running short. Someone once said that Chiang Kai-shek never lost a war on the battlefields; that he lost them on the rice fields. I am not an expert on China. We have some self-appointed experts on China without the junior Senator from Minnesota having to join that illustrious band. But I want to say that there seems to be a reasonable degree of merit to the statement that something happened on the rice fields. We ought not to be kicked around too long before we catch on to what is going on. We ought to find out, if it is possible, whether something can be done to prevent the same thing happening in other areas.

Mr. President, to the peoples of the less developed areas the alternatives are very real. It is up to us to support President Truman's great forward-looking program to give our neighbors throughout the world the chance to fulfill their economic desires, at the same time letting them choose their own political systems. If we let them down, they may well fall prey to the serfdom of Communist totalitarianism.

Madam President [Mrs. SMITH of Maine in the chair], to those who say about point 4, "It is just a beginning, and a great deal more must be done," I wish to say quite frankly that a great deal more will be required. If we are to have any kind of success with a \$45,000,000 program, it will be the greatest bargain that 150,000,000 Americans ever had in their history, if the program works at all.

This is one time when we have a chance to be on the moral offensive. This is one time when we have a chance to say to the underprivileged peoples of the world, "We are going to try to help you help yourselves. Under this program we are not sending you arms or dollars; we are not even asking you to eat Wheaties or Rice Krispies. All we

are doing is saying to you that in America and in other parts of the world there are people who are working through American agencies or through the United Nations and its agencies and related establishments, people who know how to check malaria, people who know how to improve and enrich the soil and to check soil erosion, people who know how to purify water; and these people are going to help you work out these problems in your own country."

In my great State of Minnesota we produce about 90 percent of the iron ore used in this country. That iron ore was not worth anything when the Indians were the only ones who were living there. For thousands of years that iron ore lay just under the surface in that part of this land. Until the white man found it and developed it, it was worth nothing.

However, there came a time when that iron ore became productive and useful, when a few intelligent citizens explored that area and found, just a few feet below the surface of the ground, vast quantities of that red earth. They said, "This is iron ore." They knew that because of their scientific and technical knowledge. They began to mine the iron ore and to ship it down the Lakes to the blast furnaces. The industrial society which we have in America today would never have been developed had it not been for the technical skill and know-how and ability of those who knew how to tap the resources of Mother Earth.

I feel strongly about this matter, Madam President, because to me this is a program of peace. This program fortifies our moral offensive, our psychological and political offensive in this world.

In addition, this program gives the United Nations' agencies important functions to perform. I think much of the trouble with the United Nations is that they do not have enough to do. Certainly an idle man is the devil's workshop. At the present time, too much emphasis in the United Nations is in argument. We should give the related organizations of the United Nations important functions to perform. Organizations such as the Food and Agricultural Organization, the World Health Organization, the Economic and Social Council, and the other agencies of the United Nations must function.

I assure you, Madam President, that the only hope we have for world peace is to develop the fingers and the toes, so to speak, small apparatus of the United Nations. Almost everyone wants to get the Security Council of the United Nations working; but how about getting the Food and Agricultural Organization working, and how about getting the World Health Organization working, even more than it is today. Today it is doing a reasonably good job, but it is just beginning.

I submit that the one, real hope of making the United Nations a reality, rather than just a political fiction, is to have the agencies of the United Nations do the job they are capable of doing.

In the consideration of this problem, the first question which generally is asked is, "How much will it cost?"

Madam President, I yet have to hear anyone ask, "How much will it cost if we do not do this?"

How much will it cost if we do not have a sound ECA program that really works? I want someone to tell us how much it will cost if we ignore human needs in two-thirds of the world. Once we find that out, we will learn what a bargain we are getting by means of this program.

The committee report shows that very well. This program is not solely a program of the United States Government, but it is a program to which contributions will come from the other nations—from the members of the United Nations, as well as from the countries which will receive assistance.

The over-all total cost will be \$85,500,000. Out of that \$85,500,000, the United States of America is being asked to authorize \$45,000,000. Of that \$45,000,000, \$10,000,000 is already committed in connection with programs which are under way.

Thirty-five million dollars out of the forty-five million dollars is for new activities.

Madam President, I wish to conclude my discussion of this matter by pointing out what the committee report says, so as to make this matter quite clear. I read now from page 3 of the committee's supplemental report:

Because of some misunderstanding that has arisen about the nature of this program, it should be made clear at the outset that it is neither an ECA for the world nor in any sense a capital investment program. Because of the limited nature of the program it will not require the expenditure of large sums of money. Its chief cost will be for the salaries and expenses of technicians and other personnel and not, for example, to purchase machinery, food, and raw materials.

Let me say to those who are interested in our business and industrial picture that with point 4 we will find markets. We cannot sell American goods to paupers. We can beat our chests for the next 10 years; but until the people of the world have raised their own standards of living and until they have the means to buy our goods, we cannot do business with them.

Mr. President, I ask to have incorporated at the conclusion of my remarks the statement which I have prepared on the point 4 program, as it pertains to health. I am very much interested in the health problems of our people, and not only of our people in America, but people all over the world. I have outlined in these pages what can be done under the international development program in this one field of health, and I want to say that if we can get one-tenth of what is outlined in these pages out of the \$45,000,000 this program is supposed to cost, it will be again a great bargain for the people who are interested.

The PRESIDING OFFICER. Is there objection to the request? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. HUMPHREY. Mr. President, just one other matter. It is my privilege to be a cosponsor, along with about 16 other

Senators, of an amendment to be offered by the senior Senator from Ohio [Mr. TAFT], for himself and other Senators, pertaining to the International Children's Emergency Fund. I am one of those who are moved by programs which in a way help people. I have been brought up with the notion that people are quite important. I found that this program had performed a good service during the years it has been in existence, and it is my belief that it ought to be continued. I recognize that the State Department has recommended against continuation of the program. I also recognize that about a year ago it was felt that this program possibly could be terminated at the end of 1950, or in June 1950. However, I think it is important to know that this is the only program, the United Nations International Children's Emergency Fund, which actually provides food and other commodities and materials to children.

The World Health Organization provides shots of penicillin. It goes around cleaning up the mosquitoes with DDT. It provides many preventive health measures. It provides health protection in some of the critical areas of the world. However, the United Nations International Children's Emergency Fund is directed specifically to the purposes of child health. It has two purposes—postwar emergency needs of children in war-devastated and occupied areas, and, secondly, health purposes generally. There are many good reasons why we should be interested in children, including very pertinent quotations from scripture, as well as ordinary observations by parents. I can think of no particular activity of the United Nations, of a specialized nature, that has done a better job or that is more vitally needed than the International Children's Emergency Fund. The amount of money involved is not large, an additional \$25,000,000 being requested.

I have outlined in rather succinct language in the pages I have asked to have printed in the RECORD how this was created, and what the financial resources of this program are. I have also outlined the nature of the program, and I find that primarily what it has been doing is supplementary milk feeding, school lunches, with the funds of the UNICEF, the United Nations International Children's Emergency Fund, and that the funds of this organization have been matched by the governments where the program is carried out, and by voluntary agencies.

First of all, then, we get this sort of picture: The United States Government dollar was first matched by other governments, and the resulting total was matched by the recipient country with an equal caloric value of foods, doubling the value of the United States contribution by the time it reached the recipient child. I believe some 32 countries participating in the fund made their contributions, and then the recipient country, in which the child was a resident, in which the child received the food, made an equal amount of contribution.

What has been the work of the organization? It has carried on, as I said, the school-lunch program on a mass scale. It has carried on a very vigorous anti-tuberculosis campaign. Twenty-five million children have been tested and vaccinated, when necessary, against the dread disease of tuberculosis. It has been able to assist in the field of providing clothing for children. It has provided benefits to orphaned, dependent, and delinquent children left in the wake of war. It has provided training in citizenship and in productive work for literally thousands of children in many, many countries of Europe and Asia.

These are merely some of the highlights of the UNICEF fund. There are other medical programs designed to control syphilis, malaria, and fly-borne diseases which create high infant mortality. There is the milk conservation program, to provide clean, safe milk in countries with little refrigeration. There are the refugee projects in Palestine, Ecuador, and Pakistan, where UNICEF assistance has made the difference between life and death for millions of children.

So, Mr. President, I rather feel that, when our great Nation, which poured out its treasure in war in order to protect the free way of life, has an opportunity in time of peace to insure the conditions of a free way of life, or to preserve them and to expand them, we have a noble cause. I do not think America will ever be criticized either by its own citizens or by people from without for having been interested in the underprivileged and particularly in children.

I know there may be some diplomatic reason or some reason of protocol why we ought not to continue the program such as the emergency fund for children. But I am convinced that we build more good will with one glass of milk under a program such as that of the UNICEF than we do with all the confounded negotiations and discussions which are held in the Embassies, for at least we are talking about citizens, about people—little people, and very little people, who someday can either be our friends or our enemies. On the basis of all that, I think it is good to deposit what we have in terms of good will, in terms of hope for the future, with the young and with the underprivileged. These people will respond, and they will be our friends in the days to come. But, be that as it may, I do not believe anyone who has any sense of moral justice can sit idly by in a world in which there is sickness and hunger, and, when we have excess supplies of powdered milk, excess supplies of powdered eggs, letting them rot in caves, not do something with them. Believe me, the Communist propagandists must be having a field day, in view of the millions and millions of pounds of eggs, hundreds and thousands of pounds of butter, millions of pounds of dried powdered milk, and other commodities which we do not know what to do with.

People who are hungry do not have time to listen to explanations as to how we got into this mess; all they know is that there are millions of hungry children, and they know that, with a reasonable program that does not run into the

military-assistance program for \$25,000,000, we would be able literally to help millions of children. I submit that we would even strengthen our defense structure by doing this. I do not know how many guns we can send under the Military Assistance Program for \$25,000,000, but I would hazard a guess that it would not be very many.

I am convinced that if we are willing to cooperate with other peoples in providing a program for child assistance under an international organization, we shall be starting to build the kind of a world in which we want to live. We are working with young people, through an international body; we are trying to develop a new attitude with reference to the kind of world we want to have in the future.

Mr. President, I should like to offer for the RECORD, first, some facts on the United Nations International Children's Emergency Fund, and also a letter from Representative BLATNIK, who is a member of a select committee which investigated the activities and the work of the emergency fund. The letter gives an evaluation, as an official report to the Congress, of the work of the committee and why he felt that the fund ought to be continued.

I ask unanimous consent that my prepared remarks and the letter to which I have referred may be printed in the RECORD at this point.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

(Background information by Senator HUBERT H. HUMPHREY)

I. CREATION OF UNICEF

UNICEF was unanimously established by the First General Assembly of the United Nations to meet (a) the immediate post-war emergency needs of the children in war-devastated and occupied areas and (b) child health purposes generally.

The Assembly's action was a result of two recommendations:

1. In the spring of 1946, Herbert Hoover made a world food survey at the request of President Truman and on his return reported that:

"There are somewhere from 20 to 30 million physically subnormal children on the continent of Europe, and millions more in Asia. After the First World War, we gave restorative food to 10,000,000 undernourished children. I deplore that this special aid for children has had no counterpart after this war and suggest the redemption of these children be organized at once. The job could be done with three or four hundred million dollars—a charge beyond any organized private charity but not a great sum from the world as a whole."

2. The last UNRRA council meeting in August 1946, recommended that a United Nations children's fund should be established to continue the work which had been started by UNRRA for children. This fund should utilize any existing UNRRA residual assets.

II. FINANCIAL RESOURCES

The fund never received the three or four hundred million dollars which Herbert Hoover recommended as a minimum amount to undertake this program, nor did it receive any substantial residual assets from UNRRA. For a while, it looked as though the world had established a pious hope with

no resources to make it operative. Then, the United States Congress took the lead, and voted an amendment on the floor of the House providing \$15,000,000 to be made available immediately for this program and another \$25,000,000 to be made available as other governments contributed.

The matching formula established by the United States Congress has proven a remarkable success. As of this date, Congress has appropriated \$75,000,000 to the children's fund and 43 other governments have voluntarily contributed enough money to match this amount by more than \$600,000. In addition, individual persons and organizations have contributed more than \$11,000,000 for this program, which were not matched by the United States.

All of this adds up to only \$148,000,000 which UNICEF will have had to spend over a 3-year period to meet the needs of children all over the world.

III. PROGRAM

Supplementary feeding

By general agreement of the Executive Board, UNICEF's initial resources were used to meet the immediate postwar emergency needs of children in Europe. Even here the assistance was limited to programs which would yield quick results for a small cost, such as dried skim milk for supplementary feeding, and fats, such as cod liver oil, lard, and margarine. More than 85 percent of the UNICEF resources in the first 15 months was used for this program.

The UNICEF contribution to the supplementary milk, or school luncheon, was matched in turn by governments or voluntary agencies of the assisted countries. Thus, the United States dollar was first matched by other governments, and the resulting total was matched by the recipient country with an equal caloric value of foodstuffs, doubling the value of the United States contribution by the time it reached the recipient child.

Over a period of 2 years, five and a half million children received this supplementary feeding assistance daily. This winter, the use of American skim milk surpluses, made it possible for UNICEF to increase the number to 8,000,000 children, nursing and pregnant mothers receiving a cup of milk daily.

Antituberculosis campaign

But feeding the children was not enough, tuberculosis had reached epidemic proportions among the children of war devastated countries. In an effort to check the spread of this serious disease, UNICEF joined forces with the Danish Red Cross and its Scandinavian associates in the first mass preventive disease campaign in history. The campaign, based on the use of BCG (*Bacillus Calmette-Guerin*), a vaccine developed in the early part of this century, reduces the chances of infection by 80 percent and costs only a few cents for each child. The World Health Organization cooperated in the campaign with technical assistance and a research project to evaluate the efforts of the campaign.

Twenty-five million children have been tested and vaccinated when necessary against this disease and another 25,000,000 are expected to be reached before January 1951.

Clothing

UNICEF has never been able to do more than scratch the surface on the problem of clothing. Where recipient governments will bear the cost of processing raw materials into shoes, layettes, coats, or socks, the fund has provided raw materials for this purpose. More than 3,000,000 children have directly benefited from the program, and many older children have indirectly benefited through jobs provided by this program.

Training

To help the thousands of orphaned, dependent and delinquent children left in the

wake of war, the fund has assisted the training of specialists in various phases of child health and welfare. These specially devised courses in social pediatrics for selected personnel have been carried out in cooperation with the Governments of France, Switzerland, Sweden, and the United Kingdom.

Probably even more valuable than this form of training is "on the ground" training of local personnel in the underdeveloped countries in Southeast Asia, Middle East, and Latin America. This training and practice can be only undertaken where there are actual supplies to teach the local personnel "how" to care for children.

Summary

These are only some of the high lights in the UNICEF program. There are other medical programs to control syphilis, malaria, and fly-borne diseases which create high infant mortality. There is the milk conservation program to provide clean safe milk in countries with little refrigeration. There are the refugee projects in Palestine, Ecuador, and Pakistan where UNICEF assistance has made the difference between life and death for millions.

IV. COMMODITIES

All of these programs—in fact the very life of the fund—has been made possible because it is not a discussion organization, but a supply operation.

There has been a great deal of loose talk about technical assistance to underdeveloped areas. Technical assistance for long-range economic development is a very important concept to be fully supported. But children cannot wait for the long-range results of economic development—their need is for today. In meeting their needs today, we are at the same time providing the best method of teaching these underdeveloped countries how to care for the long-range needs of children. Children's programs must have supplies to supplement technical assistance.

There are other advantages to a supply program: A supply operation based on the principle of national governments matching international imports is a guaranty that the governments will actively participate in the program.

It is easier to control and maintain international standards through a supply operation than with a servicing program.

It is a practical tangible demonstration of the benefits of participating in international effort, and from the public information point of view, it is the best possible method of selling the United Nations.

A program utilizing supplies can accept contributions in kind which makes possible contributions from governments who are dollar starved, but are anxious to demonstrate their support of the United Nations, through the channeling of food surpluses such as milk, wheat, fish oils, and so forth—from food-producing areas to needy children throughout the world. Moreover, the channeling of surplus foods into noncompetitive markets, such as refugee projects or school-lunch programs, will not affect the national or international price of these commodities.

V. EVALUATION OF SELECT COMMITTEE

(See BLATNIK's letter attached.)

HOUSE OF REPRESENTATIVES,

Washington, D. C., April 26, 1950.

Senator HUBERT H. HUMPHREY,
Senate Office Building,

Washington, D. C.

DEAR HUBERT: It is my understanding that you are one of the sponsors of S. 8420, a bill to continue United States participation in the United Nations International Children's Emergency Fund.

As you know, the Select Committee of the House Committee on Expenditures in the Executive Departments made a careful survey of this organization last summer and

fall. We not only visited the headquarters of the organization and interviewed the personnel in every section of its work, but our committee also examined the field program in 14 countries of Europe and the Middle East.

As chairman of that committee, I would like to draw your attention to some of the outstanding characteristics of this program which I believe merit the support it appears to have in the Senate.

First, I would like to pay tribute to the executive director, Mr. Maurice Pate, of Cape Cod, Mass., formerly of Denver Colo. Mr. Pate first learned how to handle the problems of an international supply program when he served with Herbert Hoover in the American relief for Belgium and the American Relief Administration in Poland. During the second World War, he served as director of the civilian relief program for the American Red Cross. In spite of submarine warfare and the bombing of Red Cross trucks overseas, 98 percent of Mr. Pate's supplies reached their destination.

The story of UNICEF is even more remarkable. Less than one-tenth of 1 percent of all UNICEF supplies have been lost through damage, pilferage, or mismanagement. A detailed system of commodity accounting is maintained for each step in the transportation of supplies from producer to ultimate consumer. Thus, UNICEF officials can tell at any moment the exact location of a load of Chicago meat or Wisconsin powdered milk.

This seems like a lot of work involving a big staff—but such is not the case. By wise planning and constant spot checking, UNICEF officials have reduced the cost of administration to less than 4 percent of the total program. Moreover, 2 percent of this cost is used to pay for technical experts associated with the milk conservation and medical programs.

In a world of distrust and fear, the Children's Fund is a concrete demonstration that international organization can work for the benefit of mankind.

Our committee was deeply impressed with the effective and efficient manner in which the international tuberculosis campaign was being conducted. We visited a state serum institute in Copenhagen where the tuberculin and vaccine were being produced to protect millions of children against this dread disease. Without UNICEF supplies, this joint endeavor (UNICEF, the Scandinavian Red Cross Societies and the World Health Organization), to conduct the first mass international medical campaign would never have been made. Today, more than 30,000,000 children have been examined and vaccinated when necessary against tuberculosis.

In Vienna, we saw the gigantic soup kitchens built by the Nazis to feed their occupation troops, now producing a nourishing hot meal for school children in all four zones. For UNICEF supplies are given without discrimination because of race, creed, color, or political belief.

Wherever these supplies go, however, the children and their parents know where they come from. In every country we found posters acknowledging this program as a United Nations effort. No one was surprised to see a United States congressional committee interested in these expenditures because American supplies and American personnel were prevalent in the program.

In Italy, His Holiness the Pope, expressed his deep concern for the future of international assistance to children. And well he might. We found millions of children in Europe who would have died without this international humanitarian enterprise. In Asia and in Latin America, UNICEF programs are just now getting under way. The United States Congress cannot afford to let this program terminate.

The United States Congress was responsible for starting this program. Our matching formula has provided the incentive to make it successful. I earnestly hope we will continue to take the lead necessary to insure its continuation.

Sincerely yours,

JOHN A. BLATNIK,

Member of Congress.

Mr. HUMPHREY. I yield the floor.

EXHIBIT 1

Mr. HUMPHREY. Mr. President, I believe that the point 4 program is a practical approach to the great human problem that the world faces today. Two-thirds of the people of the world are caught in a vicious circle of poverty, hunger, and disease. These people want to improve their lives. But they are now barred from improving their lot by a lack of the technical skills which are necessary to spur their economic development.

The President has emphasized to the world that greater production is the key to prosperity and peace. I believe that under the point 4 program we can provide the people of the underdeveloped areas at a comparatively low cost with the technical know-how which is the main key to greater production.

One of the principal problems in the underdeveloped areas is the improvement of the health of the people in those areas. Without improvement in health, economic development will be impossible. Under the point 4 program, therefore, it is proposed that the United States extend technical aid to these people in combating the serious disease problems that they face. Such a program can pay rich dividends not only in human lives but in economic progress.

The areas of the world in which the people have the best health also have the highest productivity. We have witnessed sensational results in the improvement of the economic life of wide areas when endemic diseases are eliminated. In some cases, as a matter of fact, the wiping out of an acute disease problem has resulted in the doubling of agricultural production.

In 1945, for example, a campaign was started against malaria in Greece. Before the campaign began, one-third of the workers were unable to work 2 to 4 months a year because of attacks of malaria. The infant mortality from the disease in some villages was close to 100 percent.

UNRRA, and later the World Health Organization and the Public Health Service Division of the ECA mission to Greece, have used the magic DDT to reduce the number of people suffering from the disease from 2,000,000 to 50,000 in the past 4 years. This is a reduction of almost 98 percent. DDT was sprayed from the air and crews of native workers sprayed the walls of all buildings in infected areas.

DDT has made it possible to control malaria at a relatively low cost. The work against malaria in Greece is estimated to have cost less than 20 cents per person, the local cost of two quinine tablets.

The economic results are dramatic. Farm production in some areas of Greece has improved more than 40 percent. It is estimated that the campaign is resulting in a saving of from 30,000,000 to 60,000,000 man workdays a year.

Similar results have been obtained in other regions. The discoveries of medical science have provided us with new weapons which make possible real progress in halting preventable diseases. The use of DDT against malaria, and penicillin against the venereal diseases are two of the most striking examples.

Countries that have been able to use modern know-how to prevent and treat disease have made great progress. On the other hand there are large areas of the world where disease takes the same high toll as in past

centuries. In India, for example, at least a million deaths each year are attributed to malaria.

In the United States our great progress in preventing communicable diseases is well known. However, much of the new medical knowledge that has made this progress possible is still confined to the better-developed areas. The lack of water and sewerage systems, for example, is responsible for the high rates of typhoid fever, cholera, and other diseases in wide areas. The use of even rudimentary sanitary methods in water supply and waste disposal can greatly reduce these diseases.

I believe that by sharing our technical know-how in the field of health with the people of the underdeveloped areas we can help them overcome one of the principal obstacles to their economic development. We possess the knowledge and the skill which is the key to many of their most tragic disease problems.

The health projects proposed under point 4 are practical proposals. They are based on the experience that we have gained in operating such programs on a bilateral basis in Latin America, and on multilateral basis through the World Health Organization.

It is proposed that point 4 projects be carried out as far as practicable through the United Nations and its specialized agencies. The World Health Organization was conceived 4 years ago as the United Nations agency to conduct an integrated international health program. Through its programs of field demonstrations, technical training of medical people, and technical advice, the World Health Organization has established a firm foundation upon which an expanded program under point 4 can be based.

The United States has also developed through various inter-American health programs practical methods of meeting regional health problems. The Public Health Service of the Federal Security Agency has worked closely for a number of years with the Pan American Sanitary Bureau, now the regional office of the World Health Organization for this hemisphere. Under the programs sponsored by the Bureau, United States experts have been detailed on scores of assignments to Latin American Republics. Hundreds of Latin Americans have been given training in this country. These activities over the past 40 years have aided materially in strengthening health services in Latin America.

Similar programs have been carried on by the Institute of Inter-American Affairs, an agency of our Government. I believe that the Institute's programs indicate one line of approach in tackling health problems under point 4. The Institute sends a field party of doctors, nurses, and sanitary engineers to work with specialists of other governments in a common agency. The work includes the operation of health centers, projects for the control of diseases, and construction of water supply and sewerage systems. Health education campaigns, hospital work, and training activities are also carried on.

Through these programs we have developed tested procedures which will constitute basic guides for the proposed health projects under point 4. Technical assistance in health, as well as other fields, is not a new concept. Our activities under the program can be solidly based on the experience gained over a number of years.

The improvement of the health of the underdeveloped areas is of direct interest to the American people. Due to the great increase in the speed and amount of travel, the people of this country are now neighbors of disease infested areas throughout the world. Freshly infected persons from these areas can now step aboard planes and arrive in the United States before symptoms of illness appear. Because of this new situa-

tion control of diseases at their sources—such as is planned under point 4—is increasingly important to the people of the United States.

The democratic nations of the world have another great stake in the point 4 program. Disease and poverty provide a fertile soil for the introduction of totalitarian systems that threaten peace. By helping the people of the underdeveloped areas to conquer their pressing problems, we will help overcome what Prime Minister Nehru has called "the apathy of despair." We will demonstrate the dynamic productivity of the democratic way of life.

Democratic ideals cannot survive in a world in which the present dangerous economic inequalities are continued. In terms of nations we have learned that there is considerable truth in the old saying that "the rich get richer and the poor get poorer" when such inequalities exist. Back in 1939—before we had embarked on the tremendous war induced program of industrial expansion—our per capita income was \$554. In that period the average citizen of one of the less developed countries earned about \$40 a year. By 1947, however, the per capita income of the United States had more than doubled, reaching \$1,400, while the lot of the people in the underdeveloped areas had not improved, and in many cases had declined.

Thus the glaring inequalities in the world division of the essentials of life have become progressively more apparent in the last 10 years. There is little doubt that one of the fundamental objectives of communism is to seize upon the misery of the people of the underdeveloped areas to create suspicion and distrust of the more favored nations—principally the United States.

The point 4 program offers us an unsurpassed opportunity to give the people of these areas a tangible hope for the future. It offers the people of the United States the prospect of improved relations with people everywhere. It is a necessary program. It is a practical program. I believe it should receive the full support of the Congress.

Mr. MAYBANK. Mr. President, 2 years ago the Congress passed the Economic Cooperation Act of 1948. It was the intent of the designers of this legislation, based on the popular Marshall plan of the time, that this should be a 4-year program. We are now considering the third authorization for funds with which to carry out the purposes of the original act.

I shall not dwell on the motivating facts which made a program such as this necessary. At the time of the first authorization, the economy of the European nations was on the verge of a complete collapse. Loss of income, dislocations of trade patents, inflation, and other financial problems, and unproductive war-worn machinery were the results of 6 years of war. Coupled with repeated Communist attempts to sabotage recovery, the general state of European morale was at a dangerously low level.

In the face of these conditions, it was necessary that the Congress of the United States, with the support of the American people, act as quickly and as forcefully as possible. As a result, the first authorization for the European recovery program was necessarily little more than stop-gap legislation.

It is my firm conviction, Mr. President, that this foreign-assistance program has served a very definite purpose. There is indisputable evidence of the

part it played in slowing the tide of communism which was sweeping across the borders of our wartime allies. From my own personal observations, and from what I believe to be authentic reports, the program has served a useful purpose.

Mr. President, I lived in Europe a great deal before the war, and I was there when the war ended. I saw the havoc and the destruction wrought in Europe. I remained there some time after the war, and, as a Member of the Senate, and I tried to make a study of conditions in 1945. I had the pleasure, last fall and winter, of visiting in 20 countries in Europe, and I should like to say that the work the Marshall plan has accomplished for European recovery is almost beyond belief. The production of Europe has increased over what it was in the prewar years by from 120 to 130 percent. So I think the Marshall plan has been very useful, and I compliment those who have handled the plan for the remarkable results which have been accomplished from its inception up to 1950. I realize that it cannot be discontinued and cut off completely.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. CONNALLY. The program has been successful and has worked wonderfully. Therefore the Senator does not feel that it should be cut back, does he?

Mr. MAYBANK. I believe it should be reduced in total authorization, but I do not believe it should be abolished at this time.

Mr. CONNALLY. Is the Senator making that general statement, or is he fortified with facts? Does he know where cuts should be made in the program?

Mr. MAYBANK. The Senator from South Carolina is not a member of the Foreign Relations Committee and is not as well versed, perhaps, in matters connected with the ECA as is the Senator from Texas, but it is my judgment that cuts could be made in the case of most of the European countries, though perhaps not in the case of Italy or Greece. But from what I saw with my own eyes, I think the plan has been a success. I think that some money could have been saved in some places, for instance, where expensive engineers were hired to arrange plans. I think there may be many places in which the authorization could be cut.

Mr. CONNALLY. Is the Senator aware that in the present fiscal year the Administrator has saved \$150,000,000 from the appropriation which was made available to him?

Mr. MAYBANK. The Senator from South Carolina is aware of that, and he is making this speech at this time because he thought at least that amount could have been saved when the appropriation bill was before the Senate last year. However, various points of order which were made, when amendments were offered to the bill at that time prevented a reduction being made. It is my purpose to be present at all the meetings of the Appropriations Committee when Mr. Hoffman and his representatives ap-

pear and to do everything I can to aid in bringing about reductions wherever possible. The hearings have not yet started, because we can have no appropriation before us until an authorization bill is passed.

Mr. CONNALLY. What the Senator has in mind can be done within the authorization. But is not the fact that Mr. Hoffman has saved \$150,000,000 in the present year evidence of his good faith and his intention to economize and cut down wherever possible? Is he not in a better position to know about the situation than are we on the floor of the Senate?

Mr. MAYBANK. The Senator from Texas is correct in his estimation of Mr. Hoffman. I hold him in the highest esteem. I want to have an opportunity, as a member of the Appropriations Committee, to question Mr. Hoffman as I did last year. There is always the story, as the Senator well knows, "Oh, this money has been authorized, and we have got to appropriate it." I do not say that the Senator from Texas makes that statement, but that is the way it is talked around. In many instances, and in connection with many types of bills, such as the rivers and harbors bills and the rent-control bills, we hear it said "We have authorized it. Now it is up to the Appropriations Committee to furnish the money."

Mr. CONNALLY. But the Senator from South Carolina knows that is not true, and I am sure the Senator, knowing that, is not going to be influenced by someone's statement that we must appropriate all that is authorized. That has never been true, and I hope it never will be true. When Mr. Hoffman appears before the Appropriations Committee, the Senator from South Carolina or any other member of the committee has a perfect right to interrogate him thoroughly, and if the committee thinks the appropriation should be reduced, it can vote to reduce it.

Mr. MAYBANK. It is very difficult to cut an appropriation below the authorization.

Mr. CONNALLY. I would vote what my head tells me to vote.

Mr. MAYBANK. The Senator from Texas well knows that I vote what my head tells me.

Mr. CONNALLY. I understand, but the Senator has just said that because of the claim that the authorization is so much and that the committee must appropriate so much, the committee cannot resist the pressure—

Mr. MAYBANK. I can resist any pressure.

Mr. CONNALLY. I am not speaking of the Senator, personally, but about the Appropriations Committee. If the Appropriations Committee is governed by rumor and outside talk, and not by the facts, we should have some changes in the membership of that committee.

Mr. MAYBANK. The Senator from South Carolina did not say that the committee was governed by rumor and outside talk. He said that persons appear before the Appropriations Committee and say, "This amount of money has been authorized, and the Appropriations

Committee should approve it." Not that the committee always does so, because it does not, but on many occasions that has happened.

Mr. CONNALLY. The Appropriations Committee does the voting. The witnesses who come before it and talk to the committee do not have any votes. It is up to the Appropriations Committee to vote after it has heard the testimony and the facts. If the Committee on Appropriations is so plastic as to accept the advice of someone who does not know anything about the subject but who says, "Well, so much money was authorized and you have got to appropriate so much money," it does not make much sense.

Mr. MAYBANK. The Senator from South Carolina did not say that the amount must be appropriated because it has been authorized. The Senator well knows that at one time the authorization act and the appropriation act were one and the same thing. Now we have an authorization in a certain amount. Then the agency which is affected comes before the committee and says, "The bill has been passed and such and such an amount has been authorized," and the agency asks for that amount. I did not say that the committee had to appropriate the amount asked for. I know I would not do it, and the Senator from Texas knows that the committee would not do it. However, the authorization is a talking point in favor of those who seek the appropriation.

Mr. CONNALLY. All the authorization does is to give permission to the Committee on Appropriations to appropriate that amount or any amount below the authorization.

Mr. MAYBANK. That is correct.

Mr. CONNALLY. That does not mean that the committee must appropriate the amount of the authorization. I hope the Committee on Appropriations is beyond being influenced by so-called semilobbyists who come before it and say, "Congress authorized a million dollars and you have got to appropriate a million dollars." That is not so. That is not true. Of all committees, the Appropriations Committee should know that that is not true.

Mr. MAYBANK. The Committee on Appropriations certainly knows it is not true. The Senator from South Carolina certainly knows it is not true. The Committee on Appropriations certainly will not be influenced by lobbyists, to whom the Senator refers. However, the Senator knows that when authorization bills are passed, those who are concerned with them, Government agencies, or whoever may be affected by the bill, come before the Committee on Appropriations and ask for the amount that was authorized.

Mr. CONNALLY. That may be so; but I thought we had men on the Committee on Appropriations who know how to say "No."

Mr. MAYBANK. We certainly have such men on the committee. I am one who will say "No" to the full ECA appropriation.

Mr. CONNALLY. That is all right. That does not mean that the authorization which the Senate is now discussing

must be cut, or that the Senate cannot authorize the full amount that is asked for. This is not the appropriation. This is the authorization. The Senator from South Carolina has two bites at the chew. The Senator from Texas has only one. All he can vote on is the authorization. The Senator from South Carolina has a vote on the authorization and also a vote on the appropriation. He has a vote whether or not the authorization should be cut down to the bottom. It can be cut down to the bottom if that is what is wanted. But the Senator should not tie the hands of all the rest of us.

Mr. MAYBANK. I have no intention of trying to tie anybody's hands. I am sorry the Senator feels that way about it. Last year I voted for a reduced appropriation. I thought the amount could be reduced. Mr. Hoffman has been able to save \$150,000,000. If we can appropriate a little less for rivers and harbors and cut down all the other agencies, except the armed services, I think it would be a wise course to follow in the interest of American taxpayers if we were to make some reduction as well in the amount of money provided for ECA.

Mr. CONNALLY. As the Senator from South Carolina knows, the pending bill calls for practically a billion dollars less than a year ago.

Mr. MAYBANK. The Senator from South Carolina certainly does know that. Mr. Hoffman has told us that.

Mr. CONNALLY. Is that not cutting it? Is that not cutting a billion dollars off?

Mr. MAYBANK. Certainly.

Mr. CONNALLY. Now the Senator wants to cut off much more. I do not know how much he proposes to cut off. He wants to slice some more off, without knowing any of the details involved. He wants to get a big butcher knife and slice off a hunk.

Mr. MAYBANK. The Senator from Texas can say something about getting a butcher knife and slicing off a hunk, but I visited various ECA countries last fall and winter and I think that some money can be saved.

Mr. CONNALLY. How many days did the Senator spend in each country?

Mr. MAYBANK. I do not remember exactly.

Mr. CONNALLY. The Senator need not name them all.

Mr. MAYBANK. I was in France for quite a while. I was in Germany, too. Of course, Germany is not covered by this program. I was in Belgium.

Mr. CONNALLY. How long did the Senator spend in Italy?

Mr. MAYBANK. I was in Italy only 5 days, I believe.

Mr. CONNALLY. Very well. I thank the Senator. I did not mean to interrupt him.

Mr. MAYBANK. I am glad to yield. I spent a month in France and Germany.

Mr. CONNALLY. I am not privileged to be a member of the Committee on Appropriations, the sublime committee which is above everything, and knows everything about everything.

Mr. MAYBANK. The Senator knows that the committee does not feel that way about it, and neither does the Senator from South Carolina.

Mr. CONNALLY. I am not talking about the Senator from South Carolina. I am talking about the other Members. I think we can trust them. I can trust them to go below the authorization if they want to. I want to trust the committee. The Senator does not want to trust them.

Mr. MAYBANK. I beg the Senator's pardon.

Mr. CONNALLY. He wants to cut the authorization so that the Committee on Appropriations cannot appropriate as much as I want them to appropriate if the facts justify it.

Mr. MAYBANK. I thank the Senator.

Mr. CONNALLY. I thank the Senator very much.

Mr. MAYBANK. I thank the Senator for his remarks.

Mr. President, in this program there have also been certain inherent weaknesses. Let me say that in many cases they were possibly unavoidable, but I think we would be doing the American citizen a disservice if we failed to take into account, while we are considering another authorization, the defects of this program.

Before I get into the principal subject of my discussion at this time, I want to remind the Senators of the termination date of this program just 2 years hence. I cannot urge them too strongly to begin to think now in terms of this cut-off date. It has been foremost in my mind since the original authorization was made 2 years ago. We must not allow 1952 to find us without a specific, well-thought-out plan with which to meet the expected demand for an extension.

It is my belief at this time that I shall be unalterably opposed to an extension of this type of program. After 4 years of such a financial crutch as we have extended to the nations of western Europe, they should certainly be prepared to administer their own economy on a self-sustaining basis. They must become financially independent.

When this condition prevails, the time will have come when the merchant traders of our country may deal directly and in free and open competition with the businessmen of any other friendly country of the world.

It is time we give serious consideration to the implementation of a less socialized technical assistance program than that proposed by the State Department. It would be well to head off this growing trend toward controlled economics right at this point. I would also recall the comments I made to witnesses from the State Department and the Export-Import Bank when hearings were held on the guaranty portion of the point 4 program: It is well and good to develop underdeveloped areas abroad, but let us not overlook our own under-developed areas at home. A program such as this must be geared to our own domestic requirements.

It is time now, before we even enter into a program of this nature, that we dispel forever the unsound current

thinking of business and aid on a government-to-government basis. It is not necessary. I do not believe that it is even honestly wanted by the businessmen of the intended recipients.

If there is ever to be an end of this so-called cold war and to the instinctive habit of foreign nations looking to us for grants and loans, we must plan now to buy, sell, and trade on a people-to-people and business-to-business basis. Until we finally accept a sound businessman's program on a bipartisan basis, we will continue to be forever and eternally concerned with rising imports, falling exports and increasing domestic unemployment.

Mr. President, with these words of caution, I shall dwell for a few moments on the immediate subject we are considering.

It was just a few days ago that I made a speech on the Senate floor calling attention to the alarming figures recently released on our exports and imports. I shall not bore the Senators with a repetition of these figures. They are available in the CONGRESSIONAL RECORD of Friday, April 14.

This condition of our foreign trade is germane to the discussion of the business presently before the Senate. My personal concern is over the decrease in our exports of cotton textiles and the increase in imports of these same materials.

This condition is directly related to what I consider to be an ill-advised use of this foreign-aid program. I have cautioned against this in the past, and supported and voted for the Commodity Credit agreements last year, because of my fear that something like this might happen.

I say to the Senators again, Mr. President, that we are disrupting our own domestic economy in supplying our excellent machinery to European nations in order that they may process our raw cotton and return a finished cotton textile to be dumped on the American market at competitive prices below those at which our own mills can produce and market the same products. A continuation of this condition will inevitably lead to unemployment of our textile workers whose machines will be standing idle.

I may say, Mr. President, that since I made the speech the other day I noticed that several of the larger labor organizations, whose memberships include textile workers and other union workers, have likewise shown concern about the situation.

My previous remarks concerning the export-import trade gap were general in nature and have not referred to any particular instance or country. I have referred particularly to textiles, because I consider them to be just as necessary in any economy as radios, soft drinks, or automobiles.

I am going to call to the attention of the Senators some of the deficiencies of this program as experienced by one country. It could well be the ECA "test tube."

I have in the past pointed out that our textiles were banned from Morocco, and that those of many other nations, in-

cluding Poland and Czechoslovakia, were replacing them. The Department states, as appears on page 10975 of the RECORD of August 4, 1949:

Unrestricted imports from the United States are impossible at the present time. Imports from countries not in the dollar area are, of course, subject to other criteria.

That ruling places in a more favored position than the United States the countries of Argentina, Bulgaria, Egypt, Czechoslovakia, Portugal, and Spain.

I have here a statement released by the Textile Export Association of the United States. I ask permission that it be inserted in the RECORD following my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. MAYBANK. Mr. President, I call attention to the following paragraph from a report by the association:

The association has questioned the exclusion of United States goods from Morocco and the State Department's abrogation of an existing treaty which assured an open door for our trade there. It has not actively protested heretofore because the Secretary of State has insisted the measures were necessary to conserve Moroccan dollars. * * * However, since the embargo began, United States' total exports to Morocco have increased. * * * On January 1, 1950, Morocco freed certain imports including cigars of all categories, cigarettes, soft-drink ingredients, and radio sets, while still banning more essential United States products, among them textiles. These facts * * * indicate that the embargo is for some other reason than economic necessity.

Now, Mr. President, when I read the above statement, I checked on it. The Department of State's press release of December 31, 1949, No. 1021, lists 11 items which can be imported into Morocco, and the products mentioned by the association are included, while many more useful items, including textiles, are left off.

I ask that the State Department's release of additions to the Free List be inserted after my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 2.)

Mr. MAYBANK. Mr. President, how do the natives feel about these regulations? I find this in a statement released at Lake Success by the Committee for Freedom of North Africa, quoting a letter sent to the distinguished Chairman of the Foreign Relations Committee. This statement says:

As one example of French exploitation, we may point out a regulation permitting unrestricted imports of radios and cigars from the dollar area, while keeping embargoes on cotton cloth, used clothing and other necessities urgently need by the naked, indigenous populations.

Mr. President, I do not know what answer the Department of State will make to that, but I do not believe there is any answer except that our decisions are dictated, in many instances, by officials who are not as thoroughly schooled and experienced in practical business as such conditions as this would demand. I also

believe that in setting aside our treaties, the Secretary of State is usurping a prerogative of the Senate. When he decides that we may export radios and may not export textiles to a given country, he is regulating foreign commerce, a function of the Congress. Even if the Constitution permitted it, which it does not, I believe that these legislative functions should not be delegated to persons who can be convinced that radios are more essential than cotton sheeting; that a country's economy can be improved by importing luxuries and embargoing necessities; and that one of our most hard pressed industries should give up a market, acquired for it by the hard work of our veterans, in order to make way for products made behind the iron curtain.

Mr. President, this leads me to the conclusion that my objections to the centralization of all these powers and function in the Department of State are perfectly valid. I do not mean to propose that any such major change be made at this time in the administration of this current foreign aid. I do, however, charge the Members of the Senate to think in terms of 2 years from now when this aid is supposed to have served its purpose. Even now we are looking to that day as we propose to make reductions in the amount of money for this third authorization. I shall support the move for a material reduction, in the belief that a lesser amount will be sufficient to carry out the purposes of the program during the second and final half of the life of ECA.

I do not in any way intend to propose the termination of ECA at this time. It has been essential to the recovery from war, even though there are many who fear it is only temporary. It is my firm conviction that it has been worth every cent it has cost. Even though there are instances where it has raised the standard of living beyond even the best prewar years, the scales are balanced by the over-all improvement in western European economies and additional security to our own people.

This third authorization, in a reduced amount, will have my wholehearted support.

EXHIBIT 1

TEXTILE EXPORT ASSOCIATION OF THE UNITED STATES,

New York, N. Y., March 27, 1950.

For release Thursday a. m. papers, March 30.

The Textile Export Association of the United States has complained to the Secretary of State against the Department's approval of Morocco's embargo on many United States products, including textiles, according to Mr. John H. Judge, president of the association. Mr. Judge said that the association has questioned the exclusion of United States goods from Morocco and the State Department's abrogation of an existing treaty which assured an "open door" to our trade there. He added that they have not actively protested heretofore because the Secretary of State has insisted that the measures were necessary to conserve Moroccan dollars.

Mr. Judge points out, however, that since the embargo began United States total exports to Morocco have increased 33 percent and that on January 1, 1950, Morocco freed import including cigars of all categories, cigarettes, soft drink ingredients, and radio sets while still banning more essential United States products, among them textiles. These

facts, he asserts, indicate that the embargo is for some other reason than economic necessity.

(American traders in Morocco have repeatedly maintained that the embargo affects goods formerly sold in free competition by independent Americans, while most of the free list consists of products which French concerns control by exclusive agencies or otherwise.)

Mr. Judge said that in 1948 when free competition prevailed in Morocco, the United States sold over \$3,000,000 worth of cotton goods to that country and that sales were \$600,000 in the month of January 1949, but became negligible thereafter when the embargo was applied. The potential market is estimated at more than 6,000,000 yards. Much of this business, which formerly went to the United States, has been given to Poland and Czechoslovakia whose bilateral trade agreements with France are observed while our treaties, of longer standing, are set aside.

EXHIBIT 2

DEPARTMENT OF STATE, December 31, 1949.

For release at 7 p. m. eastern standard time, Monday, January 2, 1950. Not to be previously published, quoted from or used in any way.

Today, the protectorate authorities of the French zone of Morocco made public a list of goods which they have decided to add to the list of items which can be imported into the zone without official allocation of exchange.

The list is as follows:

1. Raw jute fiber.
2. Raw cotton fiber.
3. Manufactured tobacco.
4. Certain pharmaceutical products: antibiotic, radioactive and antimalarial products in quantities authorized by the central pharmaceutical service in accordance with the need for each product.
5. Raw materials for soft drinks.
6. Radio sets, including spare parts and tubes.
7. Passenger-car tires of special sizes.
8. Station wagons, not to exceed in value \$2,250 factory list price.
9. Jeeps (all classes) and similar four wheel drive vehicles.
10. Sewing machines (all kinds) including needles and spare parts.
11. Steel tubes and joints.

AMERICAN STUDENT NURSE DAYS, 1950

Mr. MILLIKIN obtained the floor.

Mrs. SMITH of Maine. Mr. President, will the Senator from Colorado yield to me to make a unanimous-consent request?

Mr. MILLIKIN. I yield to the Senator from Maine.

Mrs. SMITH of Maine. Mr. President, I ask unanimous consent that the Committee on the Judiciary be discharged from the further consideration of House Joint Resolution 455, authorizing the designation of American Student Nurse Days, 1950, and that its consideration be proceeded with at this time.

I make this request for unanimous consent at the suggestion of the distinguished chairman of the Committee on the Judiciary, the Senator from Nevada [Mr. McCARRAN], because of the shortness of time. The dates set in the joint resolution are for May 6 and 7.

The House of Representatives by unanimous consent passed this joint resolution yesterday, which is similar to one introduced by me a few days ago and

referred to the Committee on the Judiciary.

The purpose of the resolution is to help focus attention on the work of American nurses, and to help attract and retain students in the schools of nursing throughout the country.

The nursing profession offers much to the young women of today, not only by way of building better citizenship, but through the opportunity for truly constructive service among their fellow human beings.

The Senate can help to dramatize effectively this honorable profession and student training, which means so much to the health of our people, by passing this joint resolution today.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Maine that the Committee on the Judiciary be discharged from the further consideration of House Joint Resolution 455? The Chair hears none, and it is so ordered.

Is there objection to the consideration of the joint resolution at this time?

There being no objection, the joint resolution (H. J. Res. 455) authorizing the designation of American Student Nurse Days, 1950, was ordered to a third reading, read the third time, and passed.

Mrs. SMITH of Maine. I thank the Senator from Colorado for giving me the opportunity to have this joint resolution considered.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. HENDRICKSON. Mr. President, will the Senator from Colorado yield to me to make a statement on the unfinished business?

Mr. MILLIKIN. I yield to the Senator from New Jersey.

Mr. HENDRICKSON. Mr. President, as one who always has been annoyed and irritated by duplication, overlapping, and waste, whether of action or of words, I shall most certainly resort to an economy of effort both for myself in speaking, and my colleagues in listening, as I endeavor to make my position clear on the unfinished business, S. 3304, to amend the Economic Cooperation Act of 1948, as amended.

Mr. President, we confront an issue today which has had world-wide publicity and attention. It imports and influences have been tremendous, and will no doubt continue so to be for some years to come.

A year ago, as a new Member of this body, I supported ECA both in word and deed, despite personal reservations which I expressed on the floor of this distinguished body. What I said then I shall not repeat, because those who are sufficiently interested have the RECORD to turn to, and the RECORD speaks for itself. But, sir, I shall say that intervening events have served to support the reservations which I then had in mind.

I am firmly convinced today, Mr. President, that despite Mr. Hoffman's complete integrity, despite the hopeful optimism of all who supported the pro-

gram then envisaged, it has fallen far short of some of its well-intended purposes, and yet, I am ready to concede, even in the face of its faults, which have been pointed out again and again in the course of this debate, that it has served its major purposes, and has been, therefore, quite worth the well-known burdens which the American taxpayer has had to carry as the result of its enactment.

But, Mr. President, the time has arrived when the Congress must start to think and act in the interest of that same American taxpayer. Too long now has he been the forgotten man merely because of his own patience and generosity. With this program and all other programs before us, consideration must be given to retrenchment. We cannot continue to finance ourselves and support other parts of the world on book entries, whether they be written in black or red ink.

Estimated deficits of our Nation now figure between five to eight billion dollars, and all of these estimates stem from reliable authorities.

The tax and tax, spend and spend programs which have been so glibly advocated in many quarters will never serve to relieve us either of our deficits or our debts, but rather only jeopardize and seriously impair the very fiber and muscle of our internal structure, which is so essential to our own welfare, as well as the welfare of free men in other parts of the world.

Of little value is a well-conceived foreign policy if our Nation is without the vitality and strength to stand on its own two feet and vigorously defend its own principles.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. HENDRICKSON. I yield.

Mr. CONNALLY. Does the Senator feel that the ECA has been a great success and help in Europe?

Mr. HENDRICKSON. Mr. President, I have already said that the ECA has served a very great and important purpose in the world. I have already said or implied in no uncertain terms that the ECA has had its faults.

Mr. CONNALLY. I am talking about its benefits.

Mr. HENDRICKSON. So far as I am concerned, it is conceded that the ECA has been essential; that it has done much good in the world.

Mr. CONNALLY. If it is an essential organization and has done much good, why does the Senator want to cut off one of its legs?

Mr. HENDRICKSON. I do not believe it is necessary to cut off one of its legs. I merely believe it is necessary to trim its wings a bit.

Mr. CONNALLY. And in doing so cut off the fingers of its right hand.

Mr. HENDRICKSON. Mr. President, I say these tax and tax and spend and spend programs will never serve to relieve us either of our deficits or our debts, but rather only jeopardize and seriously impair the very fiber and muscle of our internal structure, which is so essential to our own welfare, as well as the welfare of free men in other areas of the world, who depend upon America today.

Of little value is a well-conceived foreign policy if our Nation is without the vitality and strength to stand on its own two feet and vigorously defend its own principles.

For these reasons, Mr. President, I have concluded to join as cosponsor with the distinguished senior Senator from New York, in what to me seems a most reasonable effort to make a reduction in the authorization proposed under the pending bill from \$2,950,000,000 to \$2,450,000,000, and in doing this, may I say that I concur with my distinguished colleague from the great State of New York, in his thought that our foreign policy will be promoted rather than impaired if the Congress indicates by something more than words, a clear dissatisfaction with the extent of the progress made during the past 2 years.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. HENDRICKSON. Mr. President, I refuse to yield until I have finished my statement. Then I will gladly yield.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). The Senator from New Jersey declines to yield.

Mr. HENDRICKSON. Mr. President, I think the action proposed to be taken will serve notice on our neighbors abroad that by reasonable economies we intend to enable ourselves to see them through their difficulties.

To me such a reduction constitutes a sound declaration of policy in which we declare our good faith, but that in so doing we insist upon that degree of co-operation and good faith on the part of our neighbors which we should have had from the very beginning.

Mr. President, it is my sincere hope that the Ives amendment will receive the approbation of every Member of this body.

Now, Mr. President, I yield to the distinguished Senator from Texas.

Mr. CONNALLY. While the Senator is siding with the Senator from New York [Mr. Ives], who is not a member of the Foreign Relations Committee, who resides in another State, the Senator is also disagreeing with his own colleague, the Senator from New Jersey [Mr. SMITH], who is on the Foreign Relations Committee and who is a member of the so-called watch-dog committee.

Mr. HENDRICKSON. Mr. President, it is not the first time in our long and friendly lives that we have differed. The distinguished senior Senator from New Jersey and the junior Senator from New Jersey have frequently disagreed on matters of policy and matters of political action.

Mr. CONNALLY. I simply wanted to call the Senator's attention to the fact though that the senior Senator from New Jersey is not only a member of the Foreign Relations Committee, and intimately acquainted with all the operations of ECA, but he is a member of the so-called watch-dog committee, which supervises and looks after the ECA, and which has an intimate acquaintance with all its affairs.

Mr. HENDRICKSON. Mr. President, my distinguished colleague from New Jersey is one of the greatest Members of this body. I have a tremendous re-

spect for his ability, and on most things we agree. But on this particular issue I expect we will disagree, although I have heard no word from the Senator since his last speech on the floor of the Senate on this subject.

Mr. CONNALLY. The senior Senator from New Jersey is in Washington I understand, and will be in the Senate tomorrow. If the Senator has any doubt about his colleague's position I think he can find out what it is. He prepared a speech on the subject which he was not able to deliver, but which he placed in the Record, and which everyone may read.

Mr. HENDRICKSON. Mr. President, if the senior Senator from New Jersey makes a speech tomorrow I shall listen very carefully.

Mr. CONNALLY. And then disregard it.

Mr. HENDRICKSON. I very much fear that on the subject of economy in this country my mind is about made up.

Mr. CONNALLY. If it is made up on the question of economy, why does not the Senator vote against the whole program? Why does the Senator want to whittle off a little here and whittle off a little there? Why not cut it all off in the interest of economy?

Mr. HENDRICKSON. I should like to say that I believe it was most unfortunate that, when we embarked on this program we did not think about economy in the first place. I believe it would have been well if we had curtailed a little bit in the beginning and stepped up as the need asserted itself. Had we done so I do not believe we would have developed the obligations to the point where we are now embarrassed in trying to take either from this program or any other spending program, a fair share of the tax moneys for the citizens of America to which they are entitled.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. HENDRICKSON. I yield.

Mr. CONNALLY. Is the Senator aware that the pending bill is \$1,000,000,000 less than the bill for last year? Is not that stepping it down?

Mr. HENDRICKSON. I am aware of that.

Mr. CONNALLY. Not only does the Senator want to step it down, but he wants to jump it down.

Mr. HENDRICKSON. No; I do not want to jump it down; but I rather regret that we did not step it down a little bit last year.

Mr. CONNALLY. We did.

Mr. HENDRICKSON. We could have gotten by with a lesser sum last year. Last year was a good time to step it down. The remarks I made on the floor of the Senate at that time indicate that I felt that way.

Mr. President, I thank the distinguished junior Senator from Colorado [Mr. MILLIKIN] for his courtesy in having yielded to me.

Mr. MILLIKIN. Mr. President, I am speaking against the proposed point 4 amendment to the ECA extension bill and in favor of the proposed amendment by the senior Senator from Massachusetts and the junior Senator from Colorado, which provides for a commission to study and report on all perti-

ment phases of the matter, and to make recommendations.

Mr. President, I ask unanimous consent that these amendments may be printed in the RECORD at this point in my remarks.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. CONNALLY, on behalf of the Committee on Foreign Relations, to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, viz: At the end of the bill, insert the following new title:

"TITLE V

"Sec. 501. That this title may be cited as the 'Act for International Development.'

"Sec. 502. It is declared to be the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions, by encouraging the exchange of technical knowledge and skills.

"Sec. 503. Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations and the Organization of American States and their related organizations, and to other international organizations, for technical cooperation programs carried on by them which will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis.

"Sec. 504. The President is authorized to undertake and administer bilateral technical cooperation programs carried on by any United States Government agency and, in so doing—

"(a) to coordinate and direct existing and new technical cooperation programs;

"(b) to seek the participation of private agencies and persons to the greatest extent practicable;

"(c) to make and perform contracts or agreements with, and make advances and grants to, appropriate persons, corporations, or other bodies of persons, or to State, local, or foreign governments for technical cooperation programs: *Provided*, That with respect to contracts or agreements which entail commitments for the expenditure of funds appropriated pursuant to the authority of this title, such contracts or agreements, within the limits of annual appropriations or contract authorizations hereafter made available, may not run beyond June 30, 1952;

"(d) to provide for printing and binding outside the continental limits of the United States, without regard to section 11 of the act of March 1, 1919 (44 U. S. C. 111).

"Sec. 505. In carrying out the programs authorized in section 4, the President shall make assistance available only where he determines that the country being assisted pays a fair share of the cost of the program; provides all necessary information concerning such program and gives it full publicity; seeks the greatest possible coordination of its technical assistance programs; and cooperates with other participating countries in the mutual exchange of technical knowledge and skills.

"Sec. 506. The President is authorized to prescribe such rules and regulations as may be necessary and proper to carry out this title, and to exercise any power or authority conferred on him, through the Secretary of State or through any other officer or employee of the United States Government.

"Sec. 507. In order to carry out the purposes of this title—

"(a) the President shall, by and with the advice and consent of the Senate, appoint one person who, under the direction of the

President or such person as he may designate pursuant to section 7 to exercise the powers conferred on him by this title, shall be responsible for planning, implementing, and managing the programs herein authorized. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum;

"(b) such additional civilian personnel, including attorneys, may be employed without regard to subsection (a) of section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as amended, as may be necessary to carry out the policies and purposes of this title. Experts and consultants or organizations thereof may be employed as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a), and individuals so employed may be compensated at a rate not in excess of \$75 per diem;

"(c) persons employed for duty outside the continental limits of the United States and employees of the United States Government assigned for such duty shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), as amended, together with allowances and benefits which shall not exceed those established thereunder, and may be appointed to any class in the Foreign Service Reserve or Staff in accordance with the provisions of such act;

"(d) alien clerks and employees employed for the purpose of performing functions under this title shall be employed in accordance with the provisions of the Foreign Service Act of 1946, as amended;

"(e) officers and employees of the United States Government may be detailed to offices or positions to which no compensation is attached with any foreign government or foreign government agency or with any international organization: *Provided*, That while so detailed any such person shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits, an officer or employee of the United States Government and of the United States Government agency from which detailed and shall receive therefrom his regular compensation, which shall be reimbursed to such agency from funds available under this title: *Provided further*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

"Sec. 508. In order to carry out the provisions of this title, there shall be made available such funds as are hereafter authorized and appropriated from time to time for the purposes of this title: *Provided, however*, That for the purpose of carrying out this title through June 30, 1951, there is hereby authorized to be appropriated a sum not to exceed \$45,000,000, including any sums appropriated to carry on the activities of the Institute of Inter-American Affairs, and technical cooperation programs as defined in section 10 herein, under the United States Information and Educational Exchange Act of 1948 (62 Stat. 6). Activities provided for under this title may be carried on under such appropriations or under authority granted in appropriations acts to enter into contracts pending enactment of such appropriations. The President may allocate to any United States Government agency any part of any appropriation available for carrying out the purposes of this title. Such funds shall be available for obligation and expenditure for the purposes of this title in accordance with authority granted hereunder or under authority governing the activities of the Government agencies to which such funds are allocated.

"Sec. 509. The President shall transmit to the Congress an annual report of operations under this title.

"Sec. 510. As used in this title, the term 'technical cooperation programs' means programs for the international interchange of technical knowledge and skills designed to contribute to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas.

"Sec. 511. All authority granted in this title shall expire on June 30, 1955, unless extended by Act of Congress."

Amendment intended to be proposed by Mr. MILLIKIN (for himself and Mr. SALTONSTALL) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, viz: At the end of the bill insert the following new title:

"TITLE V

"Whereas there are presently before Congress proposal for stimulating an atmosphere for capital investment in and providing technical assistance for underdeveloped areas of the world, such as Africa, the Near and Far East, and Central and South America; and

"Whereas it is contended that Congress has already enacted laws dealing with various phases of these proposals such as: Public Law 643 of the Eightieth Congress, authorizing membership in the World Health Organization; Public Law 863 of the Eightieth Congress, providing for acceptance of the constitution of the International Labor Organization; Public Law 565 of the Seventy-ninth Congress, authorizing membership in the United Nations Educational, Scientific, and Cultural Organization, Public Law 174 of the Seventy-ninth Congress, authorizing membership in the Food and Agriculture Organization; Public Law 402 of the Eightieth Congress, the United States Information and Educational Exchange Act of 1948; Public Law 584 of the Seventy-ninth Congress, authorizing student exchange with foreign countries; Public Law 369 of the Eightieth Congress creating the Institute of Inter-American Affairs; Public Law 173 of the Seventy-ninth Congress, establishing the Export-Import Bank; Public Law 171 of the Seventy-ninth Congress, providing for United States participation in the International Monetary Fund and International Bank for Reconstruction and Development, and others; and

"Whereas many colleges and universities, religious organizations, business firms, and private agencies, such as the Rockefeller Foundation, the Near East Foundation, the Institute of International Education, and others are presently engaged in some types of technical assistance to various foreign nations; and

"Whereas the magnitude and important nature of these proposals and their relationship to existing legislation, activities, and programs demand intensive study and evaluation prior to congressional action:

"ESTABLISHMENT OF COMMISSION

"Sec. 501. There is therefore created a bipartisan commission for the purpose of making a study of such proposals, existing legislation, activities, and programs intended to stimulate capital investment in and technical assistance for underdeveloped areas of the world.

"MEMBERSHIP OF THE COMMISSION

"Sec. 502. (a) Number and appointment: The commission shall be composed of 24 members, as follows:

"(1) Eight appointed by the President of the United States, four from the executive branch of the Government and four from private life;

"(2) Eight appointed by the Vice President, four from the Senate and four from private life; and

"(3) Eight appointed by the Speaker of the House of Representatives, four from the

House of Representatives and four from private life.

"(b) (1) Political affiliation: Of each class of four members mentioned in subsection (a), not more than two members shall be from each of the two major political parties.

"(2) In selecting the Republican representatives from the Senate and from the House, the Vice President and Speaker of the House are respectfully requested to give due consideration to the recommendations of the minority leader of the Senate and House, respectively.

"(c) Vacancies: Any vacancy in the commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

"ORGANIZATION OF THE COMMISSION

"Sec. 503. The commission shall elect a chairman and a vice chairman from among its members.

"QUORUM

"Sec. 504. Thirteen members of the commission shall constitute a quorum.

"COMPENSATION OF MEMBERS OF THE COMMISSION

"Sec. 505. (a) Members of Congress: Members of Congress who are members of the commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the commission.

"(b) Members from the executive branch: The members of the commission who are in the executive branch of the Government shall each receive the compensation which he would receive if he were not a member of the commission, plus such additional compensation, if any (notwithstanding section 6 of the act of May 10, 1916, as amended; 39 Stat. 582; 5 U. S. C. 58), as is necessary to make his aggregate salary \$12,500; and they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the commission.

"(c) Members from private life: The members from private life shall each receive \$50 per diem when engaged in the performance of duties vested in the commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

"STAFF OF THE COMMISSION

"Sec. 506. The commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil-service laws and the Classification Act of 1919.

"EXPENSES OF THE COMMISSION

"Sec. 507. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this act.

"EXPIRATION OF THE COMMISSION

"Sec. 508. Ninety days after the submission to the Congress of the report provided for in section 509 (b) the commission shall cease to exist.

"DUTIES OF THE COMMISSION

"Sec. 509. (a) Investigation: The commission shall make a comprehensive study of the proposals and existing legislation, activities, and programs of the type described in section 501.

"(b) Within 60 days after the Eighty-second Congress is convened and organized the commission shall make a report of its findings and recommendations to the Congress with attention to the relationship between the commission's recommendations and the

peace, security, and solvency of the United States.

"POWERS OF THE COMMISSION

"Sec. 510. (a) Hearings and sessions: The commission, or any member thereof, may, for the purpose of carrying out the provisions of this act, hold such hearings and sit and act at such times and places, and take such testimony, as the commission may deem advisable. Any member of the commission may administer oaths or affirmations to witnesses appearing before the commission or before such member.

"(b) Obtaining official data: The commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this act; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the commission, upon request made by the chairman or vice chairman or by a majority of the commission."

Mr. MILLIKIN. Mr. President, the point 4 amendment presented by the distinguished senior Senator from Texas, if enacted into law, would be the intended first step into a foreign policy for this Nation of enormous consequence and of highly controversial nature.

Secretary of State Acheson, when he appeared before the hearings of the Committee on Foreign Relations on March 30, of this year, stated the general purpose of the amendment as follows—hearings, page 3:

The proposed measure which is now being considered as an amendment to ECA legislation is the underlying legislative authority for carrying out a program to assist the people of the underdeveloped areas of the world in their efforts to develop their economic resources. It is an integral part of a general program outlined by the President as a basis for assuring peace and personal freedom in the world. This program contained four interrelated courses of actions. The first course is the continuing of our unflinching support of the United Nations and its related agencies. The second course is the continuing of our programs for world economic recovery. The third course is the strengthening of freedom-loving nations against the dangers of aggression by providing military advice and equipment to those nations which will cooperate with us in the maintenance of peace and security. The fourth course is the program which you are now considering. It involves making available to peace-loving peoples the benefits of our technical knowledge and skills. It also involves cooperation with other free nations in fostering capital investment in areas needing development. Its aim is to help the free peoples of the world through their own efforts to produce the things they need for a decent life.

A little later the Secretary said, page 4:

Why did he (the President) single out this policy and this enterprise as one of the four cardinal aims of American foreign policy? Only by answering these questions can we appreciate the overriding importance of the legislation that is before you.

Further on, the following appears in the Secretary's testimony, page 5:

The bill now before you establishes economic development of underdeveloped areas for the first time as a national policy. Its purpose is to encourage the exchange of

technical skills and promote the flow of private investment capital where these skills and capital can help to raise standards of living, create new wealth, increase productivity and expand purchasing power.

I emphasize the official interpretation of the magnitude of the program to clear up in advance any thought or contention that this is a modest, unpretentious, single-shot program, unconnected with the larger investment phases of the point 4 program.

The relation of the point 4 amendment to the investment phase of the whole program is further developed by the following statements from Secretary Acheson while under examination by the Senator from Wisconsin [Mr. WILEY], as appears on page 8 of the hearings:

Now we point out here that protection for some of the risks of doing business abroad cannot be provided by treaty, no matter how sincere the intentions of the participating government. Therefore, a bill has been introduced and favorably reported by the Senate Banking and Currency Committee which will permit the Export-Import Bank to sell certain kinds of guaranties, in other words, insurance to investors; specifically, against expropriation, confiscation, and seizure, and against inability to convert local currencies.

Later the Secretary said, as appears on page 9:

Fortunately, we can go ahead with a program of technical cooperation, while we are trying to develop what the economists call a "favorable climate" of investment. In fact, it seems clear that one of the best possible ways to create that climate is to get on just as energetically as we possibly can with technical cooperation.

Taking the Secretary's estimate of what is sought by the point 4 amendment, we must, I respectfully suggest, conclude that we are being asked in the dying days of the ECA program itself surcharged with controversy and difficulties, to intrude a new and different program of "overriding" importance.

The program received only 2 days of hearings before the Senate Foreign Relations Committee.

Significantly also, there was not the slightest effort to develop in a preliminary way a wide consensus of favorable opinion among the Members of the Senate on both sides of the aisle. In other words, no attempt was made to enlist so-called bipartisan or unpartisan support for this policy of alleged "overriding" importance.

We have heard much talk for and against bipartisan or unpartisan foreign policy. Obviously, to have it, there must be full preliminary information to all Senators. Opinions must be solicited; questions must be answered; there should be orderly advance consideration of the policies and problems involved. Appropriate legislation must be drawn and offered and considered on its own bottom. Hearings accommodating all sides, and of scope appropriate to the importance to the subject, must be had.

On thing is clear, namely, that we will never have bipartisan or unpartisan foreign policy of any kind in any field if it is to receive the glancing and cavalier approach distinguishing the treatment of this particular matter.

Let us either stop talking about bipartisan or unpartisan foreign policies or do the things necessary to give such policies a fair chance to come into being. In the case before us, and I might say in others which have come to our attention recently, the prerequisites have not been met.

Accepting the Secretary's estimate of the overriding importance of this subject, we cannot, with a sense of responsibility, dispose of it in connection with the ECA extension bill. We at once see the need for the kind of study that preceded the ECA program and the creation of the Hoover commission for study of Government reorganization.

In a letter dated March 24, 1950, to Mr. Paul G. Hoffman, Administrator, Economic Cooperation Administration, the Senator from Michigan [Mr. VANDENBERG], anticipated that there might be proposals for foreign aid to succeed the expiring ECA program. As to this he wrote:

I venture this suggestion. I was one of those who insisted that ECA had to be preceded by the studies of the Harriman commission—mobilizing the best brains available for consultation—to determine what role is wisest and safest for America, for her own self-interest, in facing the threats of postwar crisis. The ECA was the result. As we approach the statutory end of ECA in 1952, I think it would be well for another such commission—equally unpartisan and equally impeccable in character—to resume independent, advisory studies of our new responsibilities as the world's largest creditor Nation and the world's spearhead in the quest of dependable peace.

The amendment to be called up for action by the distinguished senior Senator from Massachusetts, and the junior Senator from Colorado, would set up a bipartisan commission for study of pending proposals, existing legislation, activities and programs intended to stimulate capital investment in, and technical assistance for, underdeveloped areas of the world.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MILLIKIN. Certainly.

Mr. CONNALLY. The amendment of the Senator from Massachusetts and the Senator from Colorado calls for an examination to be made in reference to foreign investments of American capital, does it not?

Mr. MILLIKIN. It proposes an investigation of the subject matter of the Senator's amendment, of everything having to do with the entire point 4 program.

Mr. CONNALLY. But is not one of the purposes of the amendment to stimulate foreign investments of American capital?

Mr. MILLIKIN. I take it that the purpose of the point 4 amendment is to stimulate foreign investments of American capital.

Mr. CONNALLY. I do not agree as to that at all.

I ask the Senator whether it is the purpose of the amendment of the two Senators, after stimulating foreign investments of American capital, to have Congress guarantee the foreign investments of American capital.

Mr. MILLIKIN. That is the furthest thing from my intention.

The Senator from Massachusetts and I approach this matter from different standpoints. I believe the Senator from Massachusetts is more strongly committed to the point 4 program than I am. From my standpoint, I want a full investigation to be made of all the facts, and I want expert advice to be had.

Mr. CONNALLY. I thank the Senator.

Mr. MILLIKIN. The Senator from Massachusetts wants the same thing, from his standpoint, although, as I said before, I think there is some divergence between our two viewpoints. Perhaps the fact that two Senators of differing viewpoints think that a study of this kind is required may add some persuasion as to the need for adoption of the amendment.

The Commission to which I have referred, within 60 days after the Eighty-second Congress is convened and organized, would be required to make to the Congress a report of its findings and recommendations, and would give special attention to the relationship between its recommendations and the peace, security, and solvency of the United States.

The Commission would make its report in ample time to give us a real foundation for point 4 legislation, if this should be deemed advisable. If there is to be action, it would then be free of the faults and criticism which inhere in this kind of an approach to that kind of a problem.

To the infirm procedures already noted for plunging us into a foreign policy of transcendent importance must be added the fact that there is no emergent need for this first-phase program. Indeed, it is highly questionable whether there is any need for it at all.

In a word, the proposed amendment merely duplicates the provision of existing laws.

On January 27, 1948, the President approved Public Law 402 of the Eightieth Congress. The act is cited as the "United States Information and Educational Exchange Act of 1948." It is also known as the Smith-Mundt Act. The objectives of that measure are as follows:

SEC. 2. The Congress hereby declares that the objectives of this act are to enable the Government of the United States to promote a better understanding of the United States in other countries, and to increase mutual understanding between the people of the United States and the people of other countries. Among the means to be used in achieving these objectives are—

(1) an information service to disseminate abroad information about the United States, its people, and policies promulgated by the Congress, the President, the Secretary of State, and other responsible officials of government having to do with matters affecting foreign affairs;

(2) an educational exchange service to cooperate with other nations in—

(a) the interchange of persons, knowledge, and skills;

(b) the rendering of technical and other services;

(c) the interchange of developments in the field of education, the arts, and sciences.

This law is in force and, according to the testimony, is operating effectively.

On August 1, 1946, the President approved Public, 584 of the Seventy-ninth Congress, commonly known as the Fulbright Act. This act contains the following provision:

(2) In carrying out the provisions of this section, the Secretary of State is hereby authorized to enter into an executive agreement or agreements with any foreign government for the use of currencies or credits for currencies, of such government acquired as a result of such surplus property disposals, for the purpose of providing by the formation of foundations or otherwise, for (A) financing studies, research, instruction, and other educational activities of or for American citizens in schools and institutions of higher learning located in such foreign country, or of the citizens of such foreign country in American schools and institutions of higher learning located outside the continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands, including payment for transportation, tuition, maintenance, and other expenses incident to scholastic activities; or (B) furnishing transportation for citizens of such foreign country who desire to attend American schools and institutions of higher learning in the continental United States, Hawaii, Alaska (including the Aleutian Islands), Puerto Rico, and the Virgin Islands, and whose attendance will not deprive citizens of the United States of an opportunity to attend such schools and institutions.

In addition to these laws, with which we are well acquainted, there are others touching various phases of the same subject matter, such as Public Law 643 of the Eightieth Congress, authorizing membership in the World Health Organization; Public Law 863 of the Eightieth Congress, providing for acceptance of the constitution of the International Labor Organization; Public Law 565 of the Seventy-ninth Congress, authorizing membership in the United Nations Educational, Scientific, and Cultural Organization; Public Law 174 of the Seventy-ninth Congress, authorizing membership in the Food and Agricultural Organization; Public Law 369 of the Eightieth Congress creating the Institute of Inter-American Affairs; Public Law 173 of the Seventy-ninth Congress, establishing the Export-Import Bank; Public Law 171 of the Seventy-ninth Congress, providing for United States participation in the International Monetary Fund and International Bank for Reconstruction and Development, and others.

The hearings developed that many colleges and universities, religious organizations, business firms, private agencies such as the Rockefeller Foundation, the Near East Foundation, the Institute of International Education, are also engaged in various types of technical assistance in many foreign lands.

Great Britain, Belgium, and France have their own programs for technical assistance to their colonies and dependencies.

The only additional features which I could find in the proposed point 4 amendment are to increase the appropriations for the contemplated activities and to create a new supercoordinating agency on top of those already dealing with the subject. If there is any need at all for this additional agency, it certainly is not an emergent one.

I should add that it was alleged at the hearings that the point 4 amendment would allow the President to pay money directly to the United Nations to carry on the same type of work. There is no reason why the United Nations cannot submit to the United States the programs of this nature which it desires to pursue and thus give the Congress the opportunity of accepting or rejecting our own participation in them. This is the intent of the United Nations Charter. There is no emergent or other showing which would warrant circumvention of the intended procedures.

The criticisms which I have made on the content of the point 4 amendment and of the State Department's tactics for securing its adoption were all voiced by members of the committee during the hearings.

After discussing the Smith-Mundt bill and the Fulbright bill with Mr. Thorp, the Senator from Arkansas [Mr. FULBRIGHT] summarized his then conclusion as follows:

I won't detain the committee by a discussion of the specifics. All I am saying is I am strongly in favor of the objective and I am in doubt whether we might not achieve it more effectively through the expansion of the programs now under way and already organized, with the very fine staff members in the Department, as opposed to launching a new one under a different agency. That is a question I am very interested in. That is all. (Hearings, p. 14.)

The Senator from Wisconsin [Mr. WILEY] said:

What I would like to get at first is this: Do you feel that this is an expansion of the spirit and purpose of the other act? Do we need a different act? Can't we use, as Senator FULBRIGHT suggested, the machinery and the set-up of the Smith-Mundt Act which already has a place in the State Department under Mr. Barrett, who is Assistant Secretary, to expand all those activities, to urge larger appropriations, which I have always felt he should have, and do everything that has been planned here, except that one area of the business expansion? That seems to me to be the new matter in this bill. (Hearings, pp. 16-17.)

Later on, the Senator from Wisconsin made this significant contribution:

My second question is this: This looks to me to be what might be a long-range program. You are speaking of 10 years, etc. I agree with you that in the lives of men and nations that is a short period. But we are putting this in now into the ECA bill, which we have looked upon as a program which is to culminate in 1952. I have thought myself that from the standpoint of getting results with our ECA legislation it would be unwise to complicate it in any way with other projects that are not immediately related to ECA. So I am wondering whether it is not putting this in some jeopardy with our ECA bill by putting in that bill; whether we should not have a separate bill entirely, or whether we cannot deal with it by an expansion of the Smith-Mundt bill. (Hearings, p. 17.)

The Senator from New Jersey [Mr. SMITH] said:

Might I just make this suggestion. I feel, as one of those who feels a real sense of responsibility for carrying through with the ECA bill in the Senate which is coming up presently, and being very eager to see our attention focused on that and not have that

embarrassed or possibly confused by controversial matters such as this can be, a question of a practical way to approach it.

You think we have better put it all in one bill. I am just raising the question whether it would be wiser to deal with this in separate legislation. It is a separate subject; it is a long-range proposition as distinguished from a short-range proposition which the ECA is. The ECA is announced to terminate in 1952 and I see danger from the practical legislative standpoint of confusing these two things and getting some opposition to ECA because somebody did not like something in this bill. (Hearings, pp. 17-18.)

The Senator from Massachusetts [Mr. LONGE], in referring to the powers of the President contained in the point 4 amendment, said:

That looks like a very formidable list of powers. Somebody is sure to say, "This is making the President an economic dictator." I remember in the military assistance bill we had a lot of language like that which all proved to be entirely unnecessary. It scared everybody to death. We took it all out. I hope that is there because it is necessary, and it is not in there because somebody wanted to give everybody else the benefit of doubt. I think you are going to have trouble with these big words. (Hearings, p. 20.)

The chairman of the committee, the distinguished senior Senator from Texas, repeatedly expressed grave doubts as to the wisdom of the program and putting it in the ECA extension bill. For example, he said:

A good many people are apprehensive of this program, that while we are only appropriating \$35,000,000 at the beginning, it is just getting a foot in the door and the expenses of this thing will go from year to year, and just as Secretary Thorp mentioned a while ago there, they will come up with a project, some country will say "Oh, now you have sent these experts over here and they have smelled around, we have a big project for \$100,000,000 and we want you to carry out your promises now and give us the \$100,000,000." Do you apprehend anything like that? (Hearings, p. 23.)

Although building the program up at the beginning of his remarks as the point 4 program with all of its implications, Secretary Acheson replies with soothing language that the program for technical assistance is not a big money program. He said, as will be found on page 23 of the hearings:

Secretary ACHESON. No, sir. I tried to make it very clear in the statement I made and I will be glad to say again, that this program for technical assistance is not a big money program.

The CHAIRMAN. Not now.

Secretary ACHESON. And it never can be.

The CHAIRMAN. I hope you are right.

Secretary ACHESON. I feel very sure that that is so, and so far as the specific projects which may develop under it are concerned, as I pointed out in the statement, if those are found to be sound, they will be financed either through private capital, private investors from United States or other countries, or through the International World Bank, or through the Export-Import Bank.

IS THE REQUESTED AMOUNT ONLY THE BEGINNING?

The CHAIRMAN. Of course that is your purpose now, and that is your objective now, but as time goes on I can feel the pressure already coming in through the windows there on us to do this and do that and do the other. "We have a great project out here. We have

talked to Mr. Thorp about it, and Mr. Thorp thinks it's fine. Give us \$100,000,000 now and we will just fix it all up."

Secretary ACHESON. You and I will cooperate on sitting on Mr. Thorp in that event.

The CHAIRMAN. I hope you keep up increasing your weight so that when you do sit on him we will sit on him hard.

Are there any more questions? I wanted to bring that out, because there are a lot of people very apprehensive about this program. You say it costs only \$35,000,000. That is fine, just \$35,000,000. But we don't know what they are going to do and these people are apprehensive, and I wanted to bring out your testimony on that point very clearly.

I may say that Secretary Acheson will never increase his weight sufficiently to sit on Mr. Thorp hard enough to deter him from his phobic fear that this country and all of the rest of the world will fall into complete chaos unless it has the benefit of his planning. He is the gentleman who, in connection with the extension of our reciprocal trade legislation, appeared before the House Committee on Ways and Means and said, at page 6 of the 1949 hearings on House bill 1211:

Under the act which the President has requested (the Reciprocal Trade Agreements Extension Act) every officer concerned will be mindful of the need to safeguard the American economy, but at the same time we shall have a clear mandate to broaden the bases of United States foreign trade, to create purchasing power for American exports, and to guide the economy as a whole into the most productive lines possible.

The solution is not to increase the weight of the Secretary. It is to decrease the weight of Mr. Thorp.

Senators have observed the shifts in position of the State Department witnesses. At one point of the hearings the amendment is a matter of overriding importance, ranking right along with the other three points of the President's point 4 program. And then under the riddling examination by members of the committee—and I have quoted from all of the members who attended the hearing—the program becomes a teeny weeny thing which can be disposed of in a light-hearted, open-hand way.

The transition reminds one of a third-rate burlesque performance. The curtain goes up, the orchestra blows an enormous trumpet fanfare, then it goes into a rendition of Pomp and Circumstance, after which the rolling drums build up a crescendo of anticipatory excitement. The customers sit forward on their seats saying to themselves "Something stupendous is going to happen here." The spotlight moves to the wings and out comes a ludicrous midget doing grotesque hand stands, pin wheels, and bumps himself off the stage with callipygian falls.

Look that one up.

The gist of Secretary Acheson's testimony as closely as I can figure it is: Take it as a big program or as a little program, according to the way you want to look at it, but vote for it, because I think you should do so. Answering questions as to the relevancy of the point 4 program to the ECA extension bill, he said, at page 17 of the hearings:

I have finally come to a conclusion that this is the wisest way to do it.

That is, putting it into the ECA bill.

After giving most careful thought to it, although it could possibly be done in a great many other ways, I think if we want legislation, as we do, the thing to do is to go ahead with it in this way.

Ambassador Jessup said that the Smith-Mundt program is very effective. He made the interesting disclosure that he had been discussing the proposed point 4 program with 14 countries in Asia prior to the time that it had been approved by Congress. I hope that the day will come when we shall weary of that kind of insolence.

The chairman asked the Ambassador, at page 26 of the hearing:

Isn't there the danger of a let-down too if we do not go over there and spend a lot of money on projects? They will say, "The United States told us all about sending these experts and they are going to revive and re-establish our economy and all that." When we do not do that won't they say, "Well, now, there you are?"

The Ambassador did not think so.

Then Mr. Thorp came on, and he admitted, in effect, that the point 4 program as now presented is not to displace other programs. It is "essentially to coordinate other programs."

The Senator from Arkansas [Mr. FULBRIGHT] asked Mr. Thorp, at page 33:

Without any new boards and new machinery but to utilize the existing machinery. Could that be done?

Mr. THORP. I think so far as the Advisory Board is concerned I think it would be a question as to whether, if it were an expanded program—and that is what we are talking about—one would not want to have an Advisory Board of the sort suggested here which is representative of the farm groups, the labor groups, the business groups, the health groups, etc.

So that in following these strange circumlocutions we are now at the point where Mr. Thorp has reduced the President's point 4 of his four-point program—this program described by the Secretary of State as of "overriding" importance—to the need for an advisory coordinating board for existing programs which everyone has stated were working well or could be made to work well.

The security of the United States and the future well-being of the backward regions of the world at this point depend upon the creation of this bureaucratic gadget of microscopic importance.

After reducing the whole thing to the need for a needless advisory council, the chairman then took after Mr. Thorp and developed that the program is in fact inseparably connected with a later Government investment program.

I excerpt from the hearings pages 36-37, as follows:

The CHAIRMAN. I want to go back a minute to section 103, on page 4.

Mr. THORP. Yes, sir.

ROLE OF PRIVATE AND PUBLIC INVESTMENT

The CHAIRMAN. You have told us all along that all we were going to do was to furnish the technical aid, and we were not going to finance any projects, and so forth and so on, have you not?

Mr. THORP. That this bill did not provide it and that any financing that we contemplated was by private capital, the World Bank, or the Export-Import Bank.

The CHAIRMAN. All right. Now let's see about our money:

"It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes."

That is part of your plan. You are going to look over their projects, and so on, is that right?

Mr. THORP. This is a policy declaration which essentially would control the Export-Import Bank in its operation.

The CHAIRMAN. Exactly.

Mr. THORP. The Export-Import Bank is operating at present making loans to other governments or to American exporters, and this is a statement of policy which would rather limit the Export-Import Bank in terms of what some people fear might be its tendency to make loans which it should not.

The CHAIRMAN (reading): "Shall take into consideration (1) whether the assistance applied for—whatever they wanted to ask for—is an appropriate part of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned."

Then: "(2) whether any works of facilities which may be projected are actually needed in view of similar facilities existing in the area and are otherwise economically sound."

It takes money to build works, doesn't it?

Mr. THORP. Yes, sir.

The CHAIRMAN (continuing): "And (3) with respect to projects for which capital is requested, whether private capital is available either in the country or elsewhere upon reasonable terms and in sufficient amounts to finance such projects."

So you do get your fingers, in this bill, into projects and works.

Mr. THORP. Mr. Chairman, the first part of this bill is a declaration of policy with respect to the flow of capital to other countries.

The CHAIRMAN. It means something, or you wouldn't have put it in the bill.

Mr. THORP. That's right, and this is a statement which limits the kind of Government assistance which will be given in the capital field.

The CHAIRMAN. How does it limit it, when we don't give any now?

Mr. THORP. We are making Export-Import Bank loans from time to time.

The CHAIRMAN. I know you are, but that is not this case.

Mr. THORP. That is the case that this provision is directed to as a matter of statement of policy. This is a statement of policy.

The CHAIRMAN. What are you asking \$35,000,000 for? Why don't you get it from the Export-Import Bank?

I won't ask any more questions, though. Go ahead and make your statement.

The whole subject was well summarized at the committee hearings in the following discussion between the Senator from New Jersey [Mr. SMITH] and the distinguished chairman of the committee, hearings, page 39:

Senator SMITH of New Jersey. . . . I raised the question of the Secretary of State whether it could not be incorporated in our existing legislation. I am still troubled by having a new over-all approach to this, because I think we have to feel our way. I think if we try to cover the whole scope of it in this thing now, and especially if we try to add it on to the ECA bill, we are going to have real resistance.

The CHAIRMAN. I think you are right, and I thought that we were just simply going to utilize the ECA bill for this year and appropriate money for this year, and let this thing come up on an independent basis.

Senator SMITH of New Jersey. I would rather see it as separate legislation. I think it is a very worthy project, but it needs a lot of study.

The CHAIRMAN. Yes; because this ECA is just an annual appropriation, and if we are going to bring this in and tie on to it a lot of permanent legislation we are going to be in difficulties. I think we ought to handle this on the basis of this year in the ECA bill and then take it up as an independent measure. That is the way I feel about it. However, I will be governed by the committee's action, of course.

Senator SMITH of New Jersey. I share your feelings at this moment. Of course I may be open to conviction if the House insists on an over-all bill, but I think it is a very dangerous thing.

Of course, cutting out all the double-talk and the opportunism of the State Department witnesses before the Senate Committee on Foreign Relations, this is, and is intended to be, the entry into the full point 4 program, whatever form it may finally take, whether through loans by the Export-Import Bank, whether by direct Government investment, whether by subsidized investment, whether by guaranteed programs, or insurance programs.

It is not my purpose to make an attack upon the larger aspects of the point 4 program for the simple reason that I do not know what they will be, and no one else does, which in itself is a sufficient reason for not making a start at it.

I shall now discuss some of the questions which arise on the main purposes of the point 4 program whatever particular form it may take. Those questions I respectfully suggest, are so important, and the answers to them will be so fateful for the country that we should not legislate until we have the studies, facts, and recommendations which can be brought before us by a commission approaching the stature of the Hoover Commission.

One of the reasons urged for the point 4 program is that it will aid in hindering the spread of communism.

We cannot blindly accept statement to that effect. Can it not be strongly argued that it will aid in spreading communism, in these underdeveloped regions? Will it not be urged, as it has already been effectively urged in connection with the ECA program, that we are spreading Yankee dollar imperialism; that we are entering upon a course of exploitation and political domination for the benefit of the capitalistic system of the United States?

Can it not be argued with great effect that an American business going into a foreign country and entering into competition with native business, and which has the benefit, not enjoyed by native business, of guaranties by our Government of convertibility of native currencies into American dollars, which has immunity, not enjoyed by native business, from the confiscations, expropriations, and seizures by local government is Yankee dollar imperialism in the most flagrant form?

What foreign merchant does not want the privilege of foreign convertibility? Will he be happy that his American competitor next door can put his profits

into American dollars while he, the native, must content himself with weaker, local money?

Will not the native competitor consider that the United States Government, as such, is bringing into his country a competitor whose principal is always safe from the policies of the native government while his investment is always under the sword of them?

Can anyone argue with assurance of the correctness of his position that this will make for international good will, that it will promote friendship among the peoples of foreign governments subject to that kind of competition? Let Senators draw their own conclusions but let us not draw them prematurely from the infinitesimal amount of testimony and expert opinion which is before us.

Would such a policy enhance the contentment of our own people with its own Government? American business operates on the dollar but there is no guaranty of the substance of expropriation, confiscation, or seizure resulting from the domestic hazards of business, including, for example, those resulting from Government taxing and spending policies?

It is said that the business community wants this program. Is that fact sufficiently established? Has the American business community been sufficiently consulted? Has the significance of the program been fully appreciated?

The American business community, at least when its spokesmen speak before chamber of commerce meetings, talk about free enterprise and they say that if they can take the profits which are legitimately theirs, they will stand the losses; that this is inherent in the maintenance of the free enterprise system. Of course, many of those fellows while talking that way, have another compartment in their minds which yearns for cost-plus contracts with nice fat guaranteed profits. Will the business community not come to see that when they ask for guarantees of safety of their capital abroad, by simple transference, the premise of their claim could be turned against them in this country by other groups of citizens?

If the safety of American capital is to be guaranteed abroad, why not guarantee it at home? If it is to be guaranteed at home, why not put a Government guaranty behind a fixed amount of annual income for the worker? Why not put a Government guaranty behind the productive capital value of our farms, and so forth? Members of the business community, have you given sufficient attention to the precedent values of point 4?

Do we have a surplus of technical skill available for work in connection with these foreign projects?

What about the health and the economic levels of our Indians, and of the people of the Virgin Islands, and of Puerto Rico, and of our Eskimos?

Should we not give first attention to our own?

How much will these programs improve the welfare of foreign countries? There is nothing new or bold about such programs. Before its withdrawal from

India, Great Britain maintained point 4 programs in that country. A considerable part of the reason for the resentment of the people of that country against former British rule arose out of the economic and social dislocations which resulted from those programs. Fine railroads were built through India, fine ports established, excellent steamship connections with the rest of the world were created, steel and textile mills and other industries were encouraged and established. But these activities had disrupting side effects which were never overcome. I am thinking of what happened in the way of depressing food supplies and the harmful dislocations to communal life.

I am not making a full-scale argument on this point. There are things to be said on the other side. What I am saying is that we have not begun to commence to start to study the implications of this program and that we should know what we are doing if and when we decide to do it.

In our programs, are we going to deal from government to government, or, where it suits us to do so, are we going to short-circuit and go over the heads of the local dictators and chiefs of the countries to be helped by us? If we deal from country to country, we will find that the benefits will line the pockets of the dictators, and very little, if anything, will reach the ordinary citizen whose lot in life we would improve. If we short-circuit the heads of those governments and deal with particular groups or individuals, will we not have the unforgivable enmity of those who have been bypassed, and who, for better or worse, have the controlling power? Should not that be given some thought? None of these things will be found in the hearings preliminary to the proposed entry by this Government into programs of that kind.

What will be the rate of progress, assuming that there will be progress? How much are we paying to increase the productivity of the undeveloped regions of the earth in contrast to what could be achieved in the way of productivity dollar for dollar of expenditure in this Nation or in any other nation which already possesses the techniques of production. Should it not be kept in mind that the economic position of the United States is the evolutionary result from beginnings made here more than 300 years ago. How soon can progress of that kind be duplicated, or even remotely approached in the underprivileged areas?

Just what do we expect from these programs? What will be their rate of progress? What will be their ultimate cost? How much increase in world trade and in general world benefits do we anticipate? What is the factual basis of the predictions?

Will the intrusion of these foreign-inspired programs and their operation on the ground accentuate the cleavages between races and classes?

Can it not be argued with great effect—the Senator from Wisconsin [Mr. WILEY] argued it at the hearings and did not receive a satisfactory response—that capital guaranties encourage rather than discourage expropriation?

Will not the superior position of the American competitor in the foreign country incite the natives to incite their governments into programs of seizure, confiscation, expropriation?

Can it not be argued that this war-threatened world makes a farce out of any guaranty system for foreign investments?

Is there actuarial basis for an insurance system to make good American war losses abroad? Do not all of these plans come down to the fact that the American taxpayer will be called upon to make them good?

The attempt to insulate the repercussions of failure to the Export-Import Bank is hardly a frank statement of the situation.

At the hearings, Secretary Acheson argued against conclusions of this kind by pointing out that we have fire insurance here at home.

But is this sound? Is it not a gross misanalogy? Is the alleged analogy answered by the facts that here at home we have had several hundred years of experience on the occurrence and habits of fires, the losses connected with fires? We have developed efficient fire departments. We have developed building codes and fire-prevention campaigns which have been effective in reducing fire losses to a point which can be borne by insurance resting on long histories of fact.

Has this world developed efficient extinguishing programs, as we hope it will, against the hazards of wars and domestic turbulence of all kinds within the countries we would help? Have our preventative campaigns become effective? Can we talk about a sound insurance system for American investment abroad until they do become effective? What is the risk to the Export-Import Bank, or any other lending agency, or, more important, what is the risk of the American taxpayer? Let us go into these matters a little deeper. There is much to be studied and much to be thought of.

It is claimed that we can go into these foreign countries, study the local economy, and tell the natives what ought to be done. Does it help our foreign affairs, our standing in the world, if after doing that we find that our own financial situation or other predicaments are such that we cannot help in the doing of that which should be done? That is like a doctor giving a sick man a prescription when there is no available drug store.

Are we ready to make new commitments before we exhaust those already made? May it not be fairly argued that our situation is such, militarily and otherwise, that we had better concentrate for the time being on bringing our own ship safely into port.

What is the limit of scatteration of programs and objectives which our economy will bear? And this necessarily requires consideration of the trend of our own productive power, the trend of the cost of Government, the existence of a national debt of a quarter of a trillion dollars, the fact that through deficit financing we are living off of our children and our children's children. That is an appropriate field for study, Mr.

President, in connection with embarking upon new programs.

Is it not a fact that the development of resource-poor areas may create more economic and social problems than it solves? Is it necessarily true that nations develop a love for freedom and that world commerce would expand under the development of underdeveloped regions? How about Russia? How about development of freedom in Germany? How about development of freedom in Japan? Indeed, what are the impacts on freedom of the present government of Great Britain?

Is it or is it not true that when we get behind the silken words of the State Department in these matters, our guarantees, if we ever get into them, of foreign investments, are a confession of failure in our own foreign relations?

To put it another way: Can there be any sound foreign investments unless the countries where those investments are made recognize, and, more important, practice, the protection of property and human freedoms?

These are just a few of the questions which present themselves. I merely repeat, this is important business, this is important foreign policy, what is done here may serve for good or evil for generations to come, and we do not have the basic facts upon which to determine that policy at this time.

Therefore, Mr. President, I urge that the Senate reject the point 4 amendment and adopt the amendment proposed by the distinguished senior Senator from Massachusetts and the junior Senator from Colorado setting up the study commission to make available the facts and expert opinions.

Mr. WHERRY. Mr. President, if the distinguished junior Senator from Colorado will permit me, I should like to be associated with him, not only in the remarks he has made, but in the amendment that is proposed. I have enjoyed listening to him not only because he has made a forceful address, but for a deeper reason, that I believe in the fundamental philosophy he so eloquently put into his address. I hope that each and every Senator will have a chance to read the address before he votes on this important amendment tomorrow.

Mr. President, I have been asked by the distinguished senior Senator from Iowa [Mr. HICKENLOOPER] to request unanimous consent that an address he had prepared on the pending bill be inserted in the RECORD at this point, as a statement, in view of the fact that he has returned to his home State of Iowa on business.

The PRESIDING OFFICER. Is there objection?

There being no objection, Mr. HICKENLOOPER's statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BOURKE B. HICKENLOOPER

Mr. President, this distinguished body was told last year about a group of United States citizens, mostly veterans of World War II, who invested their savings in French Morocco but were being put out of business by French chicanery, disregard for our treaties and general opposition to foreign competition.

I and my staff have followed this matter closely for well over a year. I am convinced that our citizens have been and still are being subjected to discriminations and illegal treatment designed to detract from their prestige and our own, to impair their capital, destroy their earnings, and eventually, to make them quit and leave the field to their foreign competitors.

I am convinced that in doing this the French protectorate, far from being grateful for the unprecedented prosperity our aid has brought them, is using that very aid to advance the interests of its favorites over those of our citizens. It is certain that our treaties have been set aside and that Moroccan trade not only with France but with many Communist countries is favored over that with the United States. I am convinced that the reason is not to benefit Moroccan economy but to destroy our trade.

When these abuses were discussed on this floor on April 5 of last year, the distinguished chairman of the Foreign Relations Committee stated:

"We are sending a top man from Paris to Morocco who is on his way to investigate all these cases and if there is any discrimination or violation of fundamental American rights they will be corrected and corrected promptly" (p. 3950 CONGRESSIONAL RECORD).

On July 29, 1949, a formal statement by the Department of State was sent to the able Senator from Massachusetts (SALTONSTALL) by Assistant Secretary of State Ernest Gross. (It will be found in the CONGRESSIONAL RECORD of August 4, 1949, on p. 10975). It lists the more urgent grievances of Americans in Morocco as—

"Failure to allocate to Americans a reasonable amount of dollar exchange, the employment of delaying tactics in granting import licenses for goods which Americans needed for the maintenance of enterprises they were operating * * * the assessment of customs duties on the basis of arbitrary valuations of imports; the assessment of consumption taxes * * * and other matters such as the failure to install telephones, furnish adequate gasoline rations, etc."

When the abuses were debated again on August 5, 1949, the able Senator from Pennsylvania stated: "On June 10 the State Department negotiated a tentative agreement with France under which * * * all illegitimate and discriminatory treatment of American business interests in Morocco were to be corrected. I am informed that since this agreement has been entered into the Consulate at Morocco has not received a single complaint * * *"

Shortly after that, on September 27, 1949, the State Department held a public hearing on the Moroccan situation. Eleven business firms and associations and the national headquarters of the American Legion were represented. They were unanimous in their criticism. An example is the testimony of Mr. Morris Ernst, a well-known international lawyer of Washington and New York, discussing the State Department document of proposed agreement with France:

"Somebody mentioned here what the natives would like and that is the basis of the dilemma, that the millions of people in Morocco have had no say, and I think as long as that happens, the American interests are in for real trouble. * * *

"I am concerned that this is a temporary device; I should think the difficulty will increase in Morocco rather than lessen if the French attitude is not changed. As to point 4 mentioned, I take it point 4 is not for the purpose of helping Americans sell goods abroad but for the purpose of developing a backward country, and that leads me to observe in regard to the document that this was intentionally left out. * * *

"* * * It seems to me that we have a document of the State Department which

is asking for an indictment of discrimination on all of us. It is rank, outrageous, blatant, discrimination. The claim of our client alone will run in my opinion around 50,000,000 francs and maybe more on outrageous discrimination clearly proved.

"Discriminations proceed and the people around the table on all levels without exception have had permits held up, permit seizures, refusals to allow drugs to come in for employees of an American company to save the life of an employee of that company. There has been no limit it seems to me to the discrimination. I say it with some caution but I think we have proven it and proven it in documentary form at times.

"I don't think it is the duty of Americans to have to prove more than a prima facie case. We are not supposed to be policemen to get a criminal indicted, but I should imagine if anything like that happened in the way of charges against any American official anywhere in the world, he would not only be withdrawn but he would be indicted for such discrimination.

"I am fearful, moreover, that they have gotten into a mood of changing without talking it over first—they change the rules on the way."

Other testimony, from Mr. Arthur Stanton, of the firm of Craig Stanton & Co., was:

"Another small point, for instance, you take annex 3. * * * It concerns heavy-duty tires. It starts out with the statement:

"Eighty-five percent of the credits are reserved for importers who received exchange under the distribution of credits ERP 5 (second quarter 1949)."

"Why, if we have all admitted the discrimination * * * in granting of dollar-exchange rights, why perpetuate this discrimination by maintaining this proportion? That is all it does, in effect. I mean, admitting the violations to be accurate, of which we all have photostatic copies and have submitted [them] time and again to Mr. Armstrong and Mr. Martin, the arrant discrimination Mr. Ernst has described, why continue this in terms of proposals * * *"

I am reliably informed that these speakers are not connected with the American Trade Association of Morocco, who are the most bitter complainants. Other complaints were that manganese ore could not be exported; that Americans were not permitted to open plants; that French syndicates controlled ECA funds; that our textiles were excluded. All this is found in the State Department's Transcript of Proceedings of Meeting on Trade Problems in French Morocco, September 27, 1949. It will be unnecessary to include it in this record.

A letter commenting on the French proposals and a set of recommendations were submitted to the Department but not included in their transcript. I ask that they be placed in this record immediately at the conclusion of my remarks. In this letter, the American Trade Association pointed out that the proposals violated treaty terms fixing customs rates; favored illegal monopolies and cartels; prevented real competition; stifled free economy and failed to achieve any of the remedial the Department had promised.

The National Foreign Trade Council and the American Legion both criticized the proposals. In spite of unanimous criticism at its public hearing, the State Department decided to accept the French proposals and informed interested Senators:

"You will observe that the comments of the businessmen frequently extended beyond the indicated scope of the meeting, and included statements (1) that the United States is not now fully enforcing its treaty rights; (2) that certain merchandise for which there is a popular demand may not be imported; (3) that no proposals were made with respect to American investments; and (4) that Americans have been subject to discrimina-

tion in the administration of the import controls."

Now, Mr. President, if a public hearing on our foreign trade is to exclude all that, what earthly good is it? In view of all the Department's assurances, I was shocked to find that it was no longer concerned with discrimination against Americans. However, it accepted temporarily the French proposals continuing drastic restrictions on our export trade with no provision to end the abuses.

On January 1, 1950, the arrangement was continued indefinitely on the same basis except that 11 products were removed from an embargo list, increasing the importable products from 9 to 20.

The Americans claim that the list was selected to give added business to their French competitors, pointing out that textiles, agricultural insecticides, motortrucks, building materials, and other products which these independent Americans formerly sold still are banned while less necessary articles controlled by French agents enter freely.

The addition to the list, taken from the Department of State's Press Release No. 1021 of December 31, 1950, follows: 1. Raw jute fiber. 2. Raw cotton fiber. 3. Manufactured tobacco. 4. Certain pharmaceutical products * * * in quantities authorized by the central pharmaceutical service * * *. 5. Raw materials for soft drinks. 6. Radio sets, including spare parts and tubes. 7. Passenger car tires of special sizes. 8. Station wagons not to exceed in value \$2,250, factory list price. 9. Jeeps (all classes) and similar four-wheel drive vehicles. 10. Sewing machines (all kinds), including needles and spare parts. 11. Steel tubes and joints.

I must admit that the import of radios and station wagons, while trucks and textiles are excluded, convinces me that the selection was not prompted by economic necessity.

Comprehensive, documented testimony submitted to the Foreign Relations Committee during its hearings last month convinced me that the situation in Morocco had still not improved and that the Department of State was unable or unwilling to better it. However, ECA again assured us that all abuses were being adjusted by a mixed commission which had been functioning in Morocco since January 1, 1950. (It was not claimed that the abuses were ended in June of last year, as previously stated.)

The American Trade Association of Morocco and the newly formed American Chamber of Commerce of Casablanca, a member of the United States Chamber of Commerce, both emphatically deny that there is any improvement whatever. Furthermore an ECA statement about Morocco on page 347 of the House Foreign Affairs Committee's hearings report admits that the consent to the French proposals was given "on the basis of proposals which partially met our requests" and it ends with the sentence, "The Department of State proposes to continue its efforts to reach an equitable agreement with the French in this matter." In other words, after more than a year the State Department still found itself unable to reach an equitable agreement for its citizens with a country to which we are about to give another half billion dollars.

I have here a letter from the American Trade Association of Morocco to the Secretary of State and a cable from the American Chamber of Commerce of Casablanca I request be inserted in this record at this point.

Mr. President, you will see that all the original abuses still are prevalent—Americans' goods are held in port while that of their competitors is released; Americans are not allowed to export many products to the United States. Illegal taxes are collected and

withheld. Discrimination is shown in granting licenses. Americans are prevented from opening and expanding businesses in Morocco, are even prohibited from bringing in their personal automobiles, a privilege granted any tourist.

I hope that my colleagues will note this list of anti-American acts, Mr. President, because none of these acts aids Morocco's dollar balance, and Morocco's need to conserve dollars is the general excuse given for the French program.

Now, Mr. President, what is the real result of all this?

Department of Commerce figures (millions of dollars) for our trade with Morocco since 1947 show:

	United States exports to Morocco	United States imports from Morocco
1947.....	36.1	2.6
1948.....	28.2	6.7
1949.....	30.6	5.8

Free competition was established in Morocco in March 1948; ended on Jan. 15, 1949; resumed May 23; finally ended June 25.

The Moroccan Economic and Social Bulletin of October 1949 on page 106 states that dollar-paid imports have risen from 18.9 percent of the country's total to 20 percent and that dollar exports have fallen from 5.3 to 2.5 percent during the first 9 months of 1949.

Page 107 of the same publication contains this statement: "The (trade for first 9 months of 1949) situation with the dollar zone is definitely worse. Exports to the United States which improved a little in the preceding year are declining again, in spite of the stimulus of the rise of the dollar on the free market. We see that the exports of olive oil have stopped because of competition. This product was sold almost entirely to the United States."

Page 109 of the same shows that 55 percent of all dollar imports during this period were consumer goods and that almost 50 percent of all imports were consumer goods.

Page 101 shows six times as much being spent for the construction of villas as was spent in 1938 (dollar value) and more spent for these villas, occupied only by a well-to-do fraction of the European population, than for all construction to house Moroccans, who are 96 percent of the country's total.

I have here a beautifully engraved menu of a Casablanca restaurant. It would be difficult to find anything comparable this side of New York. The first appetizer is Russian caviar at \$3.50 a portion.

Mr. President, if Morocco really wanted to save dollars it would begin by curtailing its luxury spending. It would not have run its over-all trade deficit up from \$20,000,000 per annum in 1938 to \$118,000,000 in 9 months of 1949. If France wanted to save dollars, she would not have pumped four times the tonnage and six times the dollar value of merchandise into Morocco in the first 9 months of 1949 than in the entire year of 1938. Last year's ECA's France Country Study stated: "The competing attraction of inflation-fed demand in French overseas areas diverts goods which might otherwise find a foreign market."

Mr. President, I am convinced that the embargoes against our traders, like the other abuses and like the recent Coca-Cola episode, are not for economic but for chauvinistic reasons. The committee heard unrefuted testimony that the Moroccan Finance Director stated publicly: "I have always considered competition with French merchants by foreign merchants very vexing. It is to remedy this that free imports were suppressed."

Mr. President, here are two sets of statistics showing Morocco's pro-war and present trade pattern. I ask that they be inserted in the Record after the conclusion of my remarks and I recommend their examination by my colleagues, in determining whether our aid to France is excessive.

Now, Mr. President, I shall explain why the treatment we are receiving in Morocco is even more exasperating than it would be elsewhere. The United States has three treaties with Morocco which are in full force:

The treaty of 1886 (8 stat. 484) states:

Article XXIV: "Whatever indulgence in trade or otherwise shall be granted to any of the Christian Powers, the citizens of the United States shall be equally entitled to them."

Article XVII: "(United States) merchants may buy and sell all sorts of merchandise except those that are prohibited to the other Christian nations."

A treaty of 1880 (22 Stat. 817) and one of 1906 (34 Stat. 2905, 2944, 2946), signed by France as well as Morocco, guarantee the United States equal trade rights with France and Spain in Morocco and confirm the validity of the treaty of 1836. The 1906 treaty fixes customs duties at 12½ percent, establishes valuation procedure and prohibits monopolies or concessions unless subjected to competitive bidding.

In 1912 France arranged a Protectorate agreement with the Sultanate of Morocco. In 1917 the United States recognized this protectorate, which gave France the right to represent the Sultan in foreign affairs. This recognition specifically reserved United States rights, explaining that only the Senate could alter them. (See Hackworth Digest of International Law, vol. 1, ch. 2, pp. 88, 89, 90.)

In spite of all this, United States citizens are forbidden to export many products, including manganese and hides, and have less favorable trading rights than France or any country having a bilateral agreement with France—including Argentina, Bulgaria, Czechoslovakia, Egypt, Hungary, and many others.

The Secretary of State has set aside our treaties by the mechanism of approving local Moroccan laws which violate them. This applies to exports, imports, and taxes.

The American Trade Association is suing the Secretary to enjoin him from giving the purported assent of the United States to the Moroccan import and embargo decree of December 30, 1948, or from "any act which would in any way temporarily or permanently waive, relinquish, impair, and/or extinguish the rights in Morocco guaranteed to citizens and commerce of the United States by the aforementioned treaties without first obtaining the advice and consent of the Senate, as required by the Constitution." (Federal District Court, D. C., Record of case CA 3756-3749.)

Mr. President, the Secretary's answer to that is that he has given his assent and that "Assent by the Secretary of State is a matter of diplomatic, as well as national, concern. Consent may be granted upon the basis, inter alia, of what the President and the State Department believe will most facilitate accords with other countries as well as our own national well-being. The factual foundation of the Secretary's action will frequently not be public or susceptible to judicial review."

That disturbs me very much, Mr. President, especially in these days when treaties play such an important part in our national existence. If a treaty ratified by the Senate may be set aside by an Executive act, then the formality of Senate ratification is meaningless. This attitude indicates a new con-

ception of Executive power. It should be compared with the decision of Secretary Knox who, in refusing similar consent in connection with these same treaties, wrote the French Ambassador:

"As the adherence of this Government to such an agreement would seem to imply the modification of certain of its existing treaty rights, the consent to such adherence on the part of the United States involves the conjoint action of the treaty-making powers of this Government and our acceptance of the agreement in question could therefore be made only by and with the advice and consent of the Senate." (Foreign Relations, 1911 at 622.)

Furthermore, Mr. President, there is some tendency on the part of the administration to assume that the ECA Act implied authority to modify treaties in execution and interpretation of the bilateral agreements. I have voted consistently for the ECA program, but it never occurred to me, Mr. President, that I was delegating or could delegate the power to modify our treaties to the ECA Administrator or the Secretary of State.

Mr. President, there is an amendment proposed by the committee which states "the sense of Congress" about discrimination against American firms or citizens. It specifically makes an exception of discrimination authorized by existing treaties. The Foreign Relations Committee's report also states (p. 22) that it "recognizes * * * that there may be instances when some such measures (restrictions) are sanctioned under existing international agreements."

Mr. President, I maintain that many discriminations are expressly forbidden under existing treaties and that these are more important to preserve than the provisos that are to our disadvantage. I believe it is essential at this time to reiterate the sanctity of our treaties and to take measures that will protect our citizens in Morocco from foreign rapacity and State Department weakness.

WASHINGTON, D. C. April 16, 1950.

The SECRETARY OF STATE,

Washington, D. C.

MY DEAR MR. SECRETARY: Page 22 of the Senate Foreign Relations Committee's report on ECA extension states that legislative remedy of American complaints in Morocco "was not necessary in view of the arrangements which ECA, the Department of Commerce and the State Department have made with the French Government * * *". Informally, I was told by Col. Tyler Wood before the committee that since January 1, 1950 a mixed commission had dealt effectively with our complaints and that, were I to return to Morocco, I would find the situation totally different. I stated that I was in constant touch with the situation and knew of no improvement.

A check shows the following conditions, all of which are known to your Consulate General in Casablanca and should have been reported to your Department:

1. Customs duties admitted by your Department to have been arbitrarily valued and paid under protest on advice of your officers, still are retained.

2. Customs still are not appraised as required by our treaties and the 12½ percent fixed by treaty is supplemented by consumption taxes and cessions in kind.

3. No consumption taxes have been reimbursed and their collection continues although your Department wrote us, in July 1948, that we were "in no way required to pay these taxes" and has repeatedly admitted their illegality. Furthermore, on March 24, 1949, your Department agreed, among other

things, to require reimbursement of unauthorized taxes and customs before considering the French proposals which it accepted on June 10, 1949.

4. Forced cessions of 50 percent of sugar cargoes still continue. Other cessions have ceased but Americans have not been compensated for those to which they were illegally subjected.

5. Forty-five cars belonging to three Americans have been held on the Casablanca dock since last November. They were shipped under licenses issued when our goods were not embargoed but arrived later. One hundred cars belonging to a French concern were freed although they were not covered by legitimate licenses. I showed your officials photostats of licenses issued clandestinely for 70 cars in spite of the official embargo.

6. Edwin Sendro, who arrived in Morocco with his personal car, licensed and driven by him in the United States, is being forced to send it back, although this decision violates the agreement between your Department and Moroccan officials and your Department has photostatic proof that cars have been admitted for resale subsequent to the arrival of Sendro's car; and in violation of the regulations which Moroccan officials and your Department jointly promulgated. (See par. 5.)

7. Carl Humphrey still is unable to expand his bus line. He desires to add seating capacity for 144 persons but is forbidden, although one of his French competitors has licensed capacity for 7,000 unused seats. While this situation has been known to your consulate since September 24, 1948, its efforts have been unable to remedy it.

8. Humphrey, on March 7, 1950, gave your consulate well-documented proof that licenses for spare parts he needed had been delayed since September 1949 in spite of the French agreement to "remedy" what Assistant Secretary Gross lists as "urgent grievances" including "the employment of delaying tactics in granting import licenses for goods which Americans needed for the maintenance of enterprises they were operating" (p. 10975, CONGRESSIONAL RECORD of August 4, 1949).

9. Humphrey has also been denied licenses to import spare parts for the Piper Cub planes for which he is agent and which he sold before your department arranged the embargo. This prohibition is patently to discredit the American product and agent.

10. Willy C. Laudon was refused export licenses when identical licenses were granted to three of his French competitors.

11. Francis R. Frenville still is unable to buy hides and skins in Morocco because of the illegal prohibition of their export to the United States. This and similar cases have been brought to your department's attention for almost a year without results.

12. The list of 20 products which enter Morocco without restrictions was chosen primarily to give an insuperable competitive advantage to French cartels and exclusive agents, over the Americans who were winning out under free competition. Even with this advantage, France is now trying to supply Morocco through barter transactions arranged in Paris, depriving Americans in Morocco of the little trade that was left after your negotiations. It is understood that your department is making representations about this, as being contrary to Morocco's agreement. My formal request to the protectorate to arrange barter transactions was refused in writing as "forbidden with the Anglo-Saxon countries."

13. All of the above abuses are set forth in communications dated between March 22 and April 12, 1950. To the best of my knowl-

edge, all still continue. Cables dated April 15, 1950, from both the American Trade Association of Morocco and the American Chamber of Commerce at Casablanca assure me that conditions on that date were worse than in 1949.

Claims about the "mixed commission" and "improved conditions" should be considered in the light of the history of this case:

As far as I can ascertain, "negotiations" still are between the same United States consular personnel and French officials as before. The House Foreign Affairs Committee asked ECA about our situation in Morocco on March 7, 1950. The resulting prepared statement reads in part (p. 348, House hearings): "It was also agreed that the United States and French Protectorate Government would maintain close liaison and consultation regarding the implementation of the measures agreed upon. The American consul at Rabat is carrying out this latter phase of the agreement." No mention was made of the mixed commission which, according to ECA's assurance to the Senate committee had been operating effectively since January 1, 1950.

The Senate was informed on April 5, 1949 (p. 3950, CONGRESSIONAL RECORD): "We are sending a top man from Paris to Morocco who is on his way to investigate all these cases and if there is any discrimination or any fundamental violation of rights of Americans they will be corrected and corrected promptly"; and again on August 5, 1949 (p. 11034, CONGRESSIONAL RECORD): "On June 10 the State Department negotiated a tentative agreement with France under which * * * all illegitimate and discriminatory treatment of American business interests in Morocco were to be corrected."

Both of these statements and many similar ones were made when the Senate was considering legislation to end the Moroccan abuses. However, your Department held a public hearing on September 27, 1949, to determine whether to accept or reject Moroccan proposals. Your Department decided for Morocco, brushing aside proof of her widespread bad faith and officially ruling that evidence "that Americans have been subject to discrimination in the administration of import controls" was "beyond the scope of the meeting." This was explained frankly in letters to interested Senators—after all possibility of remedial legislation had passed.

This record, known to several Senators, may have prompted ECA to tell the Senate committee last month of the mixed commission, not considered important enough to mention in the House and charged with the same functions that had been attributed a few days before to the Rabat consul. It also may explain the lack, in the Senate hearings record, of admissions like these made in the statement for the House: "American businessmen in Morocco had certain legitimate grievances against French protectorate officials" and agreement was reached "on the basis of proposals that partially met our requests" (obviously permitting the continuance of "legitimate grievances"). The statement ends: "The Department of State proposes to continue its efforts to reach an equitable agreement in this matter."

It seems obvious that any change in Morocco has been for the worse and that the recent claims of satisfactory adjustments are unfounded. I hope that you will correct any misapprehension that the Foreign Relations Committee and ECA may have about this.

Yours sincerely,

ROBERT EMMET RODES,
President, American Trade
Association of Morocco.

[Translation of p. 7 of "Note de Documentation" No. 46, published by the Moroccan Government Department of Commerce and Merchant Marine, dated Apr. 1, 1950]

Study of the balance of trade of Morocco by monetary zone

[Value in millions of francs]

	1938		1947		Base index 100 in 1938			
	Value	Index	Value	Index	1948		1949	
					Value	Index	Value	Index
Franc zone:								
Imports c. i. f.	747	100	21,404	2,865	49,066	6,568	70,434	9,429
Exports f. o. b.	908	100	14,222	1,566	28,397	3,127	31,788	3,501
Balance	-161	100	-7,182	-4,460	-20,669	-12,838	-38,646	-24,000
Dollar zone:								
Imports	547	100	7,888	1,442	12,769	2,334	19,405	3,547
Exports	103	100	659	639	1,957	1,900	1,394	1,353
Balance	-444	100	-7,229	1,628	-10,812	2,435	-18,011	4,056
Sterling zone:								
Imports	98	100	1,132	1,155	2,171	2,215	2,894	2,953
Exports	138	100	1,697	1,230	3,004	2,177	7,243	5,249
Balance	+40	100	+565	1,412	+833	2,083	+4,349	10,872
Other zones:								
Imports	793	100	2,894	365	10,859	1,369	10,587	1,335
Exports	363	100	1,745	481	3,831	1,055	12,590	3,468
Balance	-430	100	-1,149	267	-7,028	1,634	+2,003	-466
Total:								
Imports	2,185	100	33,318	1,525	74,865	3,426	103,320	4,729
Exports	1,512	100	18,323	1,212	37,189	2,460	53,015	3,506
Balance	-673	100	-14,995	2,228	-37,676	5,598	-50,305	7,475
Trade with participating countries:								
Imports	530	100	1,874	353	15,918	3,003	8,526	1,609
Exports	436	100	2,819	647	5,508	1,263	16,650	3,819
Balance	-94	100	+945	-1,000	-10,410	11,074	+8,124	-8,643

¹ 1949 imports from the dollar zone are up 50 percent; exports for dollars are down 33 percent.

² 1949 imports from other than dollar, sterling and franc areas (many of them Communist) are steady; exports to these countries are up 330 percent.

³ 1949 imports from participating countries are down 47 percent; exports to them are up 300 percent.

In March 1948 Moroccan commerce was opened to free competition. In January 1949 embargoes and restrictions were instituted against United States textiles, agricultural insecticides, etc., "to conserve dollars."

GENERAL NOTES ON MOROCCAN 1949 TRADE STATISTICS

Page 26 shows that the largest single item of import, 14 percent of the total, is 14,600,000 francs (\$42,000,000) spent for 202,000 metric tons of "manufactured food products" including cigars and wine, caviar, canned goose liver, and so forth. The average price was 730 francs a kilogram or 95 cents a pound, arrival value, for 44,000,000 pounds of these luxuries. The probable average retail value, after duties and profits, is \$2 a pound. All of these products have world market values in dollars.

On page 29 a typical explanation is found: "Wines totaled 17,637,000 liters and included 7,015,000 from Spain. In 1948 they totaled 13,156,200 with none from Spain." (A trade agreement published January 1, 1950, permits Morocco to send hides to Spain which are prohibited for shipment to the United States.)

The second largest item is textiles (11,800,000 francs, \$32,700,000).

These two items alone exceed Morocco's total 1938 imports by 20 percent in spite of vastly increased local production.

Page 25 shows that imports of consumer goods amounted to 51,000,000,000 francs (\$146,000,000), or 50 percent of the total imports.

Mr. WHERRY. Mr. President, I send to the desk an amendment which I ask to have printed and lie on the table. I call it to the special attention of the distinguished senior Senator from Texas [Mr. CONNALLY], who has offered an

amendment to the bill. My amendment is as follows:

On page 3, beginning with line 5, strike out through line 16 and insert in lieu thereof the following:

"(m) (1) It is the sense of Congress that no participating country shall maintain or impose any import or export, currency, tax, license, quota, or other similar business restrictions which discriminated against products of the United States or its citizens or any corporation, partnership, or other association substantially beneficially owned by citizens of the United States, engaged or desiring to engage in the importation into or exportation from such country of any commodity, which restrictions are not reasonably required to meet balance-of-payment conditions or requirements of national security: *Provided*, That international agreements (to which the United States and such country are parties) which permit or prohibit any such restriction, shall remain in full force and effect unless expressly modified as required by law.

"(2) The Secretary of State and the Administrator, acting jointly, are authorized and directed to obtain compliance with the intent expressed in paragraph (1) of this subsection, and the Administrator shall not agree to the expenditure of any of the local currencies required to be deposited in local currency accounts by section 115 (b) (6) of this act, by any such country which fails to comply with such intent."

Mr. President, I am quite satisfied that the amendment which I have submitted will, if adopted, help the distinguished

senior Senator from Texas to accomplish the purposes of his amendment. A year ago, when the ECA authorization came up for consideration, I took considerable interest in the matter of the influx of petroleum into the United States, where it now is being sold competitively with that of the oil producers of the United States, and especially of Texas, and also in the problems presented because of the existence of the sterling bloc. Because of the sterling bloc situation it is impossible now for American investors to sell in the sterling bloc countries by reason of license requirements and restrictions. I feel that such restrictions should be eliminated and that American businessmen should have an opportunity equally with producers in those areas, to sell to sterling bloc countries.

Mr. President, while I am satisfied that the distinguished senior Senator from Texas now realizes that what was prophesied a year ago has come true, yet I do not feel that simply calling to the attention of the Administrator that it is the sense of Congress that he do thus and so will help the situation. I hope the distinguished Senator from Texas will accept the proviso contained in my amendment, so that the Administrator will have something to back him up when he requests countries of the sterling bloc

area to permit the oil producers of our country to sell oil to the sterling bloc countries on the same basis and terms as their own producers are permitted to sell, especially since they have developed their oil fields, at least in part, with American money.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

RECESS

Mr. WHERRY. As the minority leader, and as the acting majority leader, I have the honor once again to move that the Senate recess until tomorrow morning at 11 o'clock.

The motion was agreed to; and (at 7 o'clock and 24 minutes p. m.) the Senate took a recess until tomorrow, Friday, May 5, 1950, at 11 o'clock a. m.

NOMINATION

Executive nomination received by the Senate May 4 (legislative day of March 29), 1950:

DIPLOMATIC SERVICE

Stanley Woodward, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Canada, vice Laurence A. Steinhardt, deceased.

House of Representatives

THURSDAY, MAY 4, 1950

The House met at 12 o'clock noon.

Rev. L. C. Sparks, Jr., St. Luke Evangelical Lutheran Church, Silver Spring, Md., offered the following prayer:

Almighty God, our Heavenly Father, who hast ever been gracious to our Nation, accept this day our thanksgiving unto Thee.

We make our earnest prayer that we may be worthy of Thy love and protection. Make us equal to our high trusts; reverent in the use of freedom; just in the exercise of power; generous in the protection of weakness.

In these days of crisis give us the calmness thoroughly to think through the issues, that we may arrive at sound policies and safe actions.

May wisdom and knowledge be the stability of our times, and our deepest trust in Thee.

Through Jesus Christ, Thy Son, our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 176. Joint resolution to suspend the application of certain Federal laws with respect to attorneys employed by the special Senate committee in connection with the investigation ordered by Senate Resolution 202, Eighty-first Congress.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 1069. An act to amend section 3552 of the Revised Statutes relating to the covering into the Treasury of all moneys arising from charges and deductions.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 50-21.

CALL OF THE HOUSE

Mr. PICKETT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. MCCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 149]

Abbutt	Hollifield	Pfeiffer,
Allen, Calif.	Jacobs	William L.
Barrett, Pa.	Jenkins	Poulson
Battle	Kee	Powell
Bennett, Mich.	Keefe	Priest
Bishop	Kennedy	Quinn
Blatnik	King	Redden
Bolton, Ohio	Klein	Regan
Boykin	Kunkel	Rhodes
Byrne, N. Y.	LeFevre	Rogers, Fla.
Carlyle	Linehan	Scott, Hardie
Cavalcante	Lodge	Simpson, Pa.
Chatham	McGuire	Smathers
Chiperfield	Macy	Smith, Ohio
Chudoff	Madden	Smith, Wis.
Cox	Marshall	Stigler
Crook	Merrrow	Taylor
Crosser	Miles	Underwood
Davies, N. Y.	Miller, Calif.	Vorvys
Dawson	Miller, Nebr.	Vursell
Deane	Morgan	Wadsworth
DeGraffenried	Moulder	Walsh
Douglas	Nixon	Wheeler
Durham	Noland	Whitaker
Elliott	Norton	White, Calif.
Gilmer	O'Brien, Mich.	White, Idaho
Granahan	Pace	Wickersham
Granger	Pfeiffer,	Wilson, Tex.
Grant	Joseph L.	Woodruff
Harden		

The SPEAKER. On this roll call, 336 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE OF ESCORT

The SPEAKER. The Chair appoints as members of the committee to escort our distinguished guest to the Chamber the gentleman from Massachusetts [Mr. McCORMACK], the gentleman from Massachusetts [Mr. MARTIN], the gentleman from South Carolina [Mr. RICHARDS], and the gentleman from New Jersey [Mr. EATON].

RECESS

The SPEAKER. The House will stand in recess.

Accordingly (at 12 o'clock and 28 minutes p. m.) the House stood in recess subject to the call of the Chair.

RECEPTION OF THE PRIME MINISTER OF PAKISTAN

During the recess the following proceedings occurred:

At 1 o'clock p. m. the Doorkeeper announced His Excellency Liaquat Ali Khan, Prime Minister of Pakistan.

His Excellency, Liaquat Ali Khan, Prime Minister of Pakistan, escorted by the committee of Representatives, entered the Hall of the House of Representatives and stood at the Speaker's right. [Applause, the Members rising.]

The SPEAKER. Members of the House of Representatives, it is my great pleasure, speaking for you, to welcome our distinguished guest to this Chamber,

an illustrious citizen in his own country and of the world, the head of a government made up of a great and proud people, an important democracy toward which we feel friendly, and we believe its people feel friendly toward us. We trust that throughout the years this good feeling, this friendship, and this cooperation may abide.

It is my high privilege and my great pleasure to present to you the Prime Minister of Pakistan. [Applause, the Members rising.]

ADDRESS OF THE PRIME MINISTER OF PAKISTAN

His Excellency the PRIME MINISTER OF PAKISTAN. Mr. Speaker, honorable Members of the House of Representatives, in welcoming me within these walls and giving me an opportunity of addressing this august assembly, you have bestowed upon me high prerogative and honor for which I am deeply grateful to you.

This is my first visit to your great land, but I have long been an admirer of the vigor of your enterprise, your indefatigable spirit of inquiry, your optimism, your high respect for individual effort, your belief in equal opportunities for all, your reverence for the sanctity of the home, the frankness of your speech and manner and the liveliness of your language. [Applause.] Above all I have admired your jealous and uncompromising regard for the supremacy of the people's will, your firm belief that civil liberty gives man the greatest scope for his faculties and your faith that "Morality is the best security of law and the surest pledge of freedom." [Applause.] In seeing America, I hope to see more than America. I hope to see the men and women whose enterprise and vitality have made your country great and the faith that sustains them in their efforts.

I thank you for your welcome and value it the more, because the people whom I have the honor and privilege to represent, although the inheritors of ancient faiths and cultures, are, as a nation among sovereign nations, young; and on the threshold of new experiences, both exciting and grave.

In the geography of the world, Pakistan's name is not yet 3 years old. What led to the emergence of this new state on the map of Asia is perhaps not universally known. Nor do I expect it yet to be common knowledge what urges, stir and inspire us in the task that we know lies ahead of us.

Pakistan was founded by the indomitable will of a hundred million Muslims who felt that they were a nation too numerous and too distinct to be relegated forever to the unalterable position of a

S. 3304

IN THE SENATE OF THE UNITED STATES

MAY 4 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WHERRY to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, viz: On page 3, beginning with line 5, strike out through line 16 and insert in lieu thereof the following:

- 1 (m) (1) It is the sense of Congress that no participat-
2 ing country shall maintain or impose any import or export,
3 currency, tax, license, quota, or other similar business restric-
4 tions which discriminate against products of the United States
5 or its citizens or any corporation, partnership, or other asso-
6 ciation substantially beneficially owned by citizens of the
7 United States, engaged or desiring to engage in the importa-
8 tion into or exportation from such country of any commodity,
9 which restrictions are not reasonably required to meet bal-

1 ance of payment conditions or requirements of national se-
2 curity: *Provided*, That international agreements (to which
3 the United States and such country are parties), which per-
4 mit or prohibit any such restriction, shall remain in full force
5 and effect unless expressly modified as required by law.

6 (2) The Secretary of State and the Administrator,
7 acting jointly, are authorized and directed to obtain com-
8 pliance with the intent expressed in paragraph (1) of this
9 subsection, and the Administrator shall not agree to the
10 expenditure of any of the local currencies, required to be
11 deposited in local currency accounts by section 115 (b)
12 (6) of this Act, by any such country which fails to comply
13 with such intent.

S. 3304

AMENDMENT

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MAY 4 (legislative day, MARCH 29), 1950

Ordered to lie on the table and to be printed

The furthest extreme is represented by an organization which controls a great part of the banking resources of a large section of the country and at the same time is the largest stockholder in one of the Nation's biggest banks thousands of miles away.

It is very generally recognized that this situation is not a healthy one and that we have been fortunate heretofore in escaping serious consequences. The sound instinct of the American people warns them against permitting our banking system, through which circulates the Nation's economic lifeblood, to come within the control of one group or a few groups of men acting through giant intercorporate structures.

Out of this awareness of danger—and desire to confine it—have emerged, over two decades, a number of legislative proposals. The first Congress of which I was a Member attempted to meet the problem with the Banking Act of 1933, and the next Congress sought to improve this effort by numerous amendments in the Banking Act of 1935. A few years experience with the approach taken in those Acts showed its inadequacy, and since then bills have been introduced in every one of the last six Congresses which aimed at more effective dealing with the subject. Some of these bills have been short; others very long. Some aimed at breaking up holding company systems (so-called "death sentence bills"), more or less along the lines of the Public Utility Holding Company Act of 1935. Some were willing to accept the status quo but sought to prevent further expansion of holding company banking by the enactment of a "freeze bill." In more recent years energetic efforts have been made to enact a law which would subject bank holding companies to control through Federal supervision and regulation, in the hope that this would confine the growth of such organizations within safe and reasonable limitations. All of these bills have encountered difficulties, and none has come close to enactment.

S. 2318, which was introduced at the first session of this Congress, was along the lines which I last mentioned. At the hearings, it was subjected to numerous criticisms, requests for exceptions and modifications, and so on. It became clear that amendments designed to satisfy or placate one group would antagonize two other groups, and so it went. Furthermore, there was considerable criticism of the extent to which S. 2318 committed the problem to the administrative discretion of a single agency of the Federal Government.

The conclusion has been that the situation requires, at the present time, measures which will meet the two major aspects of the problem, will apply only within the field where definite need for governmental supervision is necessary, and will do this in the simplest possible manner and with a minimum of administrative discretion.

We have attempted to work up a relatively brief and comprehensible bill which will meet the existent need without excessive burdens or handicaps on the business world, without greatly increasing administrative activity and paper work and without extending the legislation into fields where no problem is known to exist.

In any legislation of this nature, one of the primary matters for consideration is the group of persons or organizations to which it is applicable. As originally introduced, S. 2318 defined a "bank holding company" quite elaborately, one criterion being ownership of more than 10 percent of the stock of two or more banks by a corporation or "any similar organized group of persons." We have become satisfied that the situation does not call for so broad a definition. Experts in the field have assured us that all bank holding companies which require restriction and regulation can be covered by a definition along the general lines of that

adopted in the Banking Acts of 1933 and 1935. Accordingly, we have made the primary test of "bank holding company" status, the ownership or control of a majority of the shares of an insured bank, or a majority of the shares voted for the election of directors of an insured bank. To take care of the unlikely contingency that a device will be developed for domination of banks otherwise than through stock ownership, we have also covered any corporation or other organization which controls in any manner the election of a majority of the directors of an insured bank. In order to avoid hardship in the event of "accidental" or incidental controls of banks by companies which are not within the purpose of the law, the Board of Governors of the Federal Reserve System would be authorized, within circumscribed limits, to exempt companies which actually are not in the business of managing or controlling banks.

Having decided what are "bank holding companies" which must be controlled, the next matter was the means by which their expansion within the field of banking was to be restricted. It is clear that in some cases bank holding companies have performed meritorious service by establishing or continuing banking facilities in communities which otherwise would lack such facilities, and by furnishing expert counsel and guidance to a large number of small banks which otherwise could not afford those advantages. It is reasonable to anticipate that additional situations of this nature will arise in the future, and consequently it has been generally agreed that a complete prohibition of further bank holding company expansion would not be desirable or justified.

In view of these considerations the proposed measure, in general, forbids holding companies to acquire any bank stock except with the approval of the Federal bank supervisory agency which is most familiar with the particular bank involved. In other words, if a bank holding company proposed to acquire shares of a national bank, it would have to obtain the approval of the Comptroller of the Currency, who supervises national banks. In the case of State banks which are members of the Federal Reserve System, the approval of the Board of Governors of that system would be a prerequisite. In the case of a bank which is not a national bank or a member of the Federal Reserve System, the approval of the Federal Deposit Insurance Corporation would be essential.

For the guidance of the agencies in the exercise of their discretion in this matter, the proposal contains a declaration of congressional policy in favor of local ownership and control of banks and competition in the field of banking. It is our sincere conviction that this approach will result in a satisfactory measure of control over further expansion of bank holding company systems, which at the present time—as I mentioned before—are wholly free from any governmental regulation or control as far as such expansion is concerned.

Years of study of this field have brought to light only one other major subject which clearly requires legislative control. At the present time, corporations which control banks and their resources are completely free also to own or have interests in any and all kinds of unrelated business activities—mercantile, industrial, real estate, financial, or otherwise. The banks in holding company systems, along with other banks, are the chief repositories of the Nation's liquid wealth. Their primary function should be effectively safeguarding, transferring, and properly utilizing these resources. It is obvious that a company which owns department stores, manufacturing plants, insurance companies and other such nonbanking enterprises, to that extent cannot maintain

the high degree of disinterested trusteeship which should be the standard of our banks.

For this reason our proposed bill forbids bank holding companies to be interested in nonbanking corporations or organizations. Holding companies are given a maximum of 5 years during which they must dispose of such interests now held by them. This should enable them to liquidate these interests without the sacrifice which a forced immediate sale might entail. Furthermore, bank holding companies are permitted to invest, within definite limits, in high-grade securities of the types which national banks and State member banks are permitted to hold. This will provide a means for profitable investment for reserves and other funds of holding companies, in a diversified manner, without involving any material danger of the conflicts of interest that are inevitable when a bank holding company has investments in the stocks of nonbanking corporations or is directly engaged in nonbanking businesses.

The sanctions which will compel compliance with the law provide that any organization violating the act shall be subject to a fine of not more than \$1,000 for each day during which the violation continues, and an individual who violates the act will be subject to a fine of not more than \$10,000, imprisonment of not more than 1 year, or both.

What I have outlined is the core of the substitute we propose. I have not attempted to cover every detail, but a reading of the bill itself will reveal that it is as readily understandable as a bill of this nature can be.

It will be observed that the inherent rights and powers of the States within the field of banking control have been explicitly and scrupulously protected. One section of the bill, prepared with the assistance of the Congress' expert advisers in the field of taxation, avoids unjust tax burdens upon holding companies and their stockholders as a result of distributions or exchanges of property which will be compulsory if this proposal becomes law.

The bill does not contain any specific provision for judicial review of the acts of administrative agencies which are within the limited discretion conferred upon them by this proposal. Governmental supervision in the banking field, with its quasi-judicial aspects, has never been the subject of routine judicial review, and has functioned more efficiently for this reason, without injustice to individuals or concerns affected thereby. It is hardly necessary to mention that the acts of administrative agencies in the banking field, like the acts of all administrative agencies, are always subject to judicial examination upon a showing of fraud, manifest illegality, arbitrary or capricious conduct, or abuse of discretion. These potential controls upon improper administrative action have proven entirely adequate in the past, and there is no reason to doubt that they will continue to be equally effective in the future. To provide for a judicial trial de novo of every administrative decision of the Federal bank supervisory agencies, even within this small segment of their field of operations, would make a Roman holiday for lawyers both inside and outside the Government service to no good end.

The present proposal, as I have emphasized, is limited in its scope and coverage. It seeks only to deal with a few clear and existing problems. Fundamentally, it merely requires administrative approval of the acquisition of additional banks by bank holding companies, and requires the divestment of nonbanking businesses from banking businesses. No administrative action is involved in the divestment phase; in the event of violation, enforcement would rest with the Department of Justice, which is adequately equipped for that purpose. Con-

sequently, it is unnecessary to require additional reports, or provide for investigations or examinations. We have endeavored to develop a proposal which does not subject any member of the public to unnecessary governmental red tape, paper work, or regulation.

This bill, if enacted, would stand by itself; it would not be dependent for its effectiveness upon any other law, nor would it amend or repeal any existing legislation. Certain sections of existing Federal banking law apply to holding-company affiliates of member banks. They are of a regulatory nature. There is no inconsistency between this proposal and those existing laws. However, it is probable that experience under this bill, if enacted, will reveal that some or all of such previously enacted statutes are no longer necessary or require amendment. This can and should be done on the basis of experience with the present proposal in actual operation.

There are situations where bank holding companies will be required to divest themselves of certain nonbanking businesses which would seem at first blush not to be detrimental to the banking businesses controlled by such companies. However, we have concluded that we should adhere to the principle that the banking business should be completely divorced from nonbanking businesses of any nature whatsoever, and thus avoid potential conflicts of interest. To provide exceptions or to take care of the borderline or doubtful cases would tend toward discriminatory legislation, and in the long run would prove unsatisfactory. However, because of our awareness of the difficulties to be encountered in disposing of nonbanking businesses, we have attempted, as I mentioned before, to ameliorate the difficulties by appropriate tax relief.

It will be noted that administrative power over expansion of bank holding companies has been diffused among the three Federal bank supervisory agencies in order that it might be exercised by the agency which is best informed concerning the bank whose stock is being acquired and the way in which that bank is meeting the needs of the public. Some contend that this authority should be vested in a single agency in order to obtain uniform administrative action. We believe that uniformity of action, while desirable, is outweighed by other considerations, one of which I have just mentioned. It should suffice to state that the placing of the administrative power in the three Federal agencies to be exercised by them within the area of their present jurisdiction in the banking field bears the approval of the Secretary of the Treasury, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the American Bankers Association, and is not objected to by the Association of State Bank Supervisors.

In the light of the foregoing, S. 2318, as amended, is submitted with the sincere conviction that it deals effectively, reasonably, and fairly with a difficult problem and does so in a straightforward, nondiscriminatory manner which is simple to comprehend and will be uncomplicated in operation.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, and the withdrawal of a postmaster, which nominating messages were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

PROPOSED CURTAILMENT IN MAIL DELIVERIES—STATEMENT BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD a statement prepared by him regarding the proposed cut in delivery services by the Post Office Department, which appears in the Appendix.]

COLORADO'S SENATOR JOHNSON—ARTICLE BY THOR SEVERSON

[Mr. TOBEY asked and obtained leave to have printed in the RECORD an article entitled "Colorado's Senator JOHNSON," by Thor Severson, from the April 15, 1950, issue of Frontier, which appears in the Appendix.]

THE AMERICAN MERCHANT MARINE—EDITORIAL FROM THE NEW YORK TIMES

[Mr. MCFARLAND asked and obtained leave to have printed in the RECORD an editorial entitled "Our Merchant Fleet," from the New York Times of May 5, 1950, which appears in the Appendix.]

TERMINATION OF RENT CONTROL

[Mr. CAIN asked and obtained leave to have printed in the RECORD two letters addressed to him, and several letters addressed "To the Editor," relating to the termination of rent control, which appear in the Appendix.]

SENATOR McCARTHY'S CHARGES—EDITORIAL COMMENT

[Mr. CAIN asked and obtained leave to have printed in the RECORD a column by John Fisher, from the Washington Times-Herald of May 5 an editorial from the Dubuque (Iowa) Witness of May 4, and an article by Father William H. Rowan from the Dubuque (Iowa) Witness of May 4, relative to the charges made by Senator McCARTHY as to communism in the Government service, which appear in the Appendix.]

AWARD TO MAJ. FREDERICK SULLENS FOR BEST EDITORIAL OF THE YEAR

[Mr. EASTLAND asked and obtained leave to have printed in the RECORD an editorial by Maj. Frederick Sullens, editor of the Jackson (Miss.) Daily News, adjudged the best editorial of the year at the annual meeting of the Education Writers Institute, which appears in the Appendix.]

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. LUCAS, and by unanimous consent, the Committee on the District of Columbia was authorized to meet during the session of the Senate today.

On request of Mr. LUCAS, and by unanimous consent, the Committee on Labor and Public Welfare was authorized to meet during the session of the Senate today.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. LUCAS. Mr. President, in considering the program of economic aid to our western European allies, I feel that we must always think in terms of our total foreign policy.

We cannot pick the Marshall plan out of its context in the whole pattern of our foreign relations. To do so distorts the picture of our total efforts to achieve

peace in collaboration with other peace-loving nations. The whole picture must be viewed in its vast entirety. The Marshall plan must be studied in its relation to the entire foreign policy.

Certainly it is undeniable that the Marshall plan is the basic section, the economic keystone, of the bridge of peace that we are attempting to build.

But there are other sections of that bridge also. There are other vitally important phases of our foreign policy which are carefully interlocked with the Marshall plan. In any consideration of the lessening of the strength of one element of the structure, we must take into consideration the effects on the other elements.

There are at least three other major elements in our foreign policy. One is our leadership in the United Nations, where our representatives have constantly sought to adjust differences among nations by diligent and patient negotiation.

Another major factor of our foreign policy is our sponsorship and participation in the Atlantic Pact. Here we have undertaken to make clear to any potential aggressor that an attack against one of the Atlantic nations will be regarded as an attack against them all.

A final very important part of our foreign policy has been to see to it that the United States remained economically and militarily strong, that we remained in a position where we could rapidly mobilize in the case of aggression. This consideration dictated our decision to go forward with the construction of super-bombs, distasteful as that was to us.

All these factors are delicately balanced and they interplay with one another in supporting the stresses and strains of our bridge toward peace. Let us consider some of these interrelationships and how they might be affected by any abrupt lessening of the strength of the keystone—the Marshall plan.

First, there is the effect on the United Nations. There can be no doubt that the moral force of the United States made possible the foundation of the United Nations and has held it together despite tremendous international pressures. It was our leadership in the United Nations that has been the decisive factor in ending dangerous conflicts in Iran, Palestine, and Indonesia. Our moral force is upholding the United Nations as a forum where the efforts toward peace can continually go forward in spite of the threats and attitudes of individual member nations. No aspersions can be cast on the sincerity of our efforts to outlaw war.

Mr. President, if the United Nations had done no more than to be the decisive factor in ending the conflicts in Iran, Palestine, and Indonesia, there would be justification for its existence.

We in the United States sometimes expect a little too much with respect to a great organization such as the United Nations in seeking world peace. I am confident that if world peace comes, it will come through the work of the United

Nations, and nothing has happened which will cause the Senator from Illinois to lose faith in this great adventure.

What has given the United States its moral force in the United Nations? No one, I think, can deny that our example in committing ourselves to a vast 4-year program to help rebuild the economies of war-devastated nations has been unparalleled in the history of the world. This has given the real authority to our voice in the United Nations. To waver in carrying through the Marshall plan to its scheduled completion would be to admit doubt in our own leadership. This would inevitably weaken the will to work for peace in people throughout the world. Our clever friends in the Kremlin would know well how to exploit this in the corridors at Lake Success. Can we afford to take any step that might further close the door to peaceful negotiation of difference? I do not believe so. Our economic aid to the nations of Europe, and key countries in Asia is our greatest asset at the peace table.

Mr. President, I desire to call the attention of the Senate to an article appearing in the Washington Times-Herald as of this day, under the date line of Paris, May 4. I quote:

Bing Crosby today plugged American aid to Europe as necessary to stop communism. He interrupted a wise-cracking speech to the American Club of Paris to promise that "When I get back to the United States I'm gonna go on the air with the story that the Marshall plan is doing a job. I didn't realize until I got here, but now I see that we've got to maintain this bulwark in western Europe against what's going on the other side of the curtain."

Mr. President, Bing Crosby is one of the leading crooners and comedians in America. I doubt if there is anyone better known, aside from the President of the United States, than Bing Crosby. I doubt if anyone in America has a better grasp of what is going on in America than Crosby. Yet, when he got into Europe and saw what the Marshall plan was accomplishing in containing communism in the satellite countries and keeping it from running over the western democracies of Europe, he said that when he returned to this country he was going to take to the air in order to explain to the American people his reaction with respect to the effectiveness of the Marshall plan. It is men like Bing Crosby, who have the confidence of the people of America, who can help do needful and effective work by calling their attention to this important program, and can help unite the people behind a program, and the only one the American people have at this moment, which at least looks down the road to world peace.

Mr. President, in the second place, we must consider the relationship of the Marshall plan to the Atlantic Pact and what effects heavy cut-backs on the economic-cooperation program would have on the plan of military cooperation.

In my opinion, the two programs are inextricably combined. When we proposed the Atlantic Pact, it was with the understanding that military cooperation would go hand in hand with economic cooperation. We, in effect, assured the

Atlantic nations that our military aid would not be given at the expense of economic help. Opinion was unanimous on both sides of the Atlantic that successful joint defense could never be reached until economic recovery was approached.

In this respect, France, the key nation in European defense, is already finding her military commitments under the pact a heavy drain on her economic recovery program. Premier Georges Bidault made this very clear in his recent address at Lyon.

The question, therefore, is this:

If economic aid is below the recommended safe minimum, will it not have a hampering effect on the Atlantic Pact defense program? The answer is obvious. European nations will have to cut their defense spending—little as it is compared to ours—to fill the vacuum on the economic side.

At a time when the fate of Berlin is hanging in the balance, when the dwindling Communist forces in France and Italy are girding for a last-ditch stand over arms aid under the pact, can the United States afford to risk possible disruption of the defense situation by slashing the corollary economic aid? That, I claim, would be reckless and ultimately costly economy at a most inopportune moment. Any cut in the Marshall plan would have an immediate effect on the strength and vitality of the joint defense program under the Atlantic Pact.

Let me add one point in this connection which I think is vitally significant. Nations which have joined in the Atlantic Pact are literally under the guns of the only possible aggressor. They know that if trouble broke out they would be immediately attacked by ruthless armies. They have gambled with their lives that economic and military unity with the United States would be a deterrent to aggression. Let us, we who are not quite so close to the powder keg, be sure that our aid is not so little that we wake up some day to find that it is too late. I think we would find ourselves in a grim kind of isolation.

The fourth point in our foreign policy has been to keep the United States militarily and economically strong so that every potential aggressor would be perpetually aware that an attack would be met by our rapid retaliation.

This program, too, has been carefully dovetailed into our programs of foreign economic and military aid. We learned from very practical demonstration in the recent war how much cheaper it is to fight the enemy on his own soil rather than wait until he sweeps to our borders. By coordinating our defense economically and militarily with the defenses of our western European allies we have avoided the necessity of building a fortress here in America which would be astronomical in cost.

Mr. President, I wish to digress for a moment. There are Members of the United States Senate who honestly believe that no money should be appropriated for the Marshall plan. There are Members of the United States Senate who believe the Marshall plan appro-

priations should be cut to a point where, in my humble opinion, they would be totally ineffective in affording economic aid to the countries of western Europe. I should like to have Senators who disbelieve in the Marshall plan and who intend to vote against the authorization at some time propose to the Senate and to the country an affirmative program and tell the Senate and the country what they believe ought to be done. I wish they would do so rather than constantly, in a negative way, attempt to tear down the bipartisan foreign policy of this Nation.

I should like to have them tell the country whether they believe we ought to pull out of Japan at the present time and bring our troops home, whether we ought to pull out of Germany and leave Berlin to its fate, to the mercy of the Communists; whether we ought to withdraw our military and economic missions which are now in Turkey, Greece, France, Italy, and other western democracies, which we are helping. I should like to have them say whether or not they believe we should finally retire from Europe in every conceivable way, withdraw to this country, live alone, and let the rest of the world go by. I wish they would at some time tell the country whether they believe in that kind of policy. I wish they would say whether they believe in a strictly isolationist policy. Then I should like to have them tell the country also what they propose should be done in the way of building the defenses of America after all our representatives and our forces have come back to this country, and where we shall all live in isolation from the rest of the world. I wish they would say what should be done in the way of meeting the onrushing challenge of a totalitarian aggressor, which would come sooner or later under such a policy.

Mr. President, just as sure as we destroy the Marshall plan, just as sure as we destroy the program of aid to Turkey and Greece, just as sure as we pull out of Japan, retire within our own borders and live in an isolationist shell—it is certain that we will begin to live in a garrison state, and we can prepare to appear before the present Presiding Officer of the Senate, the President pro tempore, the distinguished Senator from Tennessee [Mr. McKellar], who for so many years has been chairman of the Appropriations Committee of the Senate, and ask his committee, not for \$13,000,000,000 for national defense, but for a vastly larger sum. Mr. President, I share the view of Paul Hoffman. I believe he knows what he is talking about when he said, "Just as sure as you destroy the Marshall plan you can get ready to appropriate, not \$13,500,000,000 for national defense, but you can get ready to appropriate not less than \$25,000,000,000 and maybe \$30,000,000,000 a year for national defense alone."

Rather than constantly attacking the Marshall plan from the front, the rear, and the flank, without telling the people what they would do if they were in power, I should like to have Senators who occupy that position tell the country if the kind of program I have just

outlined is the kind of program in which they believe. If not, what is their plan. It is high time the American people be advised.

Mr. President, it is easy to talk about socialism in England, as the Senator from Missouri [Mr. KEM] does, denounce England for carrying on a socialistic program, and tell the country he is not going to support the Marshall plan unless England does certain things with respect to her socialistic program. But if he should destroy the Marshall plan in its entirety, what program has the Senator to present to the American people?

Again and again some Senators complain that England is socialistic. Why is it that they constantly denounce England for her socialism, but never say anything about Norway, Sweden, or Denmark, who also participate in the Marshall plan, and whose governments are socialistic as is the Government of England. The basic reason is, Mr. President, that there are more of our citizens of Scandinavian descent who vote in Missouri, Iowa, and other sections of the Midwest than there are citizens of English descent. There are few voters of English descent in that area of the country as a whole for that matter. The result is that no Members of the Senate denounce the Scandinavian countries for being socialistic, but it is always poor old England that comes under the anvil of denunciation.

Mr. President, if today an aggressor started to march, England would be the major country in western Europe upon whom we could depend; and "I do not mean maybe," Mr. President, when I make that statement. We know what they have done in the past when the chips were down.

Mr. President, today we are spending at the rate of a little more than \$13,000,000,000 a year for the national defense. If we drop the \$4,000,000,000 we are spending for economic and military assistance to our allies in Europe, and let the Communists take over France, Italy, and other key nations, we shall probably, as I have said before, have to double the \$13,000,000,000 we are now spending for the national defense.

Today the United States is spending 71 cents out of every tax dollar that it collects to meet the cost of past wars and the prevention of future wars.

Mr. President, I should like to refer briefly to that situation. There are few aspects of government requiring more constant attention on the part of all of us than just the financing of the Federal Government. At the same time there is no phase of government that is more technical and complex. Because of this, it is essential to have the facts on Federal expenses before any estimated savings can be evaluated and before we should talk about slashing the Marshall plan. Everyone knows that taxation and spending are completely inter-related.

Like all other taxpayers, I am keenly interested in reducing taxes wherever possible. The Committee on Ways and Means of the House of Representatives is now working on a bill which will adjust certain inequities in the present ex-

cise tax law. Sooner or later the Senate Finance Committee, of which I am a member, will receive that bill; and I am heartily in favor of reducing a number of those wartime excise taxes.

Many statements have been made concerning the billions of dollars which might be cut from Government expenditures. Mr. President, I am only discussing this matter now as it relates to the Marshall plan and to the national defense. The most usual figure given for a possible reduction in Government expenditures is approximately \$6,000,000,000. We are told by some Senators that \$6,000,000,000 can be cut from the budget at the present time.

One of the things which most of these estimates have in common is that they do not enumerate any specific items which can be cut in order to achieve this estimated saving. They are merely hopeful guesses, but guesses nevertheless. I have not found anyone yet who has a blueprint as to where \$6,000,000,000 can be saved from the President's budget at the present time without crippling national defense or the Marshall plan or functions of government which are absolutely indispensable for a successful administration of government.

Mr. President, I should like to go over for a moment some of the items appearing in the 1951 budget, so that we may have before us the facts in regard to Federal expenditures.

As I said before, it is important to remember that 71 cents out of every dollar paid in Federal taxes go for the payment of past wars and the prevention of future wars.

Here is a break-down of the expenses: The direct budget costs of World War II amounted to nearly \$350,000,000,000. The interest on the debt therefrom has become a heavy fixed charge in the budget each year. In 1951 it will amount to \$5,600,000,000.

Services and benefits for 19,000,000 veterans, including medical care, pensions, and readjustment benefits under the GI bill, will require expenditures of \$6,100,000,000.

Appropriations for the Army, the Navy, and the Air Force, all devoted to providing a sound and adequate national defense, total \$13,500,000,000.

Our international obligations under the Marshall plan, aid to Turkey and Greece, the Atlantic Pact, and the implementation thereof with arms, total, for the present fiscal year, \$4,700,000,000.

Mr. President, the last two items constitute 45 percent of the total budget.

In contrast to the 71 percent of the budget required for past wars and the prevention of future wars, 29 percent, or \$12,500,000,000, finances all other governmental programs, including the development and conservation of natural resources, and the promotion of health, housing, and education, as well as many other governmental services. Also included in the \$12,500,000,000 is \$3,300,000,000 in Federal grants and loans to State and local governments, much of which at least is not an expenditure in reality, but is money loaned, which will be returned over a long period of time to the Government.

Of the \$12,500,000,000, \$1,600,000,000 is for loans to industries and cooperatives and for the purchase of housing mortgages. Experience has shown that much of this will be returned to the Federal Government over a long period of time, and that part is in reality not an expenditure, but is a loan to be repaid.

These figures show that a marked change has taken place in Federal expenditures. In 1939 the cost of national defense and international affairs, veterans' programs, and the interest on the debt amounted to 29 percent of the budget. All other Government activities cost 71 percent of the total budget. In the fiscal year 1951, that situation is exactly reversed.

In making these comparisons it is interesting to note that the cost for social welfare, health, and security programs was \$33,900,000,000 in 1939, but was only \$2,700,000,000 in the current fiscal year. This figure included the cost of public assistance, such as aid to the blind, the school lunch program, public health measures, and so forth.

Mr. President, no one in Government is more interested than I am in economy. I have always paid my debts. I budget my accounts, and I have always lived within my means. I have always hoped that my Government could do the same. However, these are not the ordinary peacetimes which we experienced 25, 30, or 40 years ago. I undertake to say that these are the most extraordinary and the most dangerous days in the peacetime history of the Republic.

All of us who are interested in economy must be aware of the realities of the world about us. If we can reduce the \$12,500,000,000 by an amount which will not in any way cripple or break down the functions of Government, obviously I will lead in the efforts to achieve such economy. I am hopeful that when the Appropriations Committee reports the appropriations bill this year, a reduction can be made along that line, wherever possible.

The fact of the matter is that if we intend to balance the budget by reducing expenditures \$6,000,000,000, a considerable portion of that amount must come from national-defense expenditures and expenditures for our international obligations, which constitute 71 percent of the budget. Of these items, which ones would Senators cut?

The interest on the national debt is \$5,600,000,000. I think it safe to say that no one desires us to default in the payment of the interest on the debt.

Six billion, one hundred million dollars is for the Veterans' Administration. When the appropriation bill comes before the Senate I am anxious to see what proportion of the Members of Congress, whether Democratic or Republican, will vote to make a severe reduction in the veterans' budget. I think it is safe to assume that a sum approximating \$6,100,000,000 will be appropriated, and that even those who talk most about economy will vote for it.

Our national defense budget includes \$13,500,000,000. On March 29, 1950, General Eisenhower came before the Committee on Armed Services and tes-

tified that another half billion dollars is necessary in order to round out our national defense sufficiently to meet the present-day challenge of Kremlin aggression. I am sure that very few persons desire to do much reducing in that particular item.

Our international obligations, including the Marshall plan, aid to Turkey and Greece, the Atlantic Pact, and its implementation with arms for our western European friends, will require \$4,700,000,000.

All of the above items total \$29,900,000,000. Mr. President, as you know, I have been for a bipartisan foreign policy all these years. I stood back of the administration on the foreign policy previous to Pearl Harbor, when it was apparently unwise to do so because of the strong isolationist sentiment in Illinois and the Midwest. I was in those days close to Cordell Hull and close to Franklin D. Roosevelt. I was in a position to listen to what they had to say about our condition at that time with respect to world affairs. I followed their lead. I have been vindicated ever since for so doing, Mr. President, and I shall continue to follow the lead of the men in the State Department and the President of the United States, who are responsible for a forward looking, if you please, foreign policy, that has done so much for the European countries.

So far as I am concerned, I shall not vote to reduce expenditures for the Marshall plan or the expenditures for national defense, unless the top men of the Nation, who should know more than anyone else about what is necessary, advise that it is safe to do so from the standpoint of the national security. In the absence of such advice, I shall not vote to reduce the expenditures referred to even though it costs me a seat in the United States Senate. I shall never have a Pearl Harbor on my memory through failure on my part to vote to appropriate a sufficient amount of money for national defense and for an international program, which I believe looks toward peace rather than toward war.

What we are trying to do is to spend a few billion dollars in peacetime to keep our boys from going to war again. If war should break out tomorrow, we would probably appropriate \$100,000,000,000 overnight. We would go before the distinguished and able Senator from Tennessee, chairman of the Appropriations Committee, through the military authorities of the Nation, who would say, "War is here; we need \$100,000,000,000 to start our factories going, to start making the implements of war, and to mobilize the armed services." All that would be for the purpose of destroying human beings and property. Yet when we try to spend a few billion dollars to bring about peace through the Marshall plan and other related programs, the administration is charged with running a "gravy train," with a give-away program, with socialistic spendthriftism, and many other epithets are used for political reasons which mean absolutely nothing. No; the same individuals would be glad to vote for \$100,000,000,000 tomorrow if war should come. I do not

say the Marshall plan is a guaranty that war will not come, but, Mr. President, it is the only program we have which looks in the direction of peace—the only one. And I say that those who make these charges are unrealistic in a realistic world.

I, too, should like to see the budget balanced; I, too, should like to see something paid on the national debt; but I should also like to see peace in this world. If peace it not attained, Mr. President, Senators will not be worrying about socialism in England. If peace it not attained, they will not be worrying about hard-earned dollars in New Jersey or elsewhere. If peace is not attained, they will not be worrying about whether the budget should be balanced or anything about economy: If we get into an atomic war, we will be struggling for survival. That is what we will be worrying about then, Mr. President. And no one will win the next war, for the victor and the vanquished both will go down into the ashes of ruin. That is why I cannot, under any circumstances, vote to cut a half billion dollars, a billion, or a billion and a half from the authorization carried by the pending bill.

The honorable Senator from Ohio [Mr. TART], for whom I have great respect, recently said, if the press quoted him correctly, that he was willing, he thought, to make a cut in the authorization of a half billion dollars, a billion dollars, or even a billion and a half dollars.

Mr. President, if the Senator from Ohio does not know whether to cut a half billion dollars or a billion dollars or a billion and a half dollars from a program that is designed to keep the peace of the world, then it seems to me if I were in a position of that kind I would go to the experts who have done nothing but study this program from beginning to end, men like Paul Hoffman, and I would at least get all the information I could from those gentlemen before I started to meat ax the Marshall plan. I do not know why the Senator from Ohio and other Senators do not say definitely, "We are opposed to the Marshall plan," rather than attempt to cripple it through a back-door attack and destroy it in that way. If they are against it, let them say so; that is one thing; but do not cripple the program by meat axing it to the extent of a few billion dollars on the theory of economy.

There is another point to be considered in this connection. We did not conceive the Marshall plan as a method primarily of aiding American industry, agriculture, and commerce; nevertheless, it has certainly had its beneficial effects in those fields. I do not think any economist will dispute that in the period of transition from our huge production of wartime to the lesser consumption of a nonwar period, the Marshall plan has had a stabilizing effect on the entire American economy by siphoning off the crest of the wave of surplus. That, too, has had its effect in keeping America strong.

We should remember that, in this day and age, no nation can live in an eco-

nomie vacuum. A strong, healthy America depends to a considerable extent on a strong, healthy trade with other nations. The Marshall plan has certainly played its part in building toward that end. Its mission during the next 2 years will be largely aimed at the restoration of healthy, unsubsidized trade between America and Europe, and within Europe. A strong America, I submit, depends on as close an approach as possible to that objective.

Mr. President, I firmly believe that we must hew to the course we have set. We must continue to aid in rebuilding the strength of our allies. I am convinced that this is the course of true economy and that it will go a long way toward preventing the crushing cost of a third world war.

It seems to me to be downright silly for anyone to think we should even take a chance on losing the friendship of 270,000,000 people in the western European democracies. I undertake to say that never before in the history of the United States have we needed friends and allies as we need at this moment the 270,000,000 people in the western European countries.

I do not think there can be any doubt that a third world war would be truly global and would cost many times what the last one cost. No one can estimate what it would amount to, but we can get some idea from what the last one cost. The last war cost us \$1,300,000,000,000 in terms of what we have already spent and what we shall spend in order to pay off the obligations we incurred during the years of battle. That is Paul Hoffman's statement, not mine.

Break this down over the 44 months that we were actively at war, and it comes out at nearly \$30,000,000,000 a month. The Marshall plan—the keystone of our program to prevent another war—will cost us, under the recommended authorization, a little less than \$3,000,000,000 for the coming year. In other words, it will cost for a full year only a tenth of what the last war cost us in 1 month. Project this in terms of atomic warfare when the civilian population of every large city of our Nation would be in the front rank, and the cost would be inconceivable.

Mr. President, the best testimonial for the Marshall plan is being given day after day by the people who most bitterly oppose it. Since its inception every propaganda weapon of the international Communists has been trained on this program.

The Communists believed at the end of the war that the economy of the western world, including the United States, would topple of its own weight from the stress of the war years. Western Europe was devastated physically, politically, morally. The United States was saddled with huge debts and, to the Communists, its economic structure appeared certain to be washed away under the impact of its huge flood-tide of surpluses.

The wily men in the Kremlin licked their lips in anticipation as postwar inflation soared on both sides of the Atlantic. They thought the time would

soon be ripe to take over the whole western world by default.

But a great man, Gen. George C. Marshall, and his associates, among them our present Secretary of State, had vision and courage.

Mr. President, George Marshall is not a small, pathetic figure, as was recently charged by a Senator. I was at the Paris conference a year ago last September, and saw George Marshall in action before members of the United Nations, and I now testify that there was no man in that conference who was held in as high respect and esteem as was George Marshall. The Senator from Texas [Mr. CONNALLY] and the Senator from Michigan [Mr. VANDENBERG] were there and could bear witness to the accuracy of my statement.

They came up with this plan for mutual economic aid and cooperation, not merely for our western European allies, but for all the nations of Europe.

The men in the Kremlin saw their dream blasted. They forbade their satellite nations to participate. They sought to arouse Communist minorities in every nation of western Europe to do everything short of armed attack to defeat the plan. Every moment of the last 2 years the international Communists have worked to halt the march of the Marshall plan.

Mr. President, I do not need to recite the achievements toward recovery that have been made in the past 2 years. I do not need to reiterate how the Communist influence has been reduced in western Europe in the past 24 months. Many of my distinguished colleagues on both sides of the aisle in this Chamber have made those accomplishments infinitely clear. I simply want to reemphasize with all my strength that the people who have the most to lose by the success of the Marshall plan—the leaders of Soviet Russia—have recognized the Marshall plan as their No. 1 target in their battle for world domination. The opposition of the Kremlin to this program is the best possible recommendation for its continuation on the progressively reducing basis for which it has been scheduled until its conclusion in 1952.

I do not want to suggest that the task ahead is not going to be difficult. It will undoubtedly be more difficult to aid European nations break down trade barriers that have grown up over centuries than it was to rebuild the devastation of war and restore agricultural and industrial production.

However, the matter is no less important and no less challenging. We know that if progress is not made, the gains of the past 2 years may be rapidly lost when we withdraw 2 years hence.

We must remember that the war and its aftermath did not leave Europe the same, no matter how much reconstruction has been made. The prosperity of Europe has always depended on the flow of trade between the agricultural east and industrial west. This trade has been greatly reduced by the creation of the Soviet bloc behind the so-called iron curtain. The trade patterns of the western European nations must be drastically re-

vised to make up for the loss of these markets.

We have learned recently that Moscow is further tightening economic control of its satellite nations through the establishment of a complete ruble economy in those areas. This means further diminution of trade between the dollar areas of the west and the ruble bloc of the east.

This is certainly additional evidence of Communist efforts to halt the recovery of western Europe should the United States retreat from its scheduled program of economic aid.

Every time we give hint of wavering we can expect the alert commissars to come forward with some method of exploiting the situation. That is the technique of cold war. We can keep on winning only by continuing to move forward with the brave, bold, imaginative steps which have done so much so far to win the peoples of the world to our side in the vast global battle for the minds and souls of men.

There is in the pending measure provision for the beginning of another one of these important steps to further strengthen the resistance of free people against the march of communism.

I refer to the technical assistance phase of the point 4 program which is provided for in title V of the measure before us. The relatively small sum of \$35,000,000 is recommended for new activities in providing technical assistance in the coming year to backward areas in the Far East, Near East, Africa, and South America.

I read not long ago, Mr. President, that if we can raise the standard of living for 1½ percent of all the people in these backward areas, we could sell all the surplus we could produce in this country to the people who live therein. Maybe that was a guess; maybe that was "moonshine"; but, nevertheless, that statement has been made, and that is the reason for technical assistance in the backward areas, because, Mr. President, we in this country are so efficient, our soil is so productive, our natural resources so great, the machinery in our factories is so efficient that we can produce more than we can use, certainly, and some day we must have a market for the surplus we can produce because of our industry and ingenuity, if we are to continue the high standards of living we are now enjoying in the most successful nation in the world.

To my mind this is, indeed, "a bold new program," representing the same kind of far-seeing imagination with which the Marshall plan has appealed to the latent idealism of freedom-loving people throughout the world.

It is not suggested that we build great improvements, or underwrite vast industrialization. This is a program to share our famous American "know-how" with people of backward areas to teach them how to help themselves.

This program provides for sending American technicians to areas where ignorance, disease, and poverty have made people ripe for the cure-alls and nostrums of communism. These technicians will attempt to teach people how better to use what resources they have to feed,

clothe, and shelter themselves and fight against disease.

Technical assistance assumes real importance now that we see communism attempting to take over and pervert to its own ends the yearning of the nations of Asia for true freedom and independence. If we can demonstrate through friendly aid without exploitation that the western world stands ready to welcome the new nations of the East as equal partners in the society of nations, we shall have gone a long way toward winning friends in the Orient.

Mr. President, it seems to me that it is wise that we are proposing to launch this program now, 2 years in advance of the scheduled end of the Marshall plan. It serves notice on the whole world that our drive for peace is dynamic and constant. It tells the wavering people of the world that our kind of democracy, which believes in the dignity and freedom of the individual, is still youthful and is forever pressing on to perfect itself.

I see this new program as a fitting addition to the broad, strong, interlocking structure of our foreign policy. It will mesh well with and serve to reinforce our activities in the Marshall plan, the Atlantic Pact, the United Nations, and our own national defense.

It is certainly closely related, furthermore, to other important economic aid programs also provided for in the measure before us. I refer to the economic aid to China, to Korea, and the refugees in Palestine.

Mr. President, viewing the whole program of economic aid provided for in this bill in the light of our total foreign policy and the alternatives which face us, I feel we can accept this as a reasonable program, reasonably sure of producing sound results.

These various phases of economic aid are the essential elements in our total foreign policy to win the peace and avoid a devastating third world war. I think extension of this program as recommended will be good for America and good for the world. I believe when we have authorized this program we shall be able to march forward confidently, knowing that we have added to the defense of our Nation and the rest of the free world in the drive to assure peace and a little prosperity to all freedom-loving peoples.

Mr. CONNALLY. Mr. President, I ask unanimous consent that the time consumed a while ago when a quorum call was suggested be equally divided.

Mr. KEM. Reserving the right to object, the Senator from Illinois suggested the absence of a quorum on his own responsibility. He did not consult the Senator from Missouri or any other Senator on this side of the aisle.

Mr. CONNALLY. He did not have time to consult any other Senator. I hope the Senator from Missouri will not object.

Mr. KEM. I am sorry, but we have allocated full time among the Senators on this side of the aisle.

Mr. CONNALLY. There will be plenty of time on the amendments. If the Senator will not agree, I shall adopt the Senator's methods myself.

The PRESIDENT pro tempore. Is there objection?

Mr. KEM. I object.

Mr. CONNALLY. Mr. President, I yield to the Senator from Missouri.

Mr. KEM. I yield 10 minutes to the Senator from Michigan [Mr. FERGUSON].

The PRESIDENT pro tempore. The Senator from Michigan is recognized for 10 minutes.

Mr. FERGUSON. Mr. President, in opening the debate on the pending bill to extend the Economic Cooperation Act, the distinguished Senator from Texas [Mr. CONNALLY] made an eloquent plea in behalf of bipartisan or nonpartisan foreign policy.

From time to time other Senators from both our major political parties have made the same plea. Men of good will throughout the Nation endorse this call for America to speak with one voice in world affairs. No one will deny the clear urgency for a united America in these critical times. Yet the fact remains that our State Department and the conduct of our foreign policy has been under bitter attack, some of it plainly partisan.

Analysis of this criticism, which has become more widespread and bitter in recent months, discloses some of the chief reasons for our disunity. Many men in this body are thoroughly dissatisfied with the way bipartisan foreign policy operates. They are strongly suspicious, and I submit there is some ground for their suspicion, that the administration deliberately employs bipartisan appeals as an instrument in political strategy. They have the feeling that the administration carefully hand-picks the men the administration wants to represent Republicans in bipartisan councils. They have watched the administration utilize bipartisan aid in some topics and areas of foreign policy but not in others. Wherever this has occurred, partisan criticism has been inevitable.

Republicans throughout the country have observed that whenever bipartisan action has been successfully employed, the administration took all of the political credit for it. Further, Republicans who made constructive suggestions in foreign affairs, and even those who actually took part in bipartisan councils, have found themselves ridiculed and attacked by administration spokesmen from the President down the line.

Is there any wonder that there is an air of cynicism and suspicion in political circles concerning bipartisan policy?

It is time that the administration and the majority leadership on this floor awaken to the plain fact that it will take more than a plea for unity to restore good faith in bipartisan policy. It will take more than the selection by the administration of a few Republicans to serve on foreign-policy advisory bodies. It will take more than a rearrangement of the subcommittees of the Senate Foreign Relations Committee.

Eloquent pleas for bipartisan agreement are no substitutes for good faith, and there is a strong suspicion on this side of the aisle that such good faith is lacking. It is lacking because the very concept of bipartisan policy seems to have been left purposely vague. It is

lacking because there have been no simple rules or understandings by which bipartisan action is to be guided. Bipartisan policy calls upon both parties to unify their action on matters of foreign policy. Yet there are no rules and no machinery to determine how this unity is to be achieved and operated.

Speeches, no matter how eloquent, cannot establish the solid basis of understanding necessary to good faith in bipartisan action. Men in the parties must know what is expected of them. When action is taken, they must feel confident that it is according to rules and agreements which they recognize to be a fair basis for bipartisan relations.

Bipartisan policy has to be a two-way street. The privileges accorded to each party and the obligations cast upon each party by the idea of nonpartisan action must be clear. So long as the rules are nonexistent or vague, there will be loopholes and excuses to tempt men in both parties to make partisan capital out of American foreign policy.

I am not so foolish as to call for written rules as in a game of cards, football, or baseball. We are dealing in the vast area of human relations and in matters of opinion and judgment. Here good faith requires only that there be some clear meaning to the terms we use and some workable understandings of the way in which we propose to conduct our relations.

In an effort to arrive at this simple basis for genuine party cooperation in foreign affairs, I presented a series of 12 questions on this floor on April 18 at page 5361 of the CONGRESSIONAL RECORD. If the administration and the majority leadership wishes to reestablish bipartisan policy on a firm and workable basis, let them help this body to answer those questions.

Briefly, we ought to know what is the State Department's conception of the bipartisan or unpartisan foreign policy. Is this policy supposed to restrain political parties from making political capital out of American foreign affairs? How is the policy expected to work, and by what arrangements between the parties is the policy to be operated? How is the personnel for party cooperation to be selected, and who is to do the selecting? If the bipartisan policy holds room for criticism of the conduct of foreign relations, how and in what forms is this criticism expected to be made?

If controversy between the parties develops over the execution of foreign policy by the executive branch, what machinery is there to reconcile the party views? Is bipartisan policy to be directed only toward some topics for foreign affairs and only to some areas of the world, or is it to embrace all American foreign policy? And who is to decide upon these applications of bipartisan policy?

Mr. President, these are not all the questions I ask, but they are among the most important. I cannot see how we can bend political party action toward a single voice for America unless we reach an understanding on these questions. The discord we experience on almost every issue in our foreign affairs can be

traced directly to the lack of understanding that now prevails. A workable understanding, clearly defined and completely above board, is absolutely essential to good faith.

I am firmly convinced that the distinguished chairman of the Foreign Relations Committee could render signal service to the President, to the State Department, and to both our major political parties, if he would ask his committee to spend a few sessions on exploring the requirements for operating a genuine bipartisan foreign policy.

If we want unity, we shall have to work as well as plead for it. If we are to have unity, let us build the basis for it in clear understandings between the parties.

Mr. KEM. Mr. President, I yield 10 minutes to the Senator from Mississippi.

Mr. STENNIS. Mr. President, last fall, through the encouragement of my genial and esteemed friend, the senior Senator from Texas [Mr. CONNALLY], I was able to arrange and to make a fairly brief trip to Europe. I visited all the countries that are involved in the European recovery program. I wish especially to thank the Senator for this experience, and I recommend such a trip to anyone who has the responsibility of serving in the Senate.

Mr. President, I viewed the operations of the Marshall plan in Europe through very friendly eyes. I have supported every phase of this program by my vote on the floor of the Senate, and have voted for all appropriations. My impressions of its operations were gained largely at the grass-roots level. I did not spend very much time in the chancelleries or official offices. I visited the people on the farms, in the fields, and in the small towns. I went into the fields and into the barns, and I visited them in their homes. I talked with dock workers, taxi drivers, and farm hands. I talked with industrial workers at their places of work. I talked with them at their machines. I talked with various and sundry citizens throughout these great lands. My ideas, which I shall try to reflect here, were gained from those contacts.

Mr. President, I supported the Marshall plan in 1947, 1948, and 1949, due mainly to three reasons. The first was that I was greatly impressed with the argument of the necessity to try to check communism in western Europe. The second was that I wanted to see the wheels of machinery in Europe start moving, and to see industrial and agricultural production revived.

Personally, I am just one generation removed from the experiences of a conquered people, and I knew something about the slow—miserably slow—progress and the heavy strain involved in the long road to recovery.

The third reason that appealed to me was the good will that I thought we would create through this plan.

I want to say frankly that I was greatly impressed with what the Marshall plan has done in Europe toward turning the countries against communism. I think it has been a great contributing

factor, and perhaps the decisive factor. I saw such a degree of development, relative prosperity, and industrial and agricultural production that I was convinced in my own mind, that so far as making a decision for or against communism is concerned those people now are able to make their own decision, and we shall have to abide by what they do about it. In the light of their improved conditions and what has already been done, a reasonable continuation of this program will certainly put them on their feet to the extent that they will have no economic reasons for turning toward communism. If they do turn toward communism, it will be their own choice.

My second point is that last fall I found the wheels of commerce in motion, and I found agricultural and industrial production advanced far beyond my expectations. That was evidenced not only in the factories and on the farms, but in the faces of the people. They are not living in a land of plenty, but neither are they living in extreme want. There is activity and production. One can see goods in the shops, and one can see the production in the fields and on the farms. They are getting along pretty well, Mr. President. I believe that very soon in the western European countries there will be a saturation of goods, rather than a scarcity. When that saturation point is reached, we shall find the same trade barriers, the same tariffs, and the same restraints on the use of funds and money that existed before the war. We shall find, I am afraid, the same stagnation of trade and the same overproduction and the same unemployment. Very soon a number of these countries will have reached that saturation point. This is not being said in any spirit of "I told you so," because I did not say so. However, I think we missed a great chance by not making some kind of conditions for the economic integration of Europe at the very beginning on this program. I did not see the point then. I am not saying, "I told you so." That is where we missed our best chance so far as a permanent economic European recovery and foreign trade is concerned. That is the point that dampens my spirit about the Marshall plan.

My third point was with reference to the good will we were going to create. There has been a great deal said about that, and there is a tremendous appeal in it. However, I was disappointed with reference to what I found on that point. I found that the rank-and-file people of Europe, with exceptions, of course, do not realize what we are doing with reference to this program. I give only two illustrations, since I must speak briefly.

Through an interpreter I asked a Greek farmer, who owned 28 olive trees 20 miles south of Athens, on a barren, rocky hill, what he thought about the American program, and the purpose behind it. He said it was a scheme by the United States to get control of his land.

I asked dock workers in London what they thought about the American Marshall plan, and the substance of what they said was that America would send them a million dollars one day, and then

raise prices and get it back the next day. They said it was a scheme to transfer control of the markets of the world from their hands into our hands, and that the officials of their government had better not let us get by with it. Those are two illustrations of many sentiments of like kind which I found throughout these areas.

I think one of the main reasons why the people do not understand our program is because the administrations in the Marshall plan countries claim the credit for their recovery for themselves, rather than share the credit with us.

I found some evidences of good will, but we need not think that it is coming through the rank and file of the people, as a result of the Marshall plan.

Mr. President, I, myself, would not like to have someone come to my door every morning and ring the door bell and tell me, in the presence of my wife and children, that the food on my table was put there by him rather than put there by me, or that he brought the bottle of milk on which I feed my children. I do not think there is anyone connected with the administration of the ECA who is to blame for that situation.

Mr. President, my time is brief, and I shall merely say that I am going to support reduction in the program in the amount of \$1,000,000,000 for the following principal reasons: I am satisfied in my own mind that some kind of a program will have to be extended beyond 1952, and I believe we are fooling ourselves if we do not realize that now. I am satisfied in my own mind that we can do far more good by reducing these expenditures in amount now, but extending them for a longer period of time.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. STENNIS. Mr. President, I ask unanimous consent to insert in the RECORD a statement of my views on the extension of the ECA program.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR JOHN C. STENNIS

Last fall it was my privilege to visit for some 40 days the Marshall-plan countries of western Europe with the Military Affairs Subcommittee of the Senate Appropriations Committee. It seems to me that anyone who has had this experience owes it to the rest of the membership of the Senate to give at least a brief review of his impressions, particularly relating to the questions raised by this Economic Cooperation Act.

Let me quickly remind you that I fully realize one cannot make a thorough study of these many problems in so short a time. I am forcibly reminded of what my friend and Congressman, Representative ARTHUR WINSTEAD, of the Fifth Congressional District of Mississippi, said to me when I sought his advice as to whether or not I should make the trip. He said, "By all means, go. You will not come back with the answers, but you can at least better tell whether or not the other fellow has the answers." I found his advice to be sound.

I saw these problems there through the eyes of a strong adherent to the Marshall-plan program, and I had voted for all of its major provisions and appropriations. What

impressions I did get of the European picture were obtained at the grass roots level, rather than in the chancelleries and council halls of our own or their official offices. I went out into the villages and into the country and out on the farms and down in the fields. I went in the barns and up in the lofts; I went into their homes, their living rooms, their bedrooms, their kitchens. I talked to these people in their homes, their fields, in the villages and in the small stores. I talked with the laborers on the docks, to the craftsmen in the factories, to the village storekeeper in his store, to the taxi drivers and to the farm hands. What impressions I did get are direct from the people and on the level of their everyday living and everyday problems.

When I voted for the preliminary stages of the Marshall plan in 1947 and for the plan itself in 1948 and 1949, I was prompted to do so for three principal reasons. First, to stop the spread of communism in its westward sweep through the continent of Europe; second, I wanted to put the wheels of machinery to turning in these nations that had been either conquered by us or by our former enemies; and third, I thought that we would be building up good will among those nations, thus insuring as nearly as possible a united front in years to come.

I am glad to report that in my opinion, based on what I saw and learned in Europe, the Marshall-aid plan actually did play a big contributing part and was a deciding factor in saving western Europe from the death grip of communism in the 1946-48 period. Under conditions then prevailing there, our aid did turn the tide. The people then had little food and insufficient clothing. They were largely without medicine. They had little or no seed and no fertilizer. There was little machinery and no capital to start agricultural production. Under these conditions they were approached by the seductions of the Communists and if we had not given them cause for hope and a helping hand in their distressing conditions, I think they would have followed the communistic lead. Whatever may come in the future, I think our helpful attitude toward western Europe in those distressing years will be one of our highest and best points in the history of our Nation.

However, I am fully satisfied in my own mind now that the situation has changed, so much that we should materially reduce the sums to be appropriated for the ensuing fiscal year. With their present situation, to which I shall refer again soon, plus the aid that will come from this continuing program, the people of western Europe will have to make their own choice this time as to communism. They are in a position now to make that choice, and it is up to them. We cannot make it for them.

In addition to the threat of communism as such, it appealed to me greatly in 1947-48 to vote for the full amount of the Marshall plan in order to put the wheels of commerce in motion and the cultivated land in production, thus giving the people of the conquered and liberated countries the chance to make a living. This appealed to me for one reason because I already knew what it is to live in a conquered country. I was only one generation removed from the long, slow, hard strain of the miserable years following a devastating war, and I thought that we could bring about a recovery in a few years with the aid that would take many, many years to come without the aid.

When I got to Europe in October of 1949, I was amazed and highly pleased at what I found in the way of production and the general productiveness of both farm and factory throughout most of the areas of western Europe. This production was quite evident everywhere—in the fields and in the factories; it was reflected in the shops of the cities and in the villages and cross-road

stores. It was also reflected in the faces of most of the people, who showed every evidence of being well fed and well clothed, and most of whom seemed to be thrifty and industrious. I have checked the actual records of industrial production and find them to be in excess of the year 1938, and that of agricultural production to be approaching the same year. Those figures have been discussed already in the main and I will not repeat them here. My point is that production has already been restored to the point that there is no longer any great emergency and that we can well afford to level off the volume of the aid that we provide through this program.

For the immediate future I see these nations of western Europe fast reaching their saturation point in production of goods. When they do, trade barriers, tariffs, and money restrictions will preclude them from trading with each other; over-production will pile up; unemployment will result. Even after they are on their feet, they have too few ways of earning dollars so as to trade with us. We are going to be driven to a system of barter or to a system of bank credit, confined to those nations who will align their trade policies to meet the realities of these new conditions. This is the only basis for any real hope by us, as I see it, for future trade of appreciable amounts with western Europe.

We hear a great deal of talk about the integration of the economy of the nations of western Europe. In my opinion we missed our chance in not making strong and definite demands for such an integration as a condition precedent to the inauguration of this program. The 20 percent that we propose to set aside for this purpose now is not enough, and it comes too late. I am merely pointing this out as a fact as I see it, and not in a spirit of "I told you so," because I did not tell you so and did not then fully realize the question involved, but I did think that we leaned over backward in the whole program trying to avoid suspicion. When I got to Europe I found that we were saturated in suspicion in the minds of most Europeans anyway.

The third principal reason why I voted for the Marshall plan in the beginning was the idea of creating good will among the nations of western Europe. On this point I was much surprised and disappointed with what I found as to the attitude of the average European with reference to our part in the Marshall aid program, but I am not nearly so severe in my judgment on these people for their attitude since talking to them and seeing their conditions and better understanding why we are misunderstood. You will remember that this is a report of my impressions gained at the grass-roots level. I shall illustrate briefly two conversations that could be repeated many times in several of the countries. Through an interpreter, I talked to a Greek farmer and his three grown sons on their very, very small olive orchard consisting of only 28 trees on a rocky hillside some 20 miles south of Athens. After learning that he was fairly familiar with the fact that Greek aid had been coming from the United States since the war, I inquired as to his idea of the reason for this assistance. He said it was planned by the United States to get control of the land of the farmers in Greece. I looked at his and the countryside's scanty acres, and compared them with the vast domain of our American lands, and thought what a pity it was that he did not see the entire picture. Nevertheless, he was firm in his convictions as to our motives.

In London, I went on three successive nights to Hyde Park and remained there until midnight talking with various groups, and learned directly from the dock workers there that their version of the American aid to England was as follows: They said that

we would send England a million dollars one day and then go up on prices to get it back the next; that it was all a scheme to transfer the markets of the world from British hands into American hands, and that their Government had better not let America get away with it. I do not say that these sentiments represent all the sentiments of the English people and do not think that they do. I am telling you directly what I found at the grass roots.

All over western Europe the rank-and-file people do not realize nor understand what part we are playing in this economic recovery program, and it is very difficult to tell them. There is a natural resentment just as there would be with me personally if someone undertook to come to my front door every morning and remind me in the presence of my wife and children of how much they had done for me the day before.

I have found throughout western Europe, that the administrations of the various governments do not emphasize to the rank-and-file people the part that we are playing in this economic recovery program, for the simple reason that to do so would detract from the success of their own administrations.

Specifically, I am going to support the Kem amendment to reduce the authorization in round numbers by \$1,000,000,000. I am driven to this conclusion for the reasons heretofore given but mainly because I am convinced that this program, or one like it under some other name, must go beyond the year 1952 and perhaps for some 10 years beyond 1952—on a smaller scale, of course. I believe that more good can be done from here on out by extending the same amount of money over a greater period of time. I believe it is definitely a mistake to be in such a hurry with such extensive replacements of machinery and highways, docks, and everything else on such an ambitious program.

Further, I am unable to see that it is wise to spend additional sums on Belgium and Holland under present conditions. I believe it is a mistake to spend the money so rapidly in England. There is a situation there wherein it will become apparent the British Isles cannot support 50,000,000 people. There is a socialistic upheaval in progress with the final outcome an unknown quantity. I do not know what the remedy is, but I am absolutely sure it won't be found by the rapid spending of American dollars. Because of their frontier positions I feel that we must necessarily continue to spend money in Greece, Austria, and Germany. It is a mistake it seems to me to travel along on the idea that this spending will stop in 1952. We must condition our minds to the idea that this program may have to continue on some scale beyond this period, and I urge the reduction in amounts now in preparation for the likely necessity of continuing expenditures beyond 1952.

Mr. President, I am also influenced by the realization that our tremendously heavy military program at home is mounting in cost rather than being reduced. We hear the urgent demands for new guns, new planes, new military materials on all sides. I am entirely familiar with the old arguments that the dollars we spend on the European frontier will equal, two, three, or four dollars spent at home. We hope they will, but we must also spend the dollars where we know they will count and that is on our direct defenses controlled by us.

I am further influenced by the fact that every dollar appropriated in this ECA program for the next fiscal year will be borrowed money. We are already some \$7,000,000,000 behind with a mounting deficit day by day, with growing obligations at home and abroad and with increased strain on our national economy. I think the first necessity for a strong defense at home and the first necessity for a stabilizing influence in

the world is a sound money program for our own Nation. If we ever let it reach the point where this soundness is endangered, then the battle will gradually be lost on all fronts. I feel confident in my own mind that this program can be carried on almost as soundly with \$2,000,000,000 as it can with the three billion, and I shall, therefore, strongly oppose going beyond the \$2,000,000,000 figure. Let's carry this extra billion dollars forward for the fiscal year 1953, and decide in 1952 whether or not it shall be spent.

Mr. KEM. Mr. President, I yield 10 minutes to the Senator from Nevada [Mr. MALONE].

DOLLAR TROUBLE

Mr. MALONE. Mr. President, one of the greatest hoaxes that was ever sold to the American public is the "dollar shortage" or "dollar trouble." There is no dollar problem. There is a pound-sterling problem.

The dollar-shortage idea has been propagandized by the 16 Marshall plan countries and by the State Department to such an extent that they have been able to switch the problem and make our people believe that it is a dollar problem.

Mr. President, I ask the Senate to consider what would happen if the situation were reversed. What would England do and say? Would we have a pound problem or would we have a dollar problem? I will say, Mr. President, that the foreign countries, including England, would see that our people understood that it was a dollar problem.

STERLING DEBT

England is asking us to take over the sterling debt. They owe so much to the sterling countries that they control the trade of these nations, forcing these nations to trade with England because England owes them so much money that England is kindly letting them trade it out with her, so that it is not necessary for England to be efficient in their manufacturing and processing, because they will write off the sterling debt to the extent that we furnish them goods and funds, and in the meantime England holds their trade through the debt obligations. So now England wants us to furnish the money to the sterling areas, meantime holding the obligations over the heads of such countries, so that they can continue to force the trade into their own channels while the debt is being reduced through still another siphon into the Treasury of the United States. This is a colossal nerve, to say the least.

Mr. President, we should treat the money of the taxpayers of this country in the same way that a cashier of a bank treats the depositors' money, that is, we should handle it in a businesslike way, through adequate security for any of such money loaned.

I would ask, Why should the foreign recipient nations and the majority party on this floor resent any suggestions in the matter of safeguarding the taxpayers' money?

Mr. President, I intend to discuss briefly now, and this afternoon in more detail when the four separate amendments which I have offered come to the floor. The first is the amendment providing that any further aid from the United

States should be loaned to private business, through the World Bank, in line with and under the same conditions which RFC loans are offered to private business in this country.

Second, that each participating country will guarantee the integrity of private investments within its borders against socialism, nationalization, or confiscation, as we protect investments in this country.

The third amendment provides that each such country will join in a concerted effort with the other participating countries to form a United States of Europe, similar to the United States of America, with Germany included.

The fourth amendment provides that each participating country will eliminate any currency manipulation which prevents its currency from reflecting its actual purchasing power in terms of the United States dollar on the free monetary markets of the world.

Mr. President, in addition to those four amendments, the Senator from Missouri [Mr. KEM] has an amendment to stop the ECA nations, or to stop any nation, from continuing to supply the goods necessary to enable Russia and the iron curtain countries to fight a World War III with us, or to consolidate their gains in eastern Europe and in China. They are doing the latter through the 96 trade treaties existing at this moment—between the 16 ECA nations and Russia and the iron curtain countries. A list of these treaties will be submitted for the RECORD in connection with amendments to be brought up later in the day.

Mr. President, we remember that when the ECA was first being foisted upon our unsuspecting taxpayers, we were told that by helping European recovery we would establish European markets for American products—American workingmen and American investors. That is conveniently forgotten now, and we are told that "Buy European" is the slogan; that when unemployment hits us—and it is hitting now—the workers will be taught new jobs and put on relief. Tutors will be furnished by the ECA to teach the unemployed new jobs and the management how to create new industries after they have lost their stockholders' money. The current propaganda is to the effect that, if Congress does not provide continuous ECA appropriations for the European nations with which to buy our goods, we face a great depression in this country. What childish reasoning will be offered next? Perhaps we will now face such a depression since we continued to build our heavy industries higher since the war—with taxpayers' money without regard to the legitimate market.

Mr. President, it will be remembered that when the \$17,000,000,000 Marshall plan was first proposed, in March 1948, that is, first proposed on the Senate floor, the emphasis was placed on three things which must be done for Europe:

First. Feed the hungry people.

Second. Rehabilitate industry.

Third. Stop communism.

I said in the first debates upon this important subject in March 1948, that the three suggested problems could not be intelligently discussed together, but

that they must be separated and analyzed to make sense.

Upon that occasion I said that before any intelligent approach to these three problems could be arrived at, the executive department of our Government, which is charged with fixing foreign policy and which should largely devolve upon the State Department of the Department of National Defense, must decide after full consideration and understanding the latest methods and weapons of offense and defense and the areas, naming the nations, in Europe, Asia, and Africa, in addition to the Western Hemisphere, whose integrity is important to our ultimate safety, and then within those areas plan to accomplish separately the three objectives:

First. Feed emergency hungry people within such areas, compatible with our domestic economy, and do not expect a return of the money any more than we would if we sent \$100,000 into an area devastated by flood or fire in this country. We would not be sending the money to reelect the mayor or government—we would be sending it to feed, clothe, and house the people until they could accomplish that objective themselves.

Second. In the rehabilitation of industry, we should loan the money to private industry within those areas, again taking careful note of our own economy structure, under the same rules and regulations, no more stringent or no more lenient, than the RFC loans money to

our own individuals and business people in times of stress in this country. Certainly money should not be loaned to an Englishman or a Frenchman or an Italian on more lenient terms than to a GI or a sick business in this country.

Third. To stop communism we should extend the 125-year old Monroe Doctrine that has been so successful in the Western Hemisphere in preventing foreign nations from extending their system of government in that area to cover the nations named by the executive branch, whose integrity is important to our ultimate safety, and simply repeat the words of President Monroe, uttered in 1823, leaving out the words "Western Hemisphere" and say:

We owe it therefore to candor, and to the amicable relations existing between the United States and those powers, to declare that we should consider any attempt on their part to extend their system as dangerous to our peace and safety.

Then we should proceed immediately to rebuild a national defense organization spearheaded by an air corps and a submarine fleet that would bear silent evidence to any nation that we can and will enforce our pronouncement.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the recovery of the ECA nations since 1946.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

ECA nations—index numbers of industrial production—1937=100 (except where otherwise noted)—annual, 1946, 1947, 1948, 1949, and latest monthly figure

	1946	1947	1948	1949	Latest monthly figure	Date
Austria.....	(¹)	51	78	104	114	December 1949.
Belgium.....	74	86	93	49	95	Do.
Denmark.....	101	116	129	137	145	February 1950.
France.....	73	87	102	112	119	January 1950.
Germany bizonia.....	² 34	40	60	³ 89	³ 95	December 1949.
Greece.....	53	67	73	87	97	Do.
Ireland.....	109	113	130	⁴ 135	138	Third quarter 1949.
Italy.....	(¹)	93	98	104	108	January 1950.
Luxemburg.....	(¹)	89	(¹)	113	103	Do.
Netherlands.....	75	95	114	127	135	Do.
Norway.....	100	115	125	132	135	Do.
Sweden.....	137	141	149	(¹)	148	December 1949.
United Kingdom.....	90	93	109	116	124	January 1950.

¹ Not available.

² Base 1936=100.

³ Federal republic.

⁴ 3 quarter average.

Source: Statistical Bulletin of the United Nations, April 1950.

Mr. MALONE. The table shows that their recovery from 1946 to 1947 was about the same percentage without the Marshall plan, as their recovery has been in any year since with the Marshall plan. At this moment the rates of recovery range all the way from approximately 100 percent to 138 percent. I ask, Mr. President, what are we trying to do? Is this recovery or is it something else? Our objectives have advanced materially since the program was first discussed.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point two excerpts from the CONGRESSIONAL RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD showing the operation and the members of the sterling bloc and the original objectives and suggestions for the Marshall plan:

CURRENCY MANIPULATION

Mr. MALONE. Mr. President, most of the nations of the world have established methods of manipulating their currencies for trade advantage.

For example, the English have their sterling bloc—with a large number of nations blocked in—and a large number blocked out. The Dutch have their guilder and the French their franc.

Mr. President, I ask unanimous consent to place in the RECORD at this point a list of the sterling bloc area nations.

The VICE PRESIDENT. Without objection, it is so ordered.

The list referred to is as follows:

"THE STERLING AREA

"(Prepared by State Department in consultation with United Kingdom Treasury Delegation)

"(As of March 25, 1949)

"The term 'sterling area' means the United Kingdom and the following territories excluding Canada and Newfoundland.

"I. BRITISH COMMONWEALTH AND EMPIRE COUNTRIES"

"(a) any Dominion: Australia, New Zealand, South Africa.

"(b) any other part of His Britannic Majesty's dominions: India, Burma, Southern Rhodesia, Ceylon.

"Principal colonial territories: Aden¹ (colony and protectorate); Bahamas; Barbados; Basutoland; Bermuda; British Guiana; British Honduras; Cyprus; Falkland Islands and dependencies; Fiji; Gambia¹ (colony and protectorate); Gibraltar, Gilbert and Ellice Islands colony; Gold Coast¹ (1) Colony, (2) Ashanti, (3) Northern Territories; Hong Kong; Jamaica (including Turks and Caicos Islands and the Cayman Islands); Kenya¹ (colony and protectorate); Leeward Islands; Antigua, Montserrat, St. Christopher and Nevis, Virgin Islands; Malta; Mauritius; Nigeria¹ (1) Colony, (2) Protectorate; St. Helena and dependencies; Seychelles; Sierra Leone¹ (colony and protectorate); Straits Settlements; Trinidad and Tobago; Windward Islands; Dominica, Grenada, St. Lucia, St. Vincent.

"(c) Any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Britannic Majesty and is being exercised by His Britannic Majesty's Government in the United Kingdom or in any Dominion: Cameroons (British), Tanganyika, Togoland (British), South West Africa, Western Samoa, Nauru.

"(d) Any British protectorate or protected state: Bechuanaland protectorate; British Solomon Islands protectorate; Malay States (1) Federated Malay States; Negri Sembilan, Pahang, Perak, Selangor; (2) Unfederated Malay States; Johore, Kedah, Gelantan, Perlis, Trengganu, Brunei; State of North Borneo; Northern Rhodesia; Nyasaland protectorate; Sarawak; Somaliland protectorate; Swaziland; Tonga; Uganda protectorate; Zanzibar protectorate.

"II. INDEPENDENT COUNTRIES"

"(a) Iraq.

"(b) Iceland.

"(c) Ireland."

THE STERLING BLOC

Mr. MALONE. Mr. President, there is a large number of these nations, and I think it will be of great interest to Senators to study the list, because this sterling bloc area is controlled just as wholly as if it were one nation, and the economics are controlled.

On my visit to Italy toward the end of 1947, I met an Italian banker who was crying his eyes out. He had about 25,000,000 sterling pounds in his vaults, and he said he thought he had been doing all right. He was getting ready for trade. But now his pounds had been blocked, and he could expend this money only in the sterling bloc area. Therefore he was unable to buy anything any place except in the sterling bloc area.

OBJECTIVES OF ORIGINAL MARSHALL PLAN

I may say to the distinguished Senator from Rhode Island that I said last year that what we wanted to do under the Marshall plan was to feed hungry people, to rehabilitate industry, and to stop communism. I continue to read:

"HUNGRY PEOPLE—COMMUNISM—REHABILITATION OF INDUSTRY"

"It is impossible to consider the feeding of hungry people—the stopping of communism—and the rehabilitation of industry as one subject. We only confuse ourselves.

¹ Colonies contiguous to protectorates of the same name or within the same administrative unit.

"As a result we mix our emotions with the facts and become unwilling victims of the greatest propaganda machine ever established in Washington; let us take them one at a time:

"FEEDING HUNGRY PEOPLE"

"Feeding emergency hungry people of Europe or of any other area is a matter of charity and must be so considered apart from other considerations."

Departing from the text for a moment, the amendment which I have just been discussing, which was submitted on Wednesday of last week, was to exclude medicines and food, and then lend money on the same basis on which we lend it to American citizens for the rehabilitation of industry.

I continue the quotation:

"FEEDING HUNGRY PEOPLE"

"Feeding emergency hungry people of Europe or of any other area is a matter of charity and must be so considered apart from other considerations. The Congress of the United States has appropriated nearly \$1,500,000,000 during the last 12 months for that purpose alone, and has appropriated \$24,000,000,000 and handed it to the nations of the world without hope of repayment since the close of World War II in 1945."

We have given them the money. None of it will ever come back. I know that the Senator from Rhode Island is not naive enough to think that any of it will ever be repaid.

"INDUSTRIAL REHABILITATION"

"The rehabilitation of the industries of the 16 Marshall plan European countries, entirely separate from feeding hungry people, can then be accomplished as a purely business transaction in the same manner as such industrial plants were financed in this country by the Reconstruction Finance Corporation during depression and World War II years.

"A reasonable amount of money, say \$1,000,000,000 could be appropriated and made available to the RFC or to the World Bank for that specific purpose, simply providing that the RFC rules and regulations be applied to any foreign-business loans."

The only difference between that suggestion and the one made in my amendment is that, so long as we have created the ECA, we should let the ECA do it under our RFC rules. What are those rules?

"Their rules provide for an investigation of the feasibility of such an industry by an experienced investigator in the respective field, with an estimate of cost, together with a list of the needed machinery and supplies. They further provide for a lien or mortgage to be taken on such equipment—the stock or shares of the existing organization to be hypothecated as additional security for such loan, and then the signature of the applicants is required."

PLEASANT SURPRISE ON BUSINESS BASIS

In other words, it is a loan, exactly the same as a loan which might be made to a citizen of Rhode Island.

I continue reading:

"It will prove a pleasant surprise to both the Congress and to the State Department the relatively small amount of funds that the European nations will require for industrial plant refinancing, if such loans must be secured on a business basis.

"The entire thesis and point of my argument is that the feeding of hungry people, whether located in this or any other nation—the international policy of protecting the integrity of foreign areas in the interest of our own ultimate safety—and the rehabilitation of industrial plants in such foreign nations, must be considered separately to make sense and to be understood by our own people.

"The extent that we can and should feed the hungry people of the world—and the amount of money we may loan for rehabilitation of industrial plants on a business basis throughout the world—is the particular business and responsibility of the Congress of the United States—while the international policy, the determination of the areas and nations of the world that we must currently protect for our own ultimate safety is a State Department matter.

"COMMUNISM—INTEGRITY OF NATIONS"

"Stopping communism through protecting the integrity of the nations of the world that we decide, after full discussion and study, we must currently protect for our own ultimate safety, is a matter of our own integrity and frankness with our own citizens—and with the nations of the world.

"If we should decide, after full consideration of our experience through two world wars—and our improved methods of defense and offense—that a threat to the integrity of any member nation of the United Nations Organization, by any other nation would constitute a threat to our ultimate safety—then President Monroe's exact words could be utilized in announcing an extension of the established Monroe Doctrine, leaving out any reference to the Western Hemisphere, and say, in effect, to the world and to the American people that:

"We owe it therefore to candor, and to the amicable relations existing between the United States and those powers, to declare that we should consider any attempt on their part to extend their system, as dangerous to our peace and safety."

"We should then build at once a military force, spearheaded by an air corps that would bear silent evidence to all concerned that we were ready and able to enforce the extended doctrine, just as we have enforced the original Monroe Doctrine covering the Western Hemisphere for more than 125 years, and which kept us out of a major war for more than 75 years.

"The Congressional Air Policy Board has recommended a long-range military plane purchase program, which would provide a 35,000-plane striking force costing \$16,800,000,000 over a 5-year program. The President's air policy board's recent report closely parallels this document."

The reports were made at almost the same time.

"The Armed Services Committees of Congress should immediately check these reports and if found correct recommend their adoption and the appropriation of the necessary funds by the Congress of the United States for the entire 5-year program.

"Congress could apply the Marshall plan 4-year funds of \$17,000,000,000 to the \$16,800,000,000 5-year plane purchase program and have approximately enough left to continue the necessary European nations' feeding program until they raise a third crop and to furnish the necessary funds to the RFC or the World Bank for the rehabilitation of the European nations' industry under the Reconstruction Finance Corporation rules, as applied to American citizens.

"Under the 125-year-old Monroe Doctrine we would only declare war when we judged that our own ultimate safety was threatened, and we were the sole judge in that event."

Mr. MALONE. Mr. President, I ask unanimous consent to have inserted in the RECORD at this point an article published in the Wall Street Journal, entitled "Leak of \$700,000,000 Found in United States Outgo Abroad Last Year." It shows the amount of additional foreign money invested in the United States as a result of the leak.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LEAK OF \$700,000,000 FOUND IN UNITED STATES OUTGO ABROAD LAST YEAR—FOREIGNERS' SCRAMBLE TO INVEST IN THIS COUNTRY COST UNCLE SAM A FOREIGN AID SAVING.

WASHINGTON.—Uncle Sam could have saved several hundreds of millions of foreign aid dollars last year, but for a secret scramble on the part of foreigners to get good United States investments.

The Federal Reserve Board yesterday as much as acknowledged that foreigners had \$700,000,000 more United States dollars last year than policy makers here realized. That was at a time when the United States was pouring out billions to help needy governments in Europe and Asia.

The elusive \$700,000,000 was mentioned in the Board's latest monthly bulletin in an article called "The Balance of Payments Position of the United States."

Government figures indicate United States income from abroad last year was \$15,900,000,000. Since outgo was \$9,800,000,000 net income was \$6,100,000,000. If nothing else had happened, the foreigners would have drawn down their holdings by \$6,100,000,000.

But Uncle Sam loaned and gave away \$5,700,000,000 private United States citizens made investments and donations of \$1,000,000,000 abroad, and the International Bank for Reconstruction and Development and the Monetary Fund had net outlays of \$100,000,000. That means foreigners got \$6,800,000,000 to cover a \$6,100,000,000 deficit. They should have been \$700,000,000 to the good, and this \$700,000,000 should have shown up in their private or government assets. But it didn't.

This isn't the first time this has happened. Back in 1948, the Board noted, foreigners apparently had \$1,200,000,000 that somehow went uncounted in statistics here.

What happened to these lost dollars? The Board figures a lot of this money is salted away in unrecorded investments foreigners made in the United States. Sometimes these deals are unrecorded simply because there are gaps in the statistics Uncle Sam collects—some of those bothersome questionnaires the bankers and securities dealers get from Federal agencies aren't quite complete enough.

Sometimes the investments are just plain evasions of rules laid down by other governments. Foreigners decide United States securities, commodities, real estate, or bank accounts are sounder than similar holdings at home. But regulations—in Britain, for instance—say they can't use their dollars this way. So they invest under cover. They get a friend or business associate who is a United States citizen to make and hold the investment or bank account for them.

Mr. MALONE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point an editorial entitled "Can We Sell What We Now Give Away?" written by Junius B. Wood, and published in Nation's Business of February 1950.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CAN WE SELL WHAT WE NOW GIVE AWAY?
(By Junius B. Wood)

Two world-shaking explosions out of the clear skies of last September jolted the United States back on its heels. Moscow's atomic blast could be a warning of wars to come. London's devaluation of the pound sterling was positive notice that a world-wide trade war has already started.

The trade war, with devaluation as the opening shot, is directed at the United States, the greatest of producing and trading na-

tions. The war's declared objective is to capture a sizable share of this country's world trade and to make deep inroads in our home markets.

Our industry and agriculture have built a nation which can supply not only the needs of its own people but can export \$20,000,000,000 worth of its products in a single year.

America's markets, domestic and foreign, will pay the cost of the war. Our casualties can be heavy in industry and employment. But the competitors across the street—in this case the streets are oceans—believe our losses are necessary for their own economic well-being.

Devaluation is a powerful weapon in the foreign markets which mean so much to the United States. Our exports, though modest in percentage of national income, are a vital part of our economy, often called "the extra 5 inches on the blanket which keep the bed warm." To a firm exports may be the difference between profit and loss. The Labor Department says 3,164,000 American jobs depend on exports alone.

If a national economy is working smoothly imports are paid for by exports, investments, services, and free-spending tourists. Nations, like individuals, feel secure when income equals outgo. When the former falls short they must borrow, put it on the cuff, or tap "uncle" for a gift.

Our exports for recent years are almost double our imports—roughly \$13,300,000,000 against \$7,500,000,000 in 1948. Foreign countries' shortage in their exports to us has been met by gifts from the Economic Cooperation Administration and other Government agencies. Their export shortage and our export surplus are the same thing under different names—the gifts to them for which American taxpayers have paid \$80,000,000,000 in the past decade.

ECA's present \$10,000,000,000, almost all spent, runs to June 30, 1950. Paul G. Hoffman, its Administrator, says five to six billion dollars more may be needed before ECA expires on the same day in 1952.

As war-racked countries move out of the hardship stage, ECA and other spenders of American taxpayers' dollars are expected to pass out. Devaluation and voluntary concessions by the United States are on the march to fill the void after their demise. Instead of continuing its gifts, the United States is expected to buy more and sell less. The burden will thus be transferred from Government and all taxpayers to American producers and their employees.

If not complicated by other factors—market demands, quality, raw-material costs, production capacity, delivery dates, and others—devaluation could reduce the price of goods sold to America by 30 percent and increase by 44 percent the cost of American exports to the same country. Nations which devalue will buy less and sell more in the United States. Our trade and employment face a two-edged sword.

Devaluation is a shaky floor built by governments with controlled currencies. Even with the most rigid controls, the law of supply and demand can burrow under it to a lower, though illegal level. The pound sterling was officially pegged at \$2.80 on September 18, and the next day was being offered in Chicago for \$2.65. Once the United Kingdom made the break, other nations followed with cuts varying from 9 percent in Canada to 46 percent in Argentina.

Devaluation also brought the painful realization that another of the organizations which the United States has heavily endowed to bring cooperation among nations had failed. The International Monetary Fund exists to stabilize world currencies. Its \$7,000,000,000 fund—40 percent subscribed by the United States, 20 percent (before devaluation) by the United Kingdom, and the balance by 45 other nations—was bypassed.

Powerful as devaluation is, trade agreements are the more serious weapon which the United States faces in a trade war. They include multilateral tariff concessions, quotas, and favored-nation treaties. Our Government approves of these. To them can be added barter agreements limited to two countries, subsidies, state monopolies, embargoes, currency controls, and other restrictions which the United States deplores, though not without sin itself.

In 1947, the United States staged another of those delights of dining diplomats, a convention of 23 nations at Geneva, Switzerland. These and 10 others were at Annecy, France, in 1949. In addition, the United States has agreements with 14 nations which did not provide convention transportation for their diplomats.

Ground rules are that, when two countries agree to a reduction of import tariff rates, all other countries at the convention will enjoy the same rates. The United States is even more liberal. It makes the slash general, including countries which do not have a favored-nation treaty. Colombia terminated its agreement at Annecy but 99 percent of its exports—coffee, bananas, and petroleum—continue to enter duty free due to our agreements with other countries.

A convention agreement does not become effective until approved by a home government—May 30, 1950, is the latest deadline. At Annecy, 33 schedules and some 5,000 items were discussed.

The delegates were happy. World trade had been freed from more shackles. But the jokers are already emerging from the agreements. A farmer tells the neighborhood kids to pick all the apples they want but a high fence is around the orchard and a lively pack of dogs inside to nab any who climb over. Trade agreements are just like that.

A country reduces its import tariffs on a commodity and then slaps on an embargo against importation of that commodity. Or it agrees on an import tariff to be available to all countries at the convention and then signs a barter agreement with one country. A recent one between the United Kingdom and Argentina is typical. A quota is fixed, equal to the amounts in the barter agreement, and imports from other countries are barred. Again, most countries have currency and other controls. The government decides what, where, and how much its importers may buy. Naturally this does not apply to what the United States provided through ECA.

At the same time, the country erecting the roadblocks at its own frontiers can enjoy the reduced tariffs which the United States has granted. This country's import barricades, only on price-support commodities and vastly fewer than those of other nations, provide a sparkling example.

Denmark, a dairy country, wants to ship butter to the United States. At Annecy, Uncle Sam reduced the tariff from 14 to 7 cents a pound and fixed an annual quota of 60,000,000 pounds to be imported from Denmark and other countries. Under our farm-price-support program, the Department of Agriculture has \$7,000,000 pounds in storage and an embargo forbids the importation of any butter.

In return for this generous gesture, Denmark granted tariff concessions on imports of dried fruits, cereals, and vegetables. Denmark issues import permits only for such essential commodities as machinery and then only from pound sterling and "soft" money countries. Each country has its joker and the net result of the agreements is zero in other than ECA's one-way trade.

The United States denounces barter, subsidies, and dumping but occasionally takes a nip itself. Our 41 to 48 cents a bushel subsidy under the International wheat agreement approaches \$500,000,000 while the Commodity Credit Corporation barter surplus for whatever it can get.

Compared to other nations, however, the doors of the United States are wide open for imports. Devaluation and trade agreements have reduced the price of admission to less than the luxury tax which an American pays on a movie ticket.

"Why hail a trade agreement as a great diplomatic accomplishment when the other country has regulations which nullify its part of the agreement?" the State Department was asked.

"Countries expect—hope rather—that sometime in the future the prohibitions will be removed and the agreements can operate," was the explanation. "Agreements set a pattern for the unselfish world toward which we are striving."

Awaiting that happy day, the United States is to buy more from abroad and sell less everywhere. Increasing the market demands of backward areas by raising their standards of living is a slow process measured in generations. Cutting prices in consuming nations by devaluation and reduced tariffs brings quick results.

The effects of devaluation showed within 24 hours. Our Commerce Department reported that applications by American firms for export permits, a necessary preliminary to accepting an order from abroad, were being canceled. Permits are required to prevent depletion of our stock piles and to keep strategic goods from countries whose future intentions are suspect. Metal export permits dropped 30 percent in the first month.

Producers who waved good-bye to their export orders were only a dribble among the protests and inquiries which flooded the Department. A vastly greater number feared the effects which lowering the floodgates against imports would have on their own home markets. The inquiries showed a fairly clear division between large and small producers.

"The possible impact of a greatly expanded import program upon the present vulnerable economy of the United States will be far reaching," said America's Wage Earners' Protective Conference, a union group of 50,000 affiliated with the American Federation of Labor. "The idea of promoting trade at the expense of industries to be sacrificed in behalf of a general policy is both false and dangerous."

"Not the mass-production industries but the many times more numerous producers of consumer goods and miscellaneous commodities will suffer most," O. R. Strackbein, executive secretary of the conference, explains.

Among American industries listed by him and others to be hardest hit by devaluation and trade agreements, are: pottery, bottle and flat glass, shoes, leather goods, furs, cutlery, scientific and surgical instruments, typewriters and office machines, citrus and dried fruits, watches, liquor and wine, ball bearings, bicycles, textiles, olive oil, caustic soda and chemicals, hats and millinery, matches, fisheries, wallpaper, costume and imitation jewelry, toys, and smokers' articles.

Scotch whisky is selected to prove that devaluation will not reduce prices appreciably. The demand for it does not depend on price and there is no American competition. As the retail cost is mostly taxes on a quantitative instead of a price basis, the producer could not make much reduction and there is no pressure to make any. In fact, his prices increased to meet devaluation.

At the other extreme are vitrified products where two-thirds of production costs go into pay rolls. Hourly wages, according to trade officials, average: United States, \$1.30; United Kingdom, 43 cents; Germany, 30; France, 26; and Japan, 9. Pottery and glass manufacturers of Ohio, Illinois, Pennsylvania, New York, and California view devaluation and tariff cuts as a raw deal at their expense.

"They will be ruinous to America's glass, pottery, and handicraft industries," Charles

W. Carlson, president of the United States Glass Co. says.

Meanwhile the State Department awarded a big contract for gold-decorated dinnerware to a German firm for—of all places—American embassies.

Army tableware sports less gold leaf but James M. Duffy, president of the National Brotherhood of Operative Potters, has protested similar discrimination against American producers by that branch of the service.

When Secretary of State Acheson did not reply to a protest against American embassy banquets on foreign-baked chinaware, Robert F. Martin, executive secretary of the Vitrified China Association, offered to supply British embassies in Washington and other capitals with fine American chinaware at nominal prices. F. S. DeMoleyns of the Embassy Commercial Department, replied:

"I have to acknowledge receipt of your letter and would point out that, as the United Kingdom is itself the manufacturer of some of the finest chinaware in the world, we are not in the market for china manufactured elsewhere; nor do I think any other embassies in the British Commonwealth would be interested in your proposal."

Agriculture must face the same changes as industry and commerce with all that depend on them in cities and villages. Some 40 percent of our wheat crop, one-third of our raw cotton, and a tenth of our cotton textiles were exported last year. ECA absorbed the bulk of these exports. Now new cotton textile mills in other countries, and rayon, have reduced the world market by one-half, and competition will be fiercer for what remains.

The competition spreads like autumn frost over large and small. Tulip bulbs from Holland will be cheaper. A firm in South Africa cancels its order because devaluation has raised American prices 40 percent, and the Government will cut dollar import permits by half. Britain cut import permits 25 percent. Books from London were \$1.45; now \$1. Airplane tariffs east of Paris are devalued, but American lines pay for maintenance and crews with dollars. Signs in a New York City store window read: "Buy British footwear at devalued prices; now \$24, formerly \$30." The dealer has not devalued to the limit, but \$24 is now £8.57 for Britain, while \$30 was formerly only £7.44.

The Soviet Union takes its cut from the American cake through a favored-nation treaty, and our silver fox and mink farms are closing their kennels.

Display advertisements in American newspapers invite: "Come to Britain, where your dollar goes farther." Tourist dollars beat export dollars. Scenery and Old World atmosphere save production costs. Tourists are advised, however, that haircuts in London's best shops are now 28 cents, formerly 21. Devaluation lowers Britain's export prices but raises those at home.

The trade war is dividing the globe into four worlds, each with its internal trade and interchangeable currency—dollar, pound sterling, western Europe, and the Soviet Union. The American dollar is stable in all, and all want free entry to American markets to get the dollars.

In a world bumping from crisis to crisis, the United States has been prodigal with its resources and help to salvage other nations. As scare followed scare, American taxpayers were assured: "This will finish the job." The Four Freedoms served for the war and went into the discard. The loan to put Britain on its feet in 3 years melted away in half that time. Greek-Turkish aid, ERP, North Atlantic Military Pact, and Military Assistance Pact for Europe have been lavishly financed but the job is never finished.

The latest, point 4, goes farther afield in searching out backward areas for the benefit of billions. A home freezer or a germproof

mattress in every jungle hut may tickle village fancy, but the promise that the village will be transformed, even in our children's lifetime, into a market for American industry is hard to take.

Eugene R. Black, president of the International Bank of Reconstruction and Development, which is to work the miracle, says:

"With a low level of education and health and without intelligent, skilled, and vigorous manpower, the economic progress of any country will be slow, however ample it may be endowed with natural resources and however ample the assistance of foreign capital."

Even those who shovel the dollars from the Federal Treasury are growing cautious. The proposal of the United Nations Food and Agricultural Organization for a \$5,000,000,000—the United States contributing two-fifths—International Commodity Clearing House to feed the world has been put on ice for a while at least.

Other nations have stepped out on their own with devaluation as their weapon. They believe the time has come to cut loose from American apron strings and wage their own fight for a greater share of world trade. It is to their credit. The American Aladdin rubbed the lamps of Europe and competition came forth. The world changed overnight and the United States becomes a competitor instead of a patron.

Can this Nation which grew strong in a rough, competitive world meet the breaks as it faces a new trade war? The test will come when ECA and other give-away agencies are taken off American taxpayers' backs.

Mr. MALONE. Mr. President, when the war ended we suddenly found that we had given Manchuria, the bread basket of China, to Russia, and had forced the Chinese Nationalist Government to accept the inevitable and approve our gift to Russia.

It gave Russia a foothold in China and Asia and, as everyone knows now, the people who were held out to us as being agrarian Communists have developed into the same kind of Communists that they have in Russia and are dealing exclusively with them.

This all happened at Yalta where Mr. Hiss, now convicted of perjury in connection with his traitorous acts against this Government, was adviser to an ailing President.

We also gave Berlin to Russia and held our Army on the banks of the Elbe in 1945 until the Russians could take possession, and we have been busily engaged since in giving Russia, through the 96 trade treaties that the 16 Marshall-plan countries have made with Russia and the iron-curtain nations since World War II, the material they need to arm themselves for a third world war and to consolidate their gains in eastern Europe and China.

We have also been busily engaged in dividing our atomic bomb and other secrets with Canada and England, and suddenly found a couple of years ago that a British scientist named May had been dealing with the Russians through Canada, giving them all of the secrets available to Canada, and now we suddenly wake up and find that in Britain itself another scientist having access to all of our secrets and having been accepted as an equal in this country, has been handling all of the secret data as it has been worked out to the Russians.

We should know by this time that these nations are showing themselves perfectly cynical and have little regard for the safety of this Nation.

They are now attacking us economically all over the world as witness their petroleum development, which we have financed, and then they are manipulating the business so that our American companies are at a disadvantage in Europe and Asia and in South America. They are beginning to show the same disposition in the steel and other industries and are attempting—with considerable success—to edge us out of the world markets everywhere.

The 16 Marshall-plan countries have 96 trade treaties with Russia and the iron-curtain countries so they have neither shown themselves friendly to us economically nor in the matter of the protection of our own Nation.

When will we come to our senses and realize that we cannot continue to go billions of dollars in the red each year in peacetime while the unemployed number approximately 6,000,000 at this time and the partially unemployed nearly 12,000,000 while we continue to bleed our taxpayers white?

Let us end this stupid, senseless approach and put our own house in order and only assistance to any foreign nation on a business basis.

The PRESIDENT pro tempore. The time of the Senator from Nevada has expired.

Mr. MARTIN. Mr. President, in a recent speech which was broadcast to the Nation, President Truman described his administration's fight against communism in terms of the highest praise.

He called the Federal employees loyalty program an outstanding success. He declared that the Loyalty Review Board, made up almost equally of Democratic and Republican members, had rid the Government of all employees who were found to be disloyal.

President Truman further said:

Not a single person who has been adjudged to be a Communist or otherwise disloyal remains on the Government pay roll today.

In that speech, as in previous public utterances, the President belittled the influence of communism in this country. He said:

The greatest threat to us comes not from the Communists in this country, where they are a noisy, but small and universally despised group. The greatest threat comes from Communist imperialism abroad where the center of its military might and economic strength lies.

The real danger is that communism might overrun free nations and thus strengthen itself for an ultimate attack on us.

Mr. President, in recognition of the danger which President Truman emphasized, we need in this country a new type of loyalty program.

We need a new loyalty pledge in order to strengthen the United States, militarily, financially, and spiritually, so that we may be prepared to hurl back in complete defeat any attack that might be launched against us.

It is not enough to drive the Communists, the fellow-travelers, and the misguided "pinks" out of the Govern-

ment. We must also be awake to the danger from those who advocate ruthless and reckless spending without regard for the inevitable end of such a course—national bankruptcy.

The loyalty program I now suggest is one demanding loyalty to the fiscal needs of our Nation and loyalty to the financial strength and stability of the United States without which we will not be able to defend our shores against aggression from abroad.

While we are rooting out subversives let us make sure that American freedom is not endangered by those who would innocently play into the hands of communism.

Remember the ominous warning contained in the words of the Communist, Lenin, who said:

We will force the United States to spend itself into destruction.

It is urgent that we have men and women in the key positions of our Government who realize the dangers of deficit spending at the rate of \$7,000,000,000 a year.

Such public officials would willingly pledge themselves not to propose or support any plan, program, or project that would increase the Federal debt—that would require an increase in taxes, or would result in inflation.

They would not give encouragement to any pressure group, no matter how worthy or desirable its purpose, if its objective was to obtain special privilege for one section at the expense of the whole country.

Such public officials would cooperate to the fullest extent with every proposal to save money for the taxpayers.

Today many department and bureau heads find a way of stirring up public protest when it is suggested that perhaps they might get along with a reduced appropriation.

They demand more—never less—always more.

The fundamentals of economics are not complicated. The same principles apply in the case of an individual, a family, a business, or the biggest of all enterprises, the United States Government.

Yet we have been brought into a time of unprecedented debt through fiscal policies directed by officials who either have no understanding of those fundamentals or deliberately ignore them.

Mr. President, I submit that in considering the amount to be authorized for the continuance of ECA for another year we must be guided by the proper balance between what is needed and what we can afford with safety to the United States.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD as a part of my remarks an editorial entitled "Don't Just Preach Economy: Vote for It," published in the Philadelphia Inquirer of April 30, 1950.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

DON'T JUST PREACH ECONOMY: VOTE FOR IT

Against the background of new estimates that the Federal deficit may total \$14,000,000,000 for this fiscal year and the next, the actions of Congress on important spending

legislation in recent days show an alarming lack of concern over one of the Nation's chief domestic problems.

The problem is that of a Federal Government spending, without any apparent thought, billions more than it takes in. It is a problem that must be solved if the Federal Government is to maintain its own financial stability and to remove one of the most dangerous sources of inflationary pressure on the national economy.

But instead of being warned by the estimates that the Federal deficit is steadily edging upward, most Congressmen, in both House and Senate, have acted as if the Government were operating under an unlimited surplus of revenue.

It is all the more discouraging to advocates of financial sanity in the Government that these estimates come from the staff of the Joint Committee on Internal Revenue taxation—a body of experts whose job it is to advise Congress on financial matters.

This staff now has put out figures indicating that the deficit for the fiscal year ending June 30 will be \$6,700,000,000 not the \$5,500,000,000 estimated by President Truman when he submitted his revised budget figures. Moreover, the deficit in the fiscal year ending June 30, 1951, will be \$7,300,000,000, instead of the \$5,100,000,000 envisioned by the President and his advisers.

It would seem to be the most elementary common sense for Congress to demand retrenchments in this situation, even if Mr. Truman does not. Cutting out all wasteful and unnecessary spending would seem all the more imperative in view of the growing needs for additional military strength, reflected in the request last week for an extra \$350,000,000 in the defense budget.

But Congress is taking just the opposite tack. It is adding expenses rather than cutting them, and adding them in a way that has no justification except that of political patronage.

By dint of cutting out a few thousands here and there, the House has managed to reduce the \$29,000,000,000 omnibus appropriation bill before it by some \$7,700,000.

And, at the same time, it has added thus far about \$76,000,000 to the measure. It boosted an appropriation for training of Coast Guard Reserves by \$1,000,000, and raised an appropriation for a Federal-State hospital program by \$75,000,000 over the figure set by its own Appropriations Committee a few weeks earlier.

This would be bad enough in itself. But last week the House shot through another bill setting aside \$279,000,000 for veterans' hospitals—which the Veterans' Administration says it doesn't need and couldn't staff if they were built.

The Senate has been little better in voting, as distinct from preaching, economy. Recently a \$1,500,000,000 authorization for a rivers and harbors bill, denounced by some Senators as the worst sort of pork-barrel legislation, went through the Senate by a comfortable margin.

The deficit isn't going to be reduced if the administration blithely ignores it in all its requests for funds; nor is it going to be cut, and eventually eliminated, if Congressmen in both Houses put sectional hand-outs before the financial stability of the Government.

It's time that Congressmen stopped trying to explain away their votes for huge spending on the grounds that this is an election year. There are elections every 2 years, and the Government never will live within its means if campaigns are offered as excuses for refusing to stand up and be counted as opposed to concrete examples of waste, as well as extravagance in the abstract.

The deficit is growing—on the word of Congress' own experts. If the administration won't do anything about it by chopping out the waste in Government, it's up to Congress to do so by voting for cuts, not increases, in the Federal spending program.

Mr. MARTIN. Mr. President, I call the attention of the Senate to the fact that the editorial is not against an appropriation for ECA, but that it reminds us of the dangers arising from the continuous spending of the public's moneys. I was greatly impressed by the statement made the other day on the floor of the Senate by the able and energetic Senator from Ohio [Mr. TAFT], who demonstrated the fact that the British budget had been balanced both internally and externally. Our budget is not in balance.

I have been impressed from month to month by statements made by the distinguished Senator from Georgia [Mr. GEORGE], the chairman of the Finance Committee, that the United States was spending beyond its means, and that additional taxes probably would result in diminishing returns.

A few nights ago, Mr. President, I had the privilege of hearing the able Senator from Virginia [Mr. BYRD] speak to 1,200 of the outstanding business and professional men of eastern Ohio, northern West Virginia, and western Pennsylvania. He explained the condition the United States is getting into because of unbalanced budgets, which are causing inflation and destroying the purchasing power of the dollar. The great audience was impressed by the statesmanlike address made by this great American.

Mr. President, I have voted in favor of ECA appropriations, and I am not opposed to the program. But it is necessary for us to look all the way around the barrel. We must decide what we are able to spend. To my mind we cannot impose more taxes at this time.

We must decrease Government expenditures so that we shall have a balance left at the end of each fiscal year and be able to make payments on the public debt. That is the only way to keep America solvent.

Mr. President, if America is to fight communism in the world, we must be solvent. The bomb that I fear more than anything else just now is the atomic bomb of national bankruptcy. A nation in bankruptcy means a totalitarian government of some kind, and then the freedom of the individual is lost.

Mr. KEM. Mr. President, I yield 10 minutes to the senior Senator from Virginia [Mr. BYRD].

The PRESIDENT pro tempore. The Senator from Virginia is recognized for 10 minutes.

Mr. BYRD. Mr. President, there have been at least 27 programs for siphoning American money, matériel, and credit abroad since World War II ended; and by the end of this fiscal year, on June 30, the total value of our assistance to foreign countries since the cessation of hostilities will be approaching \$35,000,000,000.

Expenditures proposed in this ECA bill and other foreign-assistance programs for the fiscal year 1950 would total almost another \$5,000,000,000.

The fixed Federal debt is now a quarter of a trillion dollars. The President has proposed an unbalanced budget

which will increase the debt by another \$5,000,000,000 to \$6,000,000,000. And he says what is needed is more taxes.

To say taxes are not already oppressive is to be blind to the pressure which is now on the House Ways and Means Committee and the Senate Finance Committee for reduction of the tax burden. If the tax cuts already tentatively approved by the House committee should be adopted, the 1951 deficit will be increased by another billion dollars or more.

We talk about another foreign program, generally referred to as point 4. The money recommended in the budget for such a program would be only the beginning. But, more important, it contemplates the use of American capital to establish and expand industry abroad. The fact is that under the present Federal fiscal situation, and with the President demanding more taxes from business, venture capital is drying up here at home. This means that our productive capacity will not increase sufficiently to guarantee our own defense. Let us make no mistake, Mr. President, it is the productive capacity of our free-enterprise system which Russia fears most. No amount of money sent to impotent nations in Europe would deter Russian aggression, if it were not for the fear of the might of free American industry which is capable of outproducing all the rest of the world combined in war materials and machines, although we have only 6 percent of the world's population.

Our problem was summed up by former Secretary of State James F. Byrnes, who, when addressing the House of Bishops of the Protestant Episcopal Church, said:

America must be strong if Americans are to remain free. If a choice ever has to be made between providing long-term economic aid to Europe, and providing funds for the national defense, there must be no question that our duty is to provide for our armed services. Freedom-loving people throughout the world are just as much interested as are the American people in our maintaining our military strength.

This sound advice by a man of long public service, a former Senator and former Secretary of State, should be measured against the propositions which now confront us.

We have General Bradley painting a dismal picture of the military defenses; we have the chairman of the House Military Affairs Committee demanding more and more defense preparation and money on the basis of advice from the Joint Chiefs of Staff; we have the former Secretary of the Air Force saying we do not have enough air power.

Yet we continue to pour money abroad. This bill proposes that we spend almost as much in foreign assistance in 1951 as we did in 1948. And what happens? Of course, we hear much on the good side through the ECA propaganda and publicity mills. But I quote to you now from private correspondence of an American official now in Warsaw—and this correspondence is authentic and official, but written to me privately:

American automobiles are everywhere and also American generosity, and yet never a day passes but the Government-controlled press slanders and insults the United States of America. And there is no redress. Our Veterans' Administration spends \$50,000 monthly paying Poles who served in our Army insurance, pensions, and claims. The United Nations Welfare Branch (UNICEF) has spent \$17,800,000 to date in Poland, of which we pay 72 percent. Much of the stuff is wasted or spoiled. Dried milk, for example; they don't know how to reconstitute it or store it, and it just rots. United Nations is giving them three powdered-milk processing plants at \$250,000 each, and nobody knows how many layettes to provide for Polish children so they will reach healthy maturity and be better able to destroy us. Maybe it makes sense, but not to me. All of this goes in my reports, but whether there is any halting remains to be seen.

Mr. President, we cannot buy the friendship of these nations. Thus far we have bought—but we have not finished paying for—a mess of socialism in Britain. Whether we can buy any military security through the military-assistance program is doubtful, and certainly remains to be seen.

What happens to this ECA money, who spends it, who receives it, what we get in return for drenching the European Continent with American dollars, is difficult, if not impossible, to determine.

We make the appropriations authorized in these ECA bills, and the money is spent by virtually every agency in the Government. The money "goes in here"; but, Mr. President, if you want to learn where it comes out, I suggest that you take a look at the charts which I ask unanimous consent to place in the RECORD at this point.

There being no objection, the charts were ordered to be printed in the RECORD, as follows:

Table I shows a budgetary break-down by programs.

Table II shows agencies receiving appropriations and those making expenditures. (There is an unusual volume of interagency transfer and allocation of funds appropriated to foreign programs making it difficult in some instances to trace their course from appropriation to expenditure.)

Both tables embrace:

- (a) Conduct of foreign affairs (exclusive of State Departmental administration).
- (b) International recovery and relief.
- (c) Foreign economic development.
- (d) Foreign military assistance.

All fiscal year 1950 figures are the President's January 1950 estimates; and

All fiscal year 1951 requests are those made by the President in his January budget document.

It should be noted that—

(a) All figures within both tables are rounded to thousands, and that totals at the end of the tables are rounded to billions.

(b) There is minor variation between total figures in these tables and those shown in the budget for the over-all international affairs and finance item. This is due largely to the exclusion from table totals of State Departmental administration items, inclusion of funds for care, handling, and disposal of surplus property abroad which affects dollar balance, etc.

(c) There is some variation between some figures within these tables and budget grouping; for instance, when participation in international organizations ties into a major program the funds are charged to the pro-

gram, whereas in the budget it may be lumped into an item for international organizations.

(d) In these tables contract authorizations are regarded virtually as appropriations in the year in which they are made.

Therefore appropriations to meet prior year authorizations are omitted from the appropriations side of the tables. However, all expenditure columns include expenditures to be made during the respective years against contract authorizations.

(e) Wherever funds are from special accounts the fact is noted, as in the case of the Philippine Alien Property Administration.

TABLE I.—Programs: International affairs and finance, including conduct of foreign affairs (exclusive of State departmental administration), international recovery and relief, foreign economic development, foreign military assistance

[Showing by programs: Appropriations, reappropriations, and authorizations and expenditures as estimated for fiscal year 1950, and as requested by the President for fiscal year 1951. (Appropriations to liquidate prior year authorizations are omitted from appropriation figures. Expenditures to prior year authorizations are included.)]

[NOTE.—Figures within table rounded to thousands; totals at end of table are rounded to billions]

Programs	Appropriations, reappropriations, contract authorizations, etc.		Expenditures, estimated	
	Actual and requested, 1950	Recommended, 1951	1950	1951
1. Economic Cooperation Foreign Assistance.....	\$4,028,545	\$3,100,000	\$3,895,088	\$3,250,000
2. Government and relief in occupied areas (including Navy).....	913,800	351,785	1,011,641	307,573
3. Relief assistance to war devastated countries.....			4,713	
4. Assistance to Greece and Turkey.....	58,864		197,107	
5. Foreign aid, Austria, France, and Italy.....			108	
6. Miscellaneous payments to Finland, Great Britain, Norway, and Switzerland.....	20,195		19,966	
7. Assistance to economically underdeveloped areas (point 4).....		35,000		25,000
8. Displaced Persons Commission.....	4,246	3,849	5,971	3,716
9. International Refugee Organization.....	70,448	25,000	70,448	25,000
10. Relief of Palestine refugees.....	31,000		15,800	29,321
11. International information and educational activities.....	47,300	37,645	35,864	39,743
12. Assistance to China.....	(¹)	(¹)	1,553	4,677
13. Assistance to the Republic of Korea.....	125,000	115,000	89,998	111,152
14. Philippine rehabilitation.....	30,031	16,285	22,763	26,632
15. Philippine Alien Property Administration.....	250	215	250	215
16. Philippine War Damage Commission.....	187,442	42,100	190,485	62,150
17. Care, handling, and disposal of surplus property abroad.....	7,500		10,938	2,500
18. Cooperation with American Republics.....	(²)	(²)	1,753	185
19. International Children's Emergency Fund, United Nations.....	16,712		16,712	
20. International commissions.....	2,535	9,144	7,098	12,656
21. International organizations.....	35,562	51,897	64,240	41,847
22. International contingencies.....	3,300	3,300	2,379	3,990
23. Defense aid, including lend-lease liquidation.....	100		2,873	
24. Mutual defense assistance.....	1,314,010	647,500	160,000	645,000
25. Export-Import Bank of Washington, checking account (net).....			71,442	47,803
26. Discharge of investment guarantee liabilities (permanent indefinite special account).....	180		180	
27. (Deduct) International affairs and finance, international recovery and relief.....			-38,500	-38,500
Total.....	6,900,000,000	4,400,000,000	5,800,000,000	4,700,000,000

¹ Funds from allocations.

² Funds from transfers.

TABLE II.—Agencies—International affairs and finance, including conduct of foreign affairs (exclusive of State departmental administration), international recovery and relief, foreign economic development, foreign military assistance

[Showing by agencies: Appropriations, reappropriations, and authorizations and expenditures, as estimated for fiscal year 1950, and as requested by the President for fiscal year 1951. (Appropriations to liquidate prior-year authorizations are omitted from appropriation figures. Expenditures to prior-year authorizations are included.)]

[NOTE.—Figures within table rounded to thousands; totals at end of table are rounded to billions]

Agencies receiving appropriations and making expenditures	1950 appropriations, reappropriations, and authorizations				1951 appropriations and authorizations			Expenditures		Remarks
	Actual	Anticipated supplements	Reappropriations	Contract authorizations	Total	Actual	Contract authorizations	Total	Estimated, fiscal year 1950	
Executive Office of the President:										
Bureau of the Budget:										
Cooperation with the American Republics (transfer).									\$16	\$8
International information and educational activities, Department of State (transfer).									12	6
Office for Emergency Management: Philippine Alien Property Administration.	\$250				\$250	\$216		\$216	250	216
Funds appropriated to the President:										
Assistance to China:										
China aid:										
Economic.....									See note	See note
Military.....										
Assistance to Greece and Turkey.	45,000		13,864		58,864				See note	

Expenditures are from funds in checking accounts with commercial banks; use of such funds limited to administrative expenses.

Appropriations exclude reappropriations; 1950 and 1951 expenditures are shown against agencies to which funds are allocated. 1950 expenditures are shown against agencies to which funds are allocated.

[illegible]

TABLE II.—Agencies—International affairs and finance, including conduct of foreign affairs (exclusive of State departmental administration), international recovery and relief, foreign economic development, foreign military assistance—Continued

Agencies receiving appropriations and making expenditures	1950 appropriations, reappropriations, and authorizations					1951 appropriations and authorizations			Expenditures		Remarks
	Actual	Anticipated supplements	Reappropriations	Contract authorizations	Total	Actual	Contract authorizations	Total	Estimated, fiscal year 1950	Requested, fiscal year 1951	
Federal Security Agency—Continued											
Office of the Administrator:											
Cooperation with American Republics (transfer).									\$283		
International information and education activities, Department of State (transfer).									321	\$17	
General Services Administration:											
Administrative expenses, defense aid, liquidation of lend-lease program (allocation) (Federal Supply).									105	5	
Assistance to Greece and Turkey, Executive Office of the President (allocation) (Federal Supply).									219		
Assistance to Republic of Korea, ECA allocation (Federal Supply).									2,771	1,000	
Expenses, China aid, ECA, Executive Office of President (allocation) (Federal Supply).									3,009	1,736	
Foreign aid, Executive Office of President, allocation (Federal Supply).									1		
Defense aid, special fund (allocation) (Federal Supply).									346		
Housing and Home Finance:									4		
International information and educational activities, Department of State (transfer).											
Department of Agriculture:											
Assistance to Greece and Turkey (allocation).									28		
Assistance to the Republic of Korea, ECA (transfer).									172		
Cooperation with American Republics (transfer).									250	21	
Expenses, China aid, ECA (allocation).									2,223		
Foreign aid, Austria, France, and Italy (allocation).									1		
Foreign aid, China (allocation).									1		
International information and educational activities, Department of State (transfer).									1,097	232	
Department of Commerce:											
Cooperation with American Republics (transfer).									238	76	
International information and educational activities, Department of State (transfer).									418	185	
Salaries and expenses, Philippine rehabilitation, Department of State (transfer).									500	50	
Assistance to Greece and Turkey, Executive Office of President (allocation) (Bureau of Public Roads).									458		
Salaries and expenses, Philippine rehabilitation, Department of State (transfer).									14,000	15,533	
Salaries and expenses, Philippine rehabilitation, Department of State (transfer) (Weather Bureau).									790	249	
Department of the Army:											
Assistance to Greece and Turkey (allocation).									171,718		
Assistance to the Republic of Korea, ECA (transfer).									2,869	152	
Care, handling, and disposal of surplus property abroad (allocation).									9,541	2,500	

TABLE II.—Agencies—International affairs and finance, including conduct of foreign affairs (exclusive of State departmental administration), international recovery and relief, foreign economic development, foreign military assistance—Continued

Agencies receiving appropriations and making expenditures	1950 appropriations, reappropriations, and authorizations					1951 appropriations and authorizations			Expenditures		Remarks
	Actual	Anticipated supplements	Reappropriations	Contract authorizations	Total	Actual	Contract authorizations	Total	Estimated, fiscal year 1950	Requested, fiscal year 1951	
Department of the Army—Continued											
Displaced Persons Commission (allocation).									\$800	\$320	
Expenses, China aid (allocation).									111		
Foreign aid, Austria, France, and Italy (allocation).									107		
Relief assistances to countries devastated by war (allocation).									4,591		
Salaries and expenses, International Refugee Organization, Department of State (transfer).									5		
Surplus property, care and handling overseas, Executive Office of President (transfer).									1,330		
Government and relief in occupied areas.	\$912,500				\$912,500	\$320,000		\$320,000	802,000	308,000	
Revolving fund for purchase of agricultural commodities and raw materials.									29,000	-29,000	1951 deduct due to excess of repayments and collections.
Department of the Navy:											
Expenses, island governments in liberated and occupied areas.	1,300				1,300	1,785		1,785	1,100	1,900	
Assistance to Greece and Turkey, Executive Office of President (allocation).									17,694		
Care, handling and disposal of surplus property abroad, Executive Office of President (allocation).									40		
Defense aid (allocation).									2,322		
Department of the Interior:											
Cooperation with the American Republics (transfer)									58		1950 deduct due to excess of repayments and collections.
International Information and Educational Activities, Department of State (transfer).									320	50	
Salaries and expenses, American sections, international commissions (transfer).									125	119	
Department of Labor:											
Cooperation with American Republics (transfer).									90		
International information and educational activities, Department of State (transfer).									39	154	
Post Office Department:									-27		1950 deduct due to excess of repayments and collections.
Expenses, China aid, EGA, Executive Office of the President (allocation).						29,761		29,761		29,237	
Contributions to international organizations.						25,000		25,000		25,000	
International Refugee Organization.						1,637		1,637		1,504	
Missions to international organizations.											
United States participation in international organizations.	29,216		\$1,595		30,811				28,195	4,216	
International Refugee Organization.	70,448				70,448				70,448		
International contingencies.	3,300				3,300	3,300		3,300	2,379	3,990	
International Boundary and Water Commission, United States and Mexico:											
Salaries and expenses.	1,120				1,120	1,380		1,380	1,237	1,343	
Construction.	900				900	7,185		7,185	5,100	10,700	
Rio Grande emergency flood protection.	15				15	50		50	134	98	
Salaries and expenses, American sections, international commissions.	500				500	529		529	308	342	

TABLE II.—Agencies—International affairs and finance, including conduct of foreign affairs (exclusive of State departmental administration), international recovery and relief, foreign economic development, foreign military assistance—Continued

Agencies receiving appropriations and making expenditures	1950 appropriations, reappropriations, and authorizations					1951 appropriations and authorizations			Expenditures		Remarks
	Actual	Anticipated supplements	Reappropriations	Contract authorizations	Total	Actual	Contract authorizations	Total	Estimated, fiscal year 1950	Requested, fiscal year 1951	
International information and educational activities. Government in occupied area of Germany, Army (GARIOA transfer).	\$47,300				\$47,300	\$36,645		\$36,645	\$30,655	\$39,104	All 1950 expenditures and part of 1951 expenditures are from funds transferred from "Government and Relief in Occupied Areas" item under Army. 1950 appropriation figure included \$13,400,000, and 1951 appropriation figure includes \$13,000,000 to liquidate contract authorizations.
Salaries and expenses, Philippine rehabilitation.	17,166				17,166	13,000		13,000	1,112	1,002	
Payment to Government of Finland.	5,575				5,575				5,575		
Payment to Government of Great Britain.	15				15				15		
Payment to Government of Norway.	5				5				5		
Payment to Government of Switzerland.	14,600				14,600				14,371		
Assistance to Greece and Turkey, Executive Office of President (allocated).									1,949		
Assistance to the Republic of Korea (transfer).									768		
Care, handling, and disposal of surplus property abroad, Executive Office of President (allocation).									180		
China aid, Executive Office of the President (allocation).									1,600	1,400	
Contribution by the United States for relief of Palestine refugees, Executive Office of the President (allocation).									8,000		
Cooperation with American Republics.									705	49	
Displaced Persons Commission (transfer).									849	240	
International Children's Emergency Fund of the UN, Executive Office of the President (allocation).									16,712		
Loan to UN for construction and furnishing of permanent headquarters in New York City.									29,750	14,000	
Relief assistance to countries devastated by war, Executive Office of the President (allocation).									88		
Salaries and expenses, surplus property disposal.									46		
United States contributions to international commissions, congresses, and bureaus.									72		
United States participation in the United Nations Educational, Scientific, and Cultural Organization.									10		
The Institute of Inter-American Affairs.	4,752				4,752	3,500	\$14,000	20,500	4,752	6,500	
Veterans Administration: Philippine rehabilitation.	12,685				12,685	3,285		3,285	4,800	9,400	
Treasury Department: Philippine war damage.	2,642				2,642	1,900		1,900	2,642	1,900	
Total (in billions).....	6.1	\$0.1	\$0.2	\$0.5	6.9	4.4	(1)	4.4	5.8	4.7	

¹ Less than 100 million.

Mr. BYRD. Mr. President, with much effort and a painstaking chase through the whole budget document, I think I have managed to find most of the foreign-aid programs and most of the agencies through which the money is spent. I hope Senators will read these charts carefully. But I challenge any-

one to record who gets it, or the tangible results or the prospective results of these vast sums we are draining out of American taxpayers' pockets.

The very maze of programs and administrative organizations required for the expenditure is evidence of waste which would be sufficient justification

for reduction in this authorization, even if there were not the compelling fiscal situation which confronts us.

In order that our national defense may be kept invulnerable, we must knock the waste and nonessentials out of these give-away programs abroad, as well as out of the domestic civilian programs at

home for which the President is asking more than \$12,000,000,000—twice as much as he asked for in 1948, 2 years ago.

The budget could be balanced by means of making reductions in the foreign-assistance expenditures and reductions in the domestic civilian programs here at home, exclusive of the interest on the debt.

It is my purpose to vote to reduce both of these programs—to vote to reduce the pending foreign-assistance authorizations, and also to vote to reduce the domestic civilian programs here at home.

Mr. KEM. Mr. President, I yield 10 minutes to the Senator from Indiana [Mr. JENNER].

The PRESIDING OFFICER (Mr. FREAR in the chair). The Senator from Indiana is recognized for 10 minutes.

Mr. JENNER. Mr. President, the Senate is now about to draw the curtain on the third act of the Marshall plan. It is my humble opinion that never before has the Senate been reduced to such a spectacle, or, from the point of view of protecting the interests of the American people, never before has it sunk so low.

It was Woodrow Wilson who stated in his book, *Congressional Government*:

The informing function of Congress should be preferred even to its legislative function. The only really self-governing people is that people which discusses and interrogates its administration.

The way the Marshall plan has been handled is a sad commentary on the depth to which the Senate has been dropped, through the administration's manipulations of its political puppet strings. Why, President Truman would not dare to try to sell any of his Fair Deal or internationalist schemes either to Congress or the American people on their merits.

What has happened in the third act of the Marshall plan is a convincing case in point. Has President Truman tried to put this third act of the Marshall plan over on its merits? No, Mr. President.

First came the usual parade of hand-picked witnesses. Second, came the fanfare of manufactured, war-crisis propaganda. Third, we were treated to a revival of Mr. Truman's bipartisan buffoonery in which the Republicans were invited for another ride on his "Harry-kari-go-round." And last, Mr. President, has been the refusal of the administration to go through even the motions of debate on the Senate floor to explain, justify, or defend its requests. Mr. Truman and his bipartisan spokesmen have deliberately schemed to shove this third installment of the Marshall plan through the Senate without even making an attempt to subject their requests to honest and critical debate.

Why should these men risk their necks in the political arena, when they need only to indulge in shadow-boxing by rigging the fight beforehand? And how this fight has been rigged.

There were only four or five Senators on hand to hear the opening speech on the Marshall plan debate by my colleague, the Senator from Texas [Mr. CONNALLY]. Since that time members of both parties, whether for or against

this proposal, have been left talking to themselves in an empty Senate Chamber, with an empty Press Gallery.

On Tuesday, May 2, 1950, the majority party requested unanimous consent for 78 Senators to be absent from this Chamber during debate. And the administration has done everything it could to conduct this debate in a vacuum.

Mr. President, I now want to back up these charges with hard facts. We are here going into the third year of the operation of this hand-out program, which will eventually cost the American taxpayer a minimum of \$17,500,000,000. And yet, at this halfway mark, Mr. President, the New York Times admits "Marshall aid is not going to be enough." And the Washington Post admits "What has been insured by the Marshall plan is not the recovery of Europe in the sense of the restoration of what former Secretary Marshall called 'a working economy' for Europe, but the subsidization and the building up of separate economies for the nations of Europe."

The Post continues:

The development of autarchy or separate economies is not the bargain that was struck when the American people decided to finance the Marshall plan. It was certainly not the reason that this newspaper backed the Marshall plan. What has happened in point of fact is directly contrary to our hopes and expectations.

Mr. President, there can be only one reason why the present administration would continue to peddle such a swindle as the Marshall plan to the American people as a panacea for the ills of Europe, when, in fact, it has only aggravated and postponed an inevitable crisis. The reason is that the President and his internationalist advisers are using the Marshall plan to develop new projects and schemes which are infinitely more far-reaching, and which they dare not present to the American people as a whole.

Proof of this fact lies in the following series of crucial questions which the defenders of the Marshall plan have deliberately ignored and refused even to discuss during the past 3 years. Yet I submit that without intelligent answers to these questions the Marshall plan is the most irrational adventure ever undertaken by a so-called sane and civilized people.

First, Mr. President, what is the relation of the European economy to the economy of the Far East? Secretary Acheson himself admitted during the ECA hearings that there has been no relation between what he has been doing in Europe and what he has been doing in the Far East. On April 26, 1950, Anne O'Hare McCormick admitted that the forthcoming Foreign Ministers' Conference in London will meet for the first time as a board of strategy to deal with this problem.

The second question is, How much of the dollar earnings of the colonial and dependent areas of Britain, France, Belgium, and the Netherlands are reported or accounted for in the budgets of those nations? Nowhere, either during the hearings or under direct questioning on

the Senate floor, has the Foreign Relations Committee or the administration even raised this question.

Third, What is the relation between Marshall plan aid to these nations and the retirement of their own debts to colonial areas?

On September 7, 1949, the Alsop brothers wrote:

Only an Anglo-American political-economic-strategic organization wielding the largest powers and disposing of very great resources can halt the march of communism in Asia today.

Yet, Mr. President, although this is a recognized fact, and although this administration, last September, attempted to make a separate deal with the British to underwrite their \$9,000,000,000 sterling debt, apart from Marshall plan considerations, the minutes of those meetings are not available to the United States Senate. They, too, are an administration secret.

Fourth, why are the individual requests of Marshall plan countries not screened prior to their submission to the committees of the Senate for acceptance? A further part of this question is, Why is there no postaudit of the uses to which Marshall plan grants are put after they have been made available to recipient countries? How can any intelligent evaluation be made of the so-called success of the Marshall plan, unless such safeguards are enforced?

The PRESIDENT pro tempore. The time of the Senator from Indiana has expired.

Mr. KEM. I yield 2 minutes additional time to the Senator from Indiana.

The PRESIDENT pro tempore. The Senator from Indiana is recognized for two more minutes.

Mr. JENNER. Fifth, how can anyone intelligently legislate on the requirements for Germany, upon which the whole success of the European recovery program depends, when the testimony of Mr. McCloy, our own High Commissioner, before the Senate Appropriations Committee, March 10, 1950, has never been revealed?

Sixth, unless the administration is willing to play politics with our own national security, why is it that the question of how much war materials is being shipped by Marshall plan countries to Russia will not be either honestly faced nor honestly answered?

Seventh, there is also the question, Mr. President, which this administration has never attempted to discuss, of how much of Russia's rearmament is being financed with American dollars through her control of Russian trade monopolies with which 16 Marshall plan countries are doing business to the tune of \$3,000,000,000 a year?

Finally, Mr. President, why is it that in spite of all the solemn assurances that the Atlantic Pact needs would be correlated with Marshall plan economic objectives, we now are told these Marshall plan countries cannot bear even the initial costs of the beginning of their North Atlantic Pact commitments?

The PRESIDENT pro tempore. The time of the Senator has again expired.

Mr. KEM. Mr. President, I yield whatever time I have left to the Senator from Indiana.

Mr. JENNER. I can finish in about 2 minutes.

Mr. CONNALLY. Mr. President, I have some time to yield.

The PRESIDENT pro tempore. The Senator from Missouri has 4 minutes left.

Mr. KEM. I yield whatever time I have to the Senator from Indiana.

Mr. JENNER. Mr. President, is it not disgraceful that in spite of the fact that the United States Senate does not have the answer to any of these questions, this third installment of the Marshall plan is going to be saddled on the backs of the American taxpayer and help to build up the inevitable crisis which may mean the life or death of our form of Government and our way of life?

I realize this authorization bill will pass the Senate, but again I want to warn my colleagues that the Marshall plan is being used, not only to finance the destruction of Europe's economic life and not only to finance our destruction, by driving us every day deeper into the red; it is also being used to underwrite a new set of international schemes in which we shall lose control, once and for all, of our own resources, our wealth, our economic freedom, and our national defense.

Why, at this very moment, Mr. President, Gen. Omar Bradley is working to get us into an economic military and political union with the British, and the internationalists of both parties are backing him up to the hilt.

This is why I want to serve notice, when the requests for appropriations under this authorization act reach the Senate floor, I shall do everything in my power to point out specifically and in detail the steps that are being taken by this administration to surrender our sovereignty and enslave us in a semi-superslave state without our ever having had a chance to defend and protect ourselves.

Mr. CONNALLY. Mr. President, I yield 5 minutes to the Senator from Idaho [Mr. TAYLOR].

The PRESIDENT pro tempore. The Senator from Texas has only 4 minutes.

Mr. CONNALLY. Mr. President, according to the last report I received, I had 6 minutes.

The PRESIDENT pro tempore. The Chair is following the information given by the Parliamentarian.

Mr. CONNALLY. I had 6 minutes, and I have not given away a minute. Is 4 minutes all the time I have?

The PRESIDENT pro tempore. That is all.

Mr. CONNALLY. Mr. President, before the Senator from Idaho proceeds, I yield a minute to the Senator from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. President, I ask unanimous consent to have inserted in the RECORD at this point a statement which I had intended to make.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SPARKMAN

I regret exceedingly that limitations of time prevented my having discussed thor-

oughly before this in the Senate a vital provision of the ECA Act as it was passed by the House. I refer to section 111 (b) (3) (H. R. 7797), providing for the guaranty of private investments abroad in the ECA countries and their dependencies. This provision, as approved by the House Foreign Affairs Committee in the last Congress and in this one, and as passed by the House of Representatives last year and again as an amendment to the ECA Act this year, is as follows:

"The guaranty to any person shall be limited to assuring the following: (1) The transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of one or more of the following causes: (a) Seizure, confiscation, or destruction by any government; (b) destruction by revolution or war; (c) any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, asset, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith."

Last year, after this amendment was adopted in the House, the Senate members of the conference committee insisted on dropping the so-called political guaranties in paragraph (2) quoted above, and left in the amendment only paragraph (1), permitting a guaranty of the convertibility of currency. Of course, the guaranty program has not succeeded under those circumstances.

Only \$6,130,000 in guaranties have been issued out of a total of \$70,000,000 applied for, and the reason for this failure was clearly stated in answers to inquiries sent out by the ECA to all parties who had made applications or inquiries regarding guaranties and had withdrawn them. First and foremost among the reasons stated by these parties was that the coverage was too limited in scope and should cover political risks, exchange risks and countries other than the Marshall plan countries. The analysis of these answers is set forth in the hearings before the Committee on Foreign Relations, on the act for international development, March 30 and April 3, 1950, at page 88.

I have spent a great deal of time studying the application of the guaranty principle as a means of drafting the productive and managerial resources of private industry to lift the load undertaken by our Government of bringing technical aid and assistance, and the know-how of production, to other countries in the interests of increasing world employment, wider distribution of goods and better standards of living, as the only permanent barriers to the spread of totalitarian government.

Let no one say that the object is to guarantee any enterprise going abroad against the possibility of business losses. There could be no greater misconception of the guaranty clause than this one. The whole object of the guaranty is to recognize only that in a world in revolution certain political risks lie properly upon the level of American foreign policy and not upon the level of private risks to be incurred by private investors. No board of directors will

vote to spend stockholders' money with the normal incentives of American enterprise in face of the risks of inconvertibility of currency, risks of confiscation and seizure, destruction by revolution or war, or wrongful interference by a subsequent hostile government (as actually occurred in Yugoslavia, requiring the abandonment of millions of dollars of American property), but if the Government assumes these limited risks, private enterprise would assume all of the remaining normal business risks.

This clause as passed by the House, after 2 years of study by the able members of the Foreign Affairs Committee, merely seeks to place those enterprises going abroad to do the job which we want done there on approximately the same level as industries at home.

There is a further reason which we might consider one of enlightened self-interest, in that exports of American products are declining, inevitably because of lack of dollar exchange abroad. It is far better to go behind the soft currency curtain with dollar investments and help increase production on a partnership basis with local capital than to continue to pump billions of American taxpayers' dollars into those countries with no positive assurance that these enormous sacrifices by the American people will result in permanent outposts of production, employment, improved standards of living, and the increased buying power with which to swell the demands of world commerce. We must have the courage to see that production increased abroad, particularly that which is done with the aid of American skills, will inevitably create the export of many complementary parts of products which are made in mass production cheaper in the United States than they can be in most other countries. We must have the courage to do for others what England, France, Germany, Holland, and Italy and other western European countries did for us when we were an undeveloped wilderness country, in bringing investment capital and know-how to help build this country and create the richest trade in the history of the world. The resulting North Atlantic triangle trade between England and Europe and the United States and Canada was the richest the world had even seen, producing better living conditions and a wider distribution of goods for everyone living in those areas.

Can we not see that in this guaranty principle the private investments for approved projects, designed to aid the economy of the receiving countries, is the nucleus of a program to pick up where the Marshall plan ends? With this principle, we can move gradually from enormous direct appropriations to contingent liabilities which may never materialize if the guaranteed investments succeed. In other words, the Government only assumes the risk if a loss occurs by one of the designated political risks. We actually have assumed the same risks of every dollar of ECA money which we spent abroad—with no possibilities of tangible returns.

A guaranteed investment in an industrial project theoretically might never result in a liability to the United States. The whole program of western Europe is toward freer convertibility of currency, an objective of all of our efforts in western Europe, and if no war ensues there is every reason why such projects should be successful. If they succeed, and there are no losses from the risks designated in the above amendment, the Government pays nothing. If the projects fail for other business reasons, the Government pays nothing.

Another obstacle to the greater use of the guaranty clause was a deficiency as to the definition of the word "investment." The House version of this act adopts the following definition, based upon experience of ECA:

Investment "means any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country and approved by the Administrator as in furtherance of the purposes of this act, the purchase of a share of ownership in any such enterprise, or participation in royalties, earnings, or profits of any such enterprise."

Obviously, an investment need not always be in cash. The value of any patent, process, or property right which would constitute an asset as understood by sound businessmen in this country, or the cost of any professional service, machinery, equipment, or supplies required for the development of a project, should be considered as a part of the total investment for which a guaranty would be issued. The purpose of the definition is to indicate the intention of the Congress that the agency administering the act should have the widest discretion in its administration and apply the same flexible and common sense standards of judgment in determining those items which constitute an investment as are sanctioned by standard business practice in the United States today, and to incorporate such items within the terms of the guaranties which are issued. The primary objective of the definition is to facilitate the general purposes of the bill in terms of sound business judgment rather than to retard administration in a labyrinth of legal problems and accounting theories.

The definition of "investment," quoted above, in substance was recommended by the committee on foreign economic cooperation of the American Bar Association, of which I am a member. My colleague Senator WAYNE MORSE, former dean of the Oregon University Law School, is also a member of that committee. We are convinced, with other members of the committee, that this guaranty clause can be made to work vigorously in aid of American foreign policy. The international law section, and the board of governors and house of delegates of the American Bar Association endorsed the guaranty of the above-mentioned political risks at the annual meeting of the American Bar Association in January of 1949, and recommendations were accordingly made to the Congress.

We must practice what we preach. If we believe in private enterprise, we must use it. There is no denying that we have subsidized Socialist governments in Europe with our government-to-government grants and loans. I do not quarrel with what we have done. It has been a splendid program to meet an emergent situation, and we have met it. Now, however, it is time to recognize squarely that whatever be the degree of nationalization in any country, there are wide areas of economic life between the principal avenues of nationalization which can never be controlled by government—not unless totalitarian government obliterates human liberty in those countries.

With all the hue and cry about nationalization in England, probably at least 70 percent of productive enterprise is still in private hands. The Socialist government of France recognizes the principle here contended for and seeks in every way to encourage private investments, offering many advantages and encouragements to private enterprise in its decree of September 2, 1949 (Avis No. 419), which I cannot discuss here. Other inducements are being offered by other countries. These inducements can best take the form of concrete assurances in bilateral treaties and undertakings, agreeing to equality of treatment for foreign investments. Already a number of such treaties are in full force and effect, setting a climate for participation of private enterprise in that freedom of competition which is

so intimately identified with individual liberty.

We must grasp firmly that in spite of assurances by treaties another element is necessary before American private capital will go abroad in a large way, because it cannot accept completely and fully the assurances of many countries, no matter how well intentioned or in what good faith those assurances are given. It is impossible for them to guarantee against the political risks of the future or their own economic instability under world conditions as they are, facing the current struggle between east and west in Europe. Guaranties are necessary, too, from the country in which American capital places its full confidence.

All the technical aid and assistance which we can give will not in the areas of industrial production, and in certain spheres of construction and engineering work, give results in production. The Government does not have the know-how in certain fields, although it is preeminent in the field of soil conservation, forestry, conservation of wildlife, and other such spheres of action. One of the most monumental achievements of American civilization in the material realm is the solution of the problem of production. Production won the war. Joe Stalin recognized that when he proposed a toast to American production at Tehran.

The whole purpose of this speech is to urge the members of the conference committee from the Senate, in meeting with the conference committee from the House to reconcile differences in the amendments to the ECA Act, to adopt and approve the amendments passed by the House in respect to guaranties of private investments. The House has placed an upper limit of \$300,000,000 on guaranties.

Surely, with the billions which we have appropriated for government-to-government grants, we can afford to give the guaranty principle a full opportunity to succeed by assigning to private enterprise, on the basis of the Government assuming only contingent liabilities, \$300,000,000 worth of the work to be done abroad. I urge the Senate committee to approve this amendment. These projects must be gotten under way and the machinery of the guaranty operations fully developed if they are to assume their full significance at the expiration of the Marshall plan in 1952.

In conclusion, I have noted the debate in the House of Representatives on March 27, and I congratulate the men of both parties who united in the Foreign Affairs Committee to support this nonpartisan program of principle. I hope we may also act wisely in this matter in the Senate, and that the conference committee will bring back to us a bill fully approving the House amendments in respect to guaranties.

I must add that everything which I have said here applies with equal force to guaranties which ought to be made available to implement the President's point 4 program for the so-called undeveloped areas. I hope these suggestions may be considered by the Banking and Currency Committee in expanding the powers of the Export-Import Bank with specific provisions patterned after the above amendment. No doubt at some future date guaranties will merge under a common management whether they be for ECA countries or for the rest of the world, and there should be a basic consistency in the pattern of those guaranties.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SPARKMAN. I ask unanimous consent to have inserted in the body of the RECORD, immediately following the statement I placed in the RECORD today,

a telegram which has come to me from the Senator from Oregon [Mr. MORSE].

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

PORTLAND, OREG., May 5, 1950.

HON. JOHN SPARKMAN,
Senate Office Building:

Please express for me on the floor of the Senate or by inserting this telegram in RECORD my complete approval of the amendments to the ECA Act adopted by the House of Representatives respecting the guaranty of private investments abroad.

I strongly urge that the conferees from the Senate in meeting with the representatives of the House to reconcile amendments adopt and approve in full the amendments approved by the House respecting guaranties. There is little change of escaping from continued government to government grants and loans unless we widen the participation of private enterprise in increasing production, employment, and bettering world conditions.

Regards.

WAYNE MORSE,
United States Senator.

Mr. CONNALLY. Mr. President, I yield for a moment to the Senator from Pennsylvania [Mr. MYERS].

Mr. MYERS. Mr. President, I ask unanimous consent that a statement which I prepared with reference to the pending measure be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MYERS

Mr. President, just a little over 2 years ago, Congress enacted a law which had as its basis a contemplated 4-year program to bring about economic recovery in the democracies of Europe. That program was first outlined by our great soldier-statesman, George C. Marshall, as a necessary and vital step if peace in a troubled world was to be attained. And that program was received with all the enthusiasm and support a mature Nation should receive it. The United States had become the leading power in the world, and the people of the United States knew that as a Nation we must play our rightful role in assuring to the other peoples of the world freedom and peace in the future.

And now, for the second time, the Senate has before it a further extension measure to enable the ECA to carry out its huge task. What we in the Congress of the United States do about this measure may well decide future world events—both politically and economically—and it therefore deserves the most serious consideration by every one of us.

Let us go back for a few moments, Mr. President—let us recall why we have the ECA.

In 1945, World War II ended in a resounding victory for the Allies and for freedom. The peoples of the world hailed the end of the worst war in history as the beginning of an era of freedom and good will among men. In Europe, however, the jubilation with which the people greeted the end of the war was short-lived. The devastation brought on by the war left the peoples of Europe weary, hungry, homeless, jobless, and hopeless. The task of reconstruction was so huge as to seem almost impossible. The hope that came with the end of the war turned to despair. I do not like to think what might have happened if the American interim-aid program had not stemmed the tide of starvation in 1946.

And events soon followed which showed that, though the war had been won, the

peace had not been won. The Allies which had won the war split into two opposing camps—the forces of freedom on one hand, and the forces of communism on the other. In the United Nations, the Russian veto was freely used time and again to block the efforts of the free peoples to achieve a real peace. In eastern Europe, one by one the Communists gained control of governments which were too weak to resist threats from their powerful neighbor. And in western Europe, the Communists tried every trick they knew to throw those countries into economic collapse—knowing only too well that when people haven't enough to eat some of them will be willing to sell their freedom for a promise of three meals a day. It became increasingly clear that unless the countries of western Europe could once more get back on their feet, the possibility of Communist domination would become a certainty.

The United States rose to meet this challenge to freedom and peace in the world. Congress enacted the Economic Cooperation Act of 1948—one of the greatest peace-making programs of all time.

Two years ago, Mr. President, the countries of Europe were almost hopelessly unstable politically. It was anybody's guess as to what the components of the governments would be from one week to another. The Communist menace was ever present and vocally very powerful. And the foundation of this political instability was—as it always is—economic crisis. The peoples of Europe had been unable to successfully convert from a wartime to a peacetime economy—partly because of the dislocation of industries and the devastation of lands during the war, partly because Europe's population had increased by 20,000,000, and partly because the Communists ruthlessly used the implements of strikes and riots to prevent reconstruction and recovery.

It was in this picture of turmoil that the ECA began its operation. And in two short years, Mr. President, the effect has been to bring about, as Mr. Paul G. Hoffman has put it, a "near miracle" in Europe.

On the economic side, industrial production in the countries of western Europe is one-third higher than it was in 1947 and 20 percent higher than prewar production levels. Agricultural production has risen steadily, and the people of Europe are no longer starving. Through necessary deflationary measures the countries have been able to stem the tide of inflation. Trade among the various countries is improving steadily. The people of Europe once more have work to do, have enough to eat, and once again have hope in the future.

And there can be no question about the effect this economic recovery has had on the political scene. In country after country, the Communists have been repudiated at the polls. Each election has brought a greater victory for democracy. The Communists are daily becoming less powerful in the internal politics of the western European democracies.

I wish I could say at this point, Mr. President, that final victory for freedom has been won in western Europe—that the Communists have given up—that they have realized that they can never hope to conquer freedom-loving peoples. That is a dream that we hope will someday be fulfilled, but we would be under a sad delusion if we thought, even for a moment, that such is the case.

After the Marshall plan had been in operation for a time, the Communists began to realize that they could not hope to conquer and dominate Europe through internal movements. And the alternative to this was external threats of force. The Russians are ever tightening their controls in the eastern European countries. They have let the world know that they, too, have the atomic bomb. The implied threats of military force are growing bolder and bolder.

Thus it became evident that economic recovery alone was not enough as a defense against the forces of communism. The countries of western Europe must also be prepared to defend themselves militarily. This necessity grew into the Atlantic Pact and the military-aid program. It also grew into the necessity for the participating countries to spend greater and greater amounts for military preparation. And unfortunately, this very expenditure works against economic recovery, for the more any nation must spend for the military protection of the country, the less there is available for economic expansion.

What does all this mean to the United States? Does it mean that we should give up ECA as a lost cause and put all our emphasis on military aid? Does it mean that we should give up our efforts entirely and let Europe find her own way out of the maze, and thus surely fall prey to the Communists? Does it mean that we should count the \$9,000,000,000 we have already spent on ECA as money down the drain, and should go ahead and spend thirty to thirty-five billion dollars on our own defenses?

Mr. President, I sincerely believe that each one of these questions can be answered with an emphatic "no." Economic recovery, stabilization, and future expansion still remain the most potent factors in world peace and security. There is yet a great deal of work to be done in Europe before real recovery is achieved. Agricultural production must be improved by at least 15 percent before it will reach the prewar levels. The flow of trade among the various countries is a vital force in expansion of economy, and the countries must cooperate fully in their efforts to achieve economic integration in order to assure Europe a real economic stability. The aid given by the United States is vital if the democracies are to reach this goal, and we must assure ourselves and the participating nations that our aid will be effective.

Mr. Hoffman has requested for ECA aid to the European countries the sum of \$2,950,000,000 for the coming year. This amount was arrived at after careful screening of the plans submitted by the participating countries as to why certain amounts were needed, and where the money was to be spent. The countries have had to prove that every cent they receive from the United States will be put to the most effective use. The anticipated program for the coming year has been completely detailed expenditure-wise.

Mr. President, I do not underestimate—no one does—the costliness of this program. The very nature of the task that ECA is called upon to perform is costly. But we in the Senate must not, as the House did several weeks ago, fall into the pit of not authorizing enough funds so that ECA can do its job effectively. If too little funds become available for this work, and if, as a result, the European nations fall once more into an economic crisis and become prey to the Communists, every cent of over \$9,000,000,000 already spent would be lost.

I submit, Mr. President, that spending \$2,950,000,000 now is far less costly than facing the possibility of losing \$9,000,000,000 and then adding the necessity of spending \$30,000,000,000 to \$35,000,000,000 for defense purposes—which, military experts agree, would be necessary if the United States became an island in a world of communism. We simply cannot afford to adhere to any sentiments of economy which would, in reality, be false economy. I urge that the Senate authorize the full amount of \$2,950,000,000 as outlined in the budget.

And in authorizing funds for ECA, I ask that the Members of the Senate remember that one of the reasons that Mr. Hoffman and his Administration have achieved so much success thus far has been because of the flexibility of the law with which they have had to work. Because of this flexibility, Mr.

Hoffman and the participating nations have been able to meet changing conditions head-on, thereby reaching decisions which have resulted in greater effectiveness and efficiency, and in fact a probable saving of almost \$2,000,000,000 for the United States by 1952.

Any attempt by the Congress to dictate the absolute terms of ECA aid would be a grave error, I believe. We cannot possibly foresee the events of the coming year, on the European scene, and we must be prepared to meet any changes by having a well-defined, but flexible piece of legislation. If Congress should fall into the pit of trying to dictate by law to other countries, the total effectiveness of ECA may be lost. I urge that the Members of this body keep this in mind when voting on any amendments that may be proposed, or have already been proposed, to the bill reported from the Foreign Relations Committee—which is, I believe, on the whole a very fair and liberal measure.

Before closing my remarks, Mr. President, I should like to say a few words about two amendments which have been proposed as title 5 of the present bill.

I have joined with 18 other Senators from both sides of the aisle in sponsoring an amendment which would authorize funds for another year to the International Children's Emergency Relief Fund, which is administered through the United Nations. I think I hardly need urge that the Senate help continue this vital work in aiding the unfortunate children of the world.

The other amendment I should like to discuss is that submitted by the distinguished chairman of the Senate Committee on Foreign Relations, Mr. CONNALLY, which is an authorization of \$45,000,000 to be used for technical assistance to underdeveloped areas of the world.

This amendment embodies about one-half of the principles set forth in the point 4 program of the President. The other half, as we all know, is concerned with investment guaranties in those great areas of the world which so desperately need improvement in living conditions.

The concept of technical assistance is not a new idea by any means. It has been in operation in South America for about a decade and has proved its worth. We are using it as part of our ECA program. The newness here lies in the areas to which this technical know-how would be exported. The peoples of the eastern part of the world have long suffered under conditions of poverty and misery, simply because they have not been able thus far to make the fullest use of the resources they do possess. Overpopulation, too, of course, is one of the reasons these people live on bare subsistence levels. However, the people of these areas are awakening to the fact that something must be done if they are to become economically self-supporting, and if they are to achieve a decent living standard.

The Communists have made overtures to these people. In these areas too they are counting on misery to win support. Our answer to the problem is the democratic one—the one of helping people grow economically and politically by the exchange of ideas and knowledge. And as such, this program is of vital importance to the growth of the democratic way of life and the defeat of totalitarianism.

The amount of \$45,000,000 authorized under this amendment is the first step in the direction of bringing vital aid to people who have long needed it. Later on we shall, in all likelihood, consider the second feature of this aid, which is, as I've said, investment guaranties. I feel that this part of point 4 is also vital and must eventually come into being. However, if at this time the Senate authorizes the full amount of \$45,000,000, a most important first step will have been taken. And I should like to add that

I will oppose any attempt made to lower this amount for any reason whatsoever.

Let us remember, Mr. President, that the programs for which we are to authorize working funds are programs that are working toward freedom—programs that are bolstering the democratic way of life—programs that are helping to achieve peace in our world. I cannot repeat too often we in the United States simply cannot afford to destroy them, either by false-economy moves or by misguided clausal restrictions. These programs may not solve the world's problems, but it cannot be doubted, I believe, that they are steps in the direction of solution.

Mr. CONNALLY. Mr. President, I yield the remainder of my time to the Senator from Idaho.

Mr. TAYLOR. Mr. President, in the past I have opposed the foreign-aid plan, whether it be called the Marshall plan, ECA, or what not, but I have never been opposed to the principle or the idea of helping needy peoples abroad in their struggle to rehabilitate themselves from the ravages of war. I am wholeheartedly in favor of doing anything possible to help any people, anywhere, to protect themselves from the inroads of communism. However, Mr. President, since the foreign-aid program has now gone far along, and since we are approaching what we have been told is its end, or, at least, the time set for its ending, that I feel I cannot longer oppose the program. I feel that there is no possibility of changing it at this late date. So we shall just have to make the best of what we have.

I opposed foreign aid in its original form, because I felt it should be channeled through the United Nations and thus build up that organization. I think it would have been much more successful, that it would have been less expensive, and would have won more good will among the peoples of the world if that procedure had been followed.

Mr. President, during the war I worked in a war plant. I went to that plant with a fresh point of view. I had never worked in a plant of that nature before. I entered it new, just as I did when I came to the Senate of the United States. At any rate, I saw things going on that I thought could be done better, possibly because I had a new point of view and was not accustomed to the old ways of doing things in that particular plant. There were great numbers of articles to make for the armed services, the Maritime Commission, and other Government agencies engaged in prosecuting the war. I felt that we could make jigs and assemble the parts much faster, but the orders were to make them singly, measure each one individually, and then weld them together. I tried to get the ear of the management for my ideas, and I argued about it until most of the articles had been made by handicraft, so to speak. Then I stopped mentioning it any more, because at that point it was too late to save any money on the project. It was a case of either doing it that way or not doing it at all. So I did the very best I could in that war plant, the way I was told to do it, after my protests had come to naught.

Mr. President, I feel that we have reached that point in the foreign-aid program. My ideas have not prevailed.

We must do something to prevent the spread of communism. So at this time, Mr. President, I shall vote for the appropriations as they have been requested by the administration. I shall vote against any cuts, because if it should turn out that the general feeling should be that not too good an approach had been made, when the whole thing has been done, I do not want it to be said that at the last moment my vote possibly hamstrung the program, and that was why foreign aid had failed. I want it to have every chance to succeed.

Simply because I have been against the methods and procedures which have been followed does not mean that I hope it fails. On the contrary, I hope it will be successful beyond the wildest dreams of those who proposed it in the first place.

So, for those reasons, Mr. President, I shall vote for this measure. If I had an argument with an individual in planning a cross-country trip, and he wanted to buy one kind of a car and I wanted to buy another kind, and it turned out that he had his way and got the kind of car he wanted, and we started across the country and found ourselves away out in the desert somewhere and the car needed repairs, or needed more gasoline to proceed with the trip, I would not vote against buying gasoline to get out of the desert, even in a car I did not like in the first place and which I thought was not the kind we should have had.

So I shall vote, Mr. President, for the appropriations authorized by the bill and against any cuts.

The PRESIDENT pro tempore. The hour of 1 o'clock having arrived, all time for general debate has expired.

The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. KEM], which the clerk will state.

The LEGISLATIVE CLERK. On page 4, line 2, it is proposed to strike out "\$2,950,000,000" and insert in lieu thereof "\$1,950,000,000."

Mr. MYERS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hendrickson	Martin
Anderson	Hill	Maybank
Benton	Hoe	Millikin
Brewster	Holland	Mundt
Bricker	Humphrey	Murray
Bridges	Hunt	Myers
Butler	Ives	Neely
Byrd	Jenner	O'Mahoney
Cain	Johnson, Colo.	Robertson
Connally	Johnson, Tex.	Russell
Cordon	Johnston, S. C.	Saltonstall
Darby	Kefauver	Schoeppel
Donnell	Kerr	Smith, Maine
Douglas	Kilgore	Smith, N. J.
Dworshak	Knowland	Sparkman
Eastland	Leahy	Stennis
Eaton	Lehman	Taft
Ellender	Lodge	Taylor
Ferguson	Lucas	Thomas, Utah
Flanders	McCarthy	Thye
Frear	McClellan	Tobey
Fulbright	McFarland	Tydings
George	McKellar	Wherry
Graham	McMahon	Wiley
Green	Magnuson	Williams
Gurney	Malone	Young
Hayden		

The VICE PRESIDENT. A quorum is present. The question is on agreeing to

the amendment offered by the Senator from Missouri [Mr. KEM], on which there may be 10 minutes debate on each side.

Mr. KEM. Mr. President, the pending bill, if passed, would continue the so-called European recovery program for another year. During the 2 years the program has been in operation nearly \$10,000,000,000 have been funneled overseas to 16 countries of western Europe. The question which the Senate must decide today is: Do the results of the Marshall plan to date justify this lavish outpouring of money of the American people when bankruptcy for themselves is just around the corner, and when we have many needs of our own people which demand attention?

Mr. President, the administration has turned again to operating in the red. Printing presses at the Treasury are working 24 hours a day printing I. O. U.'s, to be paid—by whom? By our children and our children's children.

The Joint Committee on Internal Revenue Taxation estimates that the deficit for the fiscal year ending June 30, 1950, will amount to \$6,700,000,000. The staff further estimates that the deficit for the next fiscal year ending June 30, 1951, will amount to \$7,300,000,000.

Mr. President, if 2 and 2 make 4—and they always have—during two short years our already monstrous national debt will be increased by the gigantic sum of \$14,000,000,000. Of course, Mr. President, this sort of thing cannot go on indefinitely. No country can drift along in the red year after year without its people waking up some day and finding their savings bonds, insurance policies, and money in the bank not worth much more than the paper they are written on. Government spending must be reduced right down the line. Mr. President, I ask in all solemnity: Is there any reason why the Marshall plan should not take its share of the cut? After all, does it make sense for us to pour out our money to other countries, so that they can balance their budgets and reduce their national debts, at a time when our Government is not making ends meet by far, and our national debt is zooming up hour by hour?

Mr. President, as the senior Senator from Ohio [Mr. TAFT] pointed out the other day, our gifts to the Socialist Government of Great Britain have enabled that government to balance its budget, internally and externally, and make substantial reductions in its national debt.

The national debt of the people of the United States is just under \$1,700 per person, that is every man, woman, and child in the United States owes approximately \$1,700. The per capita debt of the people of Great Britain, on the other hand, is considerably less, about \$1,560. So I ask again, as I have asked before during the course of this debate, who should be aiding whom?

Mr. President, the administration admits that this so-called recovery program is not bringing about genuine recovery in western Europe, as its sponsors originally told us it would. Mr. Acheson, when he appeared before the House Committee on Foreign Affairs, was asked specifically whether we could depend on

getting out from furnishing aid by 1952. His reply was:

No, I do not think that all American aid, certainly in the world, and certainly to some parts of Europe, will end in 1952.

It is clear, then, that this is not a genuine recovery program, but is merely another one of the long line of relief programs, of doles, furnished by the American people to the governments of western Europe.

The pending bill would authorize an expenditure of \$2,950,000,000 to continue the ECA for another year. My amendment would cut that amount to \$1,950,000,000, plus an estimated \$45,000,000, which, it is expected, will be carried over from this year's appropriation.

When we consider the fact that a considerable portion of the ECA funds have been used for the purpose of making no effective contribution to European recovery, that is, genuine recovery, when we consider that our own Government is operating in the red, when we consider the fact that our own people are being neglected in order to prop up socialistic governmental experiments abroad, it seems to me that the proposed reduction is modest enough.

Mr. President, I wish to say one thing more, and I shall then be through. The Marshall plan was sold originally to the American people as an insurance against war. We were told that we had two alternatives, that we could adopt the Marshall plan, or that we could arm ourselves to the teeth. The ink on the President's signature to the Marshall plan was hardly dry when we were asked to make the greatest appropriation ever made for national defense in time of peace. That was followed by the program to arm the countries of western Europe, and I ask soberly, Are we any further from war now, after we have poured out these billions of dollars on this relief program, than we were when it was adopted?

The trouble with the Marshall plan as an insurance against war is that it does not insure. The trouble with it is that the premium we pay for the insurance does not get the job done.

The Truman doctrine, with which the Marshall plan is tied in, was to encircle Russia. The Truman doctrine is dead, because we saw that it was impossible for us to completely encircle Russia with a wall of arms or a wall of American dollars. So we are asked to limp along with the Marshall plan, to continue this vast outpouring of money which the American people cannot afford.

Mr. CONNALLY. Mr. President, I yield 5 minutes to the senior Senator from New Jersey [Mr. SMITH].

Mr. SMITH of New Jersey. Mr. President, I am happy to be back with my colleagues again, and to say a word on the pending question, because I am deeply interested in it.

I think the best contribution I can make to the discussion of the pending amendment, which calls for a reduction of \$1,000,000,000 from the request of the ECA, is just to state to my colleagues my experience with Mr. Hoffman, and my impression of the way in which he has handled this whole matter from the beginning.

Mr. Hoffman has kept his word right straight through with regard to authorizations and appropriations. We have had authorizations right through the years of substantially more than the amounts we have had to appropriate ultimately, and the ultimate appropriations were based on the revised figures which Mr. Hoffman furnished.

In round numbers, the first year we actually appropriated around \$5,000,000,000, the second year around \$4,000,000,000, the third year we expect to appropriate somewhat less than \$3,000,000,000, and I am pleased to be able to say that Mr. Hoffman has absolutely kept to the program from the beginning. There has not been a thing Mr. Hoffman's administration set out to do they have not followed along, except in the one matter of the integration of the European countries, and what happened in that regard we all regret. So I think the proper course for us to take in dealing with this matter, if we are to have any confidence in the program at all, is to give Mr. Hoffman a vote of confidence, give him the authorization he feels he should have, give him a chance to present to the Committee on Appropriations figures as to whatever savings he can make, and have the matter carried out in the way it has been carried out heretofore.

I differ entirely with those who criticize the way the ECA program has been carried out. As a member of the Committee on Foreign Relations, I oppose the pending amendment, because I think it is not in order at this time, and I think we would handicap our whole program if we adopted the amendment.

Mr. CONNALLY. Mr. President, how much time have I remaining?

The VICE PRESIDENT. The Senator has 8 minutes left.

Mr. CONNALLY. I yield the Senator from New Jersey more time, if he desires more.

Mr. SMITH of New Jersey. Mr. President, I have prepared a little statement, in light of the analysis which the Senator from Ohio [Mr. TAFT] made in the early part of the debate with regard to the improved British position during the past few months. I had a very careful study of that matter made, and I should like to discuss very briefly the dollar reserve position of Great Britain, which is closely related to the question of how much money should be appropriated for the ECA this year. I ask unanimous consent that I may have the statement I have had prepared inserted in the Record, at the conclusion of my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. SMITH of New Jersey. Mr. President, on April 25 the able senior Senator from Ohio called attention to the rapid improvement in the gold and dollar reserves of Britain between last October and March of this year. He pointed out that the British reserves had increased by over \$500,000,000 in 6 months' time, and now actually exceed the reserves of a year ago. On this basis the Senator from Ohio asked "Why, if the British

Government is able to balance its dollar budget, we should advance anything to the United Kingdom during the following year?"

I have studied this matter carefully, Mr. President, and have had a memorandum prepared with the assistance of the Economic Cooperation Administration, which I ask unanimous consent to have printed in the Record at the conclusion of my remarks. I commend this memorandum to the attention of all Senators, because in my judgment it shows conclusively that this encouraging improvement in the British dollar reserve position is largely of temporary origin. Its most significant cause was the devaluation of the pound in September.

Some part of this improvement, I am informed, is of a more permanent nature, and the ECA is now engaged in a careful analysis of this development in order to recommend to the Appropriations Committee such reductions below the over-all authorization for the fiscal year 1951 as the new British position seems to make possible.

I discussed this personally with Mr. Hoffman, and the figures are being prepared now. But the ECA feels that any reduction they may be able to recommend will be much less than \$500,000,000, and, of course, less than the \$1,000,000,000 recommended in the pending amendment. In view of these facts, I feel it would be most imprudent for the Senate to prejudge the case by authorizing less than the full amount at this time. Studies have not been completed on which an intelligent reduction could be based. I hope very much that when the studies are completed they will give the Appropriations Committee a sound basis for a sizable reduction.

Mr. President, I think we are all indebted to the Senator from Ohio for having called attention to this development, in the interest of governmental economy. I am advised that some hundreds of millions of dollars can be cut off, based on the over-all British position. But the study has not been completed, and it seems to me that the wise course is to give Mr. Hoffman his requested authorization, and then let the matter be handled, so far as the final figures are concerned, by the Appropriations Committee.

EXHIBIT 1.

MAY 5, 1950.

MEMORANDUM ON SENATOR TAFT'S REMARKS OF APRIL 25 ON ECA REQUIREMENTS OF THE UNITED KINGDOM

Senator TAFT has rightly drawn attention to a surprising improvement in the British dollar position during the past 6 months. In that period a \$500,000,000 gain in reserves has completely offset an equal \$500,000,000 loss in the previous 6 months before devaluation of the pound.

Judging from his remarks, Senator TAFT appears to feel that no change should be made in the United Kingdom aid figure for the present fiscal year, but that a considerable reduction is necessary from the original estimate for 1950-51.

The restoration of British dollar reserves to tolerable levels was essential, and the British have achieved this restoration in 1949-50 through a major effort. But Senator TAFT is correct in believing that there

is room for downward revision of the original British aid estimates for 1950-51. In preparing these original estimates 6 months ago, the ECA did not and could not foresee that the British effort would prove so successful, because the main causes of the success—capital movements, price changes, and so forth—were of a nature which the most thorough review of trade developments could never reveal.

Since the improvement has taken place, however, ECA is now once again revising its aid estimates. The submission of revised estimates for 1950-51 within a few days to the Senate Appropriations Committee should meet Senator TART's request. The point yet to be determined is the size of the reduction which is justified by the improvement in the British dollar reserve position. This improvement has been due primarily to temporary factors which have now permitted a necessary and desirable restoration of earlier reserve losses. Therefore a reduction in the estimate of aid required for 1950-51 should by no means equal the ground regained in the past 6 months.

Before elaborating this point, let us see precisely what did happen to the British dollar reserve position.

The first thing to note is that tremendous swings occur in the dollar balance from one quarter to another. If the developments in any one quarter are isolated, they could be used to justify almost any volume of aid. For example, if Senator TART last year had singled out the second quarter of 1949 (April to June), he could on this basis have supported a greatly increased appropriation for ECA. In that one quarter alone, the British dollar deficit approximated \$540,000,000, which could have been used to justify annual aid exceeding \$2,000,000,000 for the United Kingdom alone. But obviously any one quarter alone is totally misleading, and the whole year at least must be taken into account. Over the last year the British gold and official dollar assets have been as follows (in thousands of dollars):

March 1949-----	1,912
June 1949-----	1,651
September 1949-----	1,425
December 1949-----	1,688
March 1950-----	1,984

From these figures it is plain that wide upward fluctuations in some quarters have offset wide downward fluctuations in other quarters. Over the whole year ECA aid has not been accompanied by a substantial increase in British reserves; it has only allowed that country to maintain its holdings within a very narrow margin—small in comparison with normal variations—of the position at the beginning of the year. The net change has been from \$1,912,000,000 to \$1,984,000,000. That this change is relatively small may be seen from the record over the first 2 years of the Marshall plan. Within this 2-year period the smallest quarterly fluctuation has been an increase of \$60,000,000—September-December 1948—while the largest fluctuation—April-June 1948—was a loss of \$320,000,000. As may be seen from the figures just quoted, the year which ended March 31, 1950, witnessed a heavy loss of dollar reserves by the United Kingdom during the first 6 months and a complete recovery of this loss by the end of the period. The speculative outflow of dollars prior to the devaluation of sterling resulted in a loss of about \$500,000,000. Immediately upon devaluation in September this speculative outflow was reversed, and this reversal was continued through the first quarter of 1950.

The extreme width of these fluctuations dramatically illustrates the need for maintaining British dollar reserves at satisfactory levels. The Marshall plan was initiated at a time when gold and dollar reserves of the western European countries had generally sunk to levels dangerously low, both for the

backing of national currencies and for the financing of international trade. The United Kingdom was no exception to this condition. Reserves had dropped to \$2,241,000,000, roughly one-fourth in real value of prewar levels. They had been depleted by the emergency need for dollar goods in the war and postwar periods.

This new low must be evaluated in terms of the enormous volume of trade financed through London. The total volume of merchandise trade of the sterling area with the dollar area alone has in recent years exceeded \$4,000,000,000. In addition, nonmerchandise transactions also involve very large amounts. The financing of this level of trade, to take one example, requires the holding of bank deposits in the United States amounting to several hundred millions of dollars. The level of such deposits, as a matter of historic experience, fluctuates widely due to seasonal and other factors and is in turn reflected in the United Kingdom reserve position.

One purpose of the Marshall-plan appropriations has been to permit European countries to continue to import minimum recovery requirements for dollar goods without further endangering their dollar reserves. Yet over the whole 2-year period of ECA activity British reserves have fallen below the level of April 3, 1948, when the program began. The recovery of the past 6 months has still only raised reserves to less than \$2,000,000,000, which is considerably less than the \$2,241,000,000 of 2 years ago. It has never been the United States intention to reduce European dollar holdings below the low levels of early 1948. The partial restoration of the British position which has occurred to date must therefore be regarded as a favorable development, which should continue if British financial strength and stability are to be regained.

These facts, then, are clear. The improvement in the British dollar position has succeeded only in offsetting equally sharp declines in the previous 6 months and has not yet restored British reserves to anywhere near the minimum levels existing at the beginning of the Marshall plan. But what of the future? The question has been reasonably asked whether recent gains may not be expected to continue. Were they entirely due to temporary factors which must disappear completely next year? Or do they also reflect a fundamental improvement in the whole British balance of payments?

To this latter question the ECA answer is a qualified affirmative. The partial restoration of reserves must be ascribed largely, but not wholly, to temporary factors. It may not be taken as justification for an equivalent reduction of aid, but limited reduction and revision of estimates is, as Senator TART has pointed out, possible. First, however, we should clearly understand what part of the improvement was only temporary. The figures previously quoted on the quarterly fluctuations may be reinforced by a brief economic analysis of the temporary factors which underlie them:

(a) The most important single factor, as has already been noted, was the devaluation of the pound in September 1949. Widespread expectation of devaluation produced a serious dollar drain on Britain for the previous 6 months. Despite all controls a speculative flight of capital from sterling occurred between March and September 1949. This flight took a number of forms, of which two of the more important were haste in exchanging sterling for dollars to prepay dollar obligations, and delay in exchanging dollars for sterling to pay off sterling obligations. In addition, dollar buyers stayed out of sterling markets to avoid possible devaluation losses. During the past 6 months, following devaluation, the capital flight was completely reversed through opposite phenomena. Thus devaluation is undoubtedly the most important single factor in explain-

ing the sharp downward and upward fluctuations of the past 12 months. Three less important ones also played their part:

(b) The last and first calendar quarters are normally the best quarters seasonally for sterling area earnings, mainly because of very high seasonal dollar receipts for wool and cocoa, and secondarily because certain important seasonal payments for United Kingdom dollar imports (e. g., tobacco) need not be made. The third calendar quarter is normally the heaviest of the year for dollar payments by the United Kingdom and the lightest of the year for dollar receipts by the sterling area.

(c) The inventory recession which occurred in the United States last summer cut both the prices and the sales volume of raw materials exported by the sterling area to the United States. Since September, however, United States manufacturers have increased their purchases to rebuild depleted inventories, and raw material prices of such items as rubber, wool, and cocoa have risen sharply. These increased purchases, superimposed on the normal seasonally high sterling area dollar exports in the January-March quarter, have contributed to an unusual and temporary rise in recent sterling area dollar receipts.

To elaborate on one important commodity exported by the sterling area, it may be recalled that, in the 3 weeks before devaluation in September, spot prices for rubber in the United States averaged 18 cents a pound; lately, they have risen to 26 cents. But the present price cannot be expected to last, if only because the price of natural rubber is now well above the production cost of synthetic. It may be explained by hoarding of rubber in Indonesia for reasons connected with domestic economic conditions in that area, and to some degree by panic buying from Malaya on the part of those who are concerned about the trend of political events in southeast Asia.

(d) The first quarter of 1950 witnessed the first significant reflection of the emergency steps agreed among the Commonwealth countries last July and August to reduce the dollar imports of the sterling area. The cuts in dollar imports which were undertaken last summer necessarily took several months to become fully operative, and were recognized to be emergency measures to meet the immediate dollar crisis of that period. It is now evident that at least India has cut its expenditures much more than agreed upon, and, that in view of that country's political and economic condition, continuance of such drastic cuts in dollar outlays cannot be expected.

The effects of all the factors described above are essentially temporary. As these are dissipated, the sterling area's dollar position will again show a substantial deficit which will need to be financed by ERP aid. Experience to date during the life of ERP indicates that British dollar reserves can and do fluctuate widely over short periods of time, and that the upward fluctuation from September 1949 to March 1950 means neither that the sterling area's dollar deficit has been erased nor that the United Kingdom no longer needs ECA assistance.

Nevertheless the recent improvement can be expected to continue, although on a much reduced scale. Part of the gains must be ascribed to permanent rather than to temporary factors. During the past 9 months dollar imports into the sterling area have been sharply reduced. With the probable exception of Indian imports, these reductions can probably be maintained at least partially. The ECA is now completing a quantitative review of this and other factors of permanent improvement in the British position. A revised program of dollar assistance to the European countries is to be presented within a few days. That program will provide for as great a reduction as can be

justified by permanent improvements in the British position, rather than by those temporary gains which have merely counterbalanced previous losses.

Mr. CONNALLY. Mr. President, I want the Senate to remember who is leading the fight for the amendment. It is the Senator from Missouri [Mr. KEM], who voted against both authorizations for European relief in former years. Of course, he wants to cut the authorization by \$1,000,000,000. He would like to cut it by \$2,000,000,000 or \$3,000,000,000. He would like to cut it all out, because he is opposed to the program absolutely. He is trying to influence the Senate now to chisel off nearly \$1,000,000,000, when in his heart he would like to chisel off every nickel and every dime and every penny in the bill.

Mr. President, the Senator from Missouri painted a terrible picture of the financial situation in the United States. But the reports show that corporate incomes are higher than they have been in a long period of time. Reports show that our national income is higher than it has ever been. Yet the Senator from Missouri predicts all the terrible things that are apt to happen, when we know they are not going to happen now. They may happen someday. The Senator from Missouri would have the Senate believe all the terrible things he speaks of.

Mr. President, I say the bill is not a charity bill. It is not a hand-out, as some Senators would say, to European countries. The bill is in the interest of the United States. We want to have a bulwark in western Europe against the hordes of Communists. We want to have economic strength in western Europe so that if the countries of western Europe are attacked, and we have to carry out our pledge under the North Atlantic Treaty, they will have the resources and the will to resist and to fight. The bill is not a charity bill. It is a bill for the safety and the security of the United States.

Some Senators want us to economize in this matter. Let me remind the Senate that last year's bill was cut about \$1,000,000,000 below the first bill. The bill now before the Senate contains \$1,000,000,000 less than was provided for in last year's bill. Does that not show good faith? Does it not show that the program is being administered economically? Mr. Hoffman has saved \$150,000,000 out of the appropriation which was given him last year.

Mr. President, Senators who are against the whole program should vote with the Senator from Missouri, because that is what he believes in. That is what is in his heart. That is his motive. That is the spring behind what he is trying to do here. His purpose is to kill it all. I want to vote for an American bill, for the safety of our homes, for the safety of our people, for the safety of our territory. I want some aid provided for western Europe. I do not want a bunch of cripples in western Europe trying to help us. I want soldiers there who can stand on their own legs and can fight, and, if need be, can die defending

themselves against the onslaught of communism.

O Mr. President, beware of those who come bearing gifts. Search their consciences. Find out what their objective is. When that is done it will be found that the objective of the Senator from Missouri is to kill the bill. His objective is to drive a dagger right into its heart. But he is a little timid, because he is afraid he will not have anyone to help him drive the dagger in. So he says, "Oh, we have got to save money. We have got to save money. We are going to be in a terrible fix."

Mr. President, I want to read two telegrams. The first is as follows:

The League of Women Voters of the United States—

The telegram came this morning— at its national convention just concluded, voted unanimously to support authorization of adequate funds for the European recovery program. We oppose any reduction that would impair the effectiveness of the program, and urge your continued opposition to such a cut.

The VICE PRESIDENT. The time of the Senator from Texas has expired.

Mr. CONNALLY. Mr. President, I will have to read the other telegram in my next installment of remarks.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. KEM] on page 4, line 2, to strike out "\$2,950,000,000" and insert in lieu thereof "\$1,950,000,000."

Mr. WHERRY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Nevada [Mr. McCARRAN] are absent by leave of the Senate on official business.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Louisiana [Mr. LONG] and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Maryland [Mr. O'CONNOR] and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Virginia [Mr. ROBERTSON] is unavoidably detained.

The Senator from Kentucky [Mr. CHAPMAN] is paired on this vote with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Kentucky would vote "nay," and the Senator from New Mexico would vote "yea."

The Senator from Louisiana [Mr. LONG] is paired on this vote with the Senator from Maryland [Mr. O'CONNOR]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Maryland would vote "nay."

The Senator from Nevada [Mr. McCARRAN] is paired on this vote with the

Senator from Kentucky [Mr. WITHERS]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Kentucky would vote "nay."

I announce further that if present and voting, the Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Florida [Mr. PEPPER], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Oklahoma [Mr. THOMAS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate, and is paired with the Senator from Michigan [Mr. VANDENBERG] who is necessarily absent. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Michigan would vote "nay."

The Senator from Iowa [Mr. HICKENLOOPER] and the Senator from North Dakota [Mr. LANGER] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is absent by leave of the Senate. If present and voting, the Senator from Oregon would vote "nay."

The Senator from Utah [Mr. WATKINS] is absent by leave of the Senate on official business. If present and voting, he would vote "nay."

The result was announced—yeas 17, nays 62, as follows:

YEAS—17

Brewster	Jenner	Russell
Bricker	Johnston, S. C.	Stennis
Butler	Kem	Wherry
Byrd	McClellan	Williams
Dworshak	Malone	Young
Ecton	Martin	

NAYS—62

Aiken	Hendrickson	Magnuson
Anderson	Hill	Maybank
Benton	Hoey	Millikin
Bridges	Holland	Mundt
Cain	Humphrey	Murray
Connally	Hunt	Myers
Cordon	Ives	Neely
Darby	Johnson, Colo.	O'Mahoney
Donnell	Johnson, Tex.	Saltonstall
Douglas	Kefauver	Schoepel
Eastland	Kerr	Smith, Maine
Ellender	Kilgore	Smith, N. J.
Ferguson	Knowland	Sparkman
Flanders	Leahy	Taft
Frear	Lehman	Taylor
Fulbright	Lodge	Thomas, Utah
George	Lucas	Thye
Graham	McCarthy	Tobey
Green	McFarland	Tydings
Gurney	McKellar	Wiley
Hayden	McMahon	

NOT VOTING—17

Capehart	Langer	Robertson
Chapman	Long	Thomas, Okla.
Chavez	McCarran	Vandenberg
Downey	Morse	Watkins
Gillette	O'Connor	Withers
Hickenlooper	Pepper	

So Mr. KEM's amendment was rejected.

Mr. TAFT. Mr. President, on behalf of the Senator from Iowa [Mr. HICKENLOOPER], the Senator from New York [Mr. IVEs], the Senator from New Jersey [Mr. HENDRICKSON], the Senator from New Hampshire [Mr. BRIDGES], and myself, I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 4, in line 2, it is proposed to strike out "\$2,950,000,-

000," and in lieu thereof insert "\$2,450,000,000."

Mr. TAFT. Mr. President—

The VICE PRESIDENT. The Senator from Ohio is recognized for 10 minutes.

Mr. TAFT. Mr. President, several days ago I spoke regarding the necessity for making a reduction in this authorization. At that time I gave the reasons; and those reasons were not answered until today, when the distinguished Senator from New Jersey [Mr. SMITH] spoke. It seems to me that his answer is completely unsatisfactory.

I have stated that a reduction in the amount proposed by this amendment represents a cut of 16½ percent in the ECA authorization.

In view of the present fiscal situation, I say to the Senate that we must be prepared to make cuts of at least 16½ percent in every appropriation, domestic or foreign, which is not a fixed obligation of the United States. If we are going to make any reasonable reduction in the tremendous deficit the Government now has, we have to face the fact that a 16½-percent cut can be made and should be made in every reducible appropriation. Even then we shall not balance the budget, as I view the situation, because there are some items which cannot be reduced.

However, if we are going to come anywhere near balancing the budget and making a reduction in the amount of \$6,000,000,000 in such items, we must make cuts both in items pertaining to foreign or international affairs and also in items pertaining to our domestic affairs, items in which the people of the United States themselves are particularly interested, and for which they ask the Congress to make appropriations. Senators who have talked about economy cannot refuse to vote for this reduction in the authorization if they really want reasonable cuts to be made.

This authorization item is more indefinite and hazy than almost any other. No one can tell what the foreign governments will spend this money for. The list has not been made, in any case. After we appropriate the money, some young fellows in Paris get together and decide what French projects the money will be spent for, in order to fill out their quota. In Britain, others decide as to that for the British part of the funds.

Then come the counterpart funds; and in 6 months' time someone decides what will be done with them—whether the participating nations will apply them on their debts or on their budgets or for any other purpose regarding which the ECA authorities may agree.

In any case, there is no definite project to support any figure of \$3,100,000,000.

In particular, 10 days ago I pointed out that the British figures are completely inaccurate today. The ECA has based the entire amount on a so-called estimated balance of payments, and that balance of payments is set forth in the record, as I gave it. It shows, for instance, that in the current year the British had a deficit or lack of dollars amounting to \$956,000,000. However, during the current year the British have

received from us approximately that amount.

The actual result is that today the British have no external deficit in the 6 months' period from October 1 to April 1. The ECA itself in the statement submitted by the distinguished Senator from New Jersey [Mr. SMITH] admits that is so. The ECA says the recent improvement can be expected to continue, although on a much reduced scale. Those in the ECA say, "We will take that into consideration, and perhaps \$100,000,000 or \$200,000,000 can be saved when we come to the question of appropriations, on the British budget."

But, Mr. President, the British budget is only one-fifth of the entire amount. If we are prepared to save \$100,000,000 or \$200,000,000 on the British budget, then certainly we can expect to make comparable savings on the budgets for the other countries with which we are dealing.

The figures for the British, which have been submitted to us, are \$200,000,000 out of balance, as shown beyond the possibility of contradiction in the statement which was submitted to the Senate earlier today. We have given the British \$200,000,000 more in the current year, up to July 1, than their actual deficit in balances of payments required, and the same situation, it is admitted by this statement, will continue during the next year.

The estimates are based on a condition which did not take into account the extraordinary results of the devaluation of the pound. The devaluation of the pound has resulted in improving the British balance of payments, as we thought it would. Of course that is a great disadvantage to us. It has put the British ahead of us in every dollar country, in their ability to sell more British goods and reduce the volume of goods we can sell, which has injured our position. I do not object to that. The British have to get back on a self-supporting basis. But certainly, when they get back on a self-supporting basis, they ought not to expect us to continue to provide more dollars merely in order that they may put them into their treasury and build up the surplus, which already has been augmented by our payments within the past 6 months by \$600,000,000, and to continue to increase their reserves indefinitely for the general purposes of the British Government.

The whole estimate, if there is any estimate, based on balance of payments is thrown completely out of relation to real facts by the developments growing out of the devaluation of the pound.

Sir Stafford Cripps admits that the British in the last quarter had a surplus of \$40,000,000 in exports over their imports, and there is no reason I can see why that general improvement should not continue. That was for 3 months and it is not merely temporary. The situation as shown by the figures for the last quarter of 1949 probably was temporary, but the figures were even better in the first quarter of 1950.

So, Mr. President, it seems to me, on their own figures, on the statements they have presented, there is today reasonable

opportunity to show that we can cut this appropriation. I say again, if we are not prepared to cut 16 percent from the appropriations which come before the Congress, and if we are going to have a deficit of \$6,000,000,000 this year and \$7,000,000,000 next year, the result will be most unfortunate. I do not know of anything that will do more harm to the British or to any of the other European countries than the financial collapse of the United States.

That is what we are leading to. If we continue to incur deficits, we are going to have gradual inflation. We are going gradually to build up prices again and start the spiral of inflation which inevitably leads to a boom, and then, finally, to another depression. I know of nothing that would be more fatal, not only to us but to all Europe, than a financial collapse in this country. The financial stability of the United States is the first requirement for world stability. We are not going to realize that fact, and cut the various appropriations, foreign and domestic, a reasonable amount. I never saw a program yet that could not get on with 16 percent less, if it was necessary to get on with 16 percent less—16 percent less personnel, 16 percent less goods.

Mr. KNOWLAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from California?

Mr. TAFT. I yield.

Mr. KNOWLAND. In order to clarify the point, since I am uncertain about it, does the amendment which the Senator from Ohio is offering propose a cut of \$500,000,000 or a cut of \$600,000,000?

Mr. TAFT. It proposes a cut of \$500,000,000. We have consolidated the positions of those who wanted to make a cut of \$600,000,000 and those who wanted to make a cut of \$500,000,000 and we have agreed to a \$500,000,000 amendment.

Mr. KNOWLAND. I may say to the Senator I have never heretofore voted for a reduction of ECA appropriations, but I intend to support this amendment, which I understand is the same as the one offered by the Senator from New York [Mr. IVES], for the reason that if we do not begin reducing here, I do not see how we can possibly reduce on the domestic side of the budget. For the first time in the history of ECA appropriations, I shall support this reduction.

Mr. TAFT. Mr. President, it seems to me that the conservative position, the position which any persons responsible for the finances of the Government should take, is that a reasonable cut should be made. I may say that I do not think it would disappoint Mr. Hoffman. In the bill he presented last year, a cut of \$400,000,000 was made. I have never heard him complain. If he has any reasonable knowledge of political considerations, he certainly has not thought he would be treated any better this year than he was treated last year. I do not think he could have expected that we would give him every cent he asked for.

I voted with some doubt against the cut of \$1,000,000,000, but I felt that that might possibly really hamstring the program. I think the program ought to be carried to its conclusion. But I cannot see that a 16-percent cut is going to do more than require economy, and those who have been in Europe know there are some things the ECA has done which are subject to criticism. They know that there is a long list of projects of varying importance. It seems to me this will give the money necessary for every single important project which can be really shown to benefit any of the European countries and which can be really shown to be for the advantage of the people of the United States. In my judgment a cut of 16 percent would do no harm to the program.

The VICE PRESIDENT. The time of the Senator from Ohio has expired.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. CONNALLY. I yield 5 minutes to the Senator from New Jersey [Mr. SMITH].

Mr. SMITH of New Jersey. Mr. President, I simply want to say in answer to the Senator from Ohio that no one is more desirous of effecting a saving or more desirous of bringing about economy than I am. All I have pleaded for is the giving of a vote of confidence to Mr. Hoffman. I want to show by the figures what he has done. In the fiscal year 1948-49, there was authorized for this program \$6,450,000,000, and there was actually appropriated \$5,215,800,000. For the fiscal year 1949-50, Congress authorized \$4,280,000,000, and there was actually appropriated \$3,778,380,000. That indicates that Mr. Hoffman is just as keen to make savings as are any of us, and that he is going to sharpen his pencil. He assured me, in bringing his figures before the Foreign Relations Committee, that he simply does not want to go past the danger point, which it appears we might do if we do not authorize the amount called for in the bill. The question raised by the Senator from Ohio can be taken care of through the appropriations, and I am convinced it will be.

Mr. DONNELL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Missouri?

Mr. SMITH of New Jersey. I yield.

Mr. DONNELL. Does the Senator intend to enlighten the Senate on his views regarding the statement which he presented, and which the Senator from Ohio [Mr. TAFT] considered not to establish the point?

Mr. SMITH of New Jersey. I shall be very glad to do that. The statement presented to me by the ECA would indicate that the figures which the Senator from Ohio presented simply showed the situation for the first quarter of this year and evidenced the fact that the British had made a splendid comeback, but for the first three quarters of last year the British situation was so much less favorable that we could not

take the one quarter as the basis for making such a radical reduction. ECA suggested they were making a study of this matter at this time, and that they were going to submit before the Appropriations Committee recommendations for every cent of saving they could make, but they did not want an arbitrary figure, such as \$500,000,000, to be taken from the authorization, which might put them in an embarrassing position in attempting to carry out the whole program.

I agree with the Senator from Ohio that some cut can be made, and I am prepared to go as far as to say to the Senator from Ohio that when we come to the over-all appropriations, if the over-all appropriations amount to X dollars and it would take a 10-percent cut to bring them down to within reach of our expected collections from taxes, and so forth, I am prepared to make a reduction of 10 percent right across the board, not only with respect to ECA but with respect to everything else. But I object to taking a 20-percent or a 16-percent cut from ECA, which I think has already been pared down from the early estimates as far as can safely be done, and which will be further pared down when the question is taken up by the Appropriations Committee.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. TAFT. The Senator realizes, does he not, that the over-all appropriation bill does not contain ECA appropriations? It is separate, and the Senator also realizes, does he not, that a 10-percent cut on the general appropriation bill would not apply therefore to ECA.

Mr. SMITH of New Jersey. It seems to me if I may answer the Senator from Ohio, we can deal with that when we come to it.

Mr. CONNALLY. The ECA appropriation will be included. A House Member told me today they were going to put it in the general appropriation bill, the single bill.

Mr. WHERRY. Mr. President, as a member of the Appropriations Committee, if the Senator will yield, I may say that certainly all these things are going into one bill so far as the junior Senator from Nebraska is concerned, and when we get them all in one bill, I am going to favor cutting enough from that one bill to balance the budget.

Mr. SMITH of New Jersey. That is exactly the point I was making in answer to the Senator from Ohio. That is what I would be glad to do. I think that is the only way to make it mean anything.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. CONNALLY. Under the proposal of the Senator from Ohio, Great Britain would be penalized, because she is making progress, she is coming back under the Marshall-plan aid, she is becoming rehabilitated. Therefore, according to the Senator from Ohio, the amount provided for her should be sliced off and she should be crippled, so she cannot make as much progress during the re-

mainder of the year as she did during the first quarter.

Mr. SMITH of New Jersey. I may say that as I interpret the remarks of the Senator from Ohio, he does not want to affect Britain alone, but he is citing Britain as one case in which there can be a saving.

Mr. TAFT. The reason I cite Britain is that it is the only country as to which I could get any exact figures at all. The other countries are pretty indefinite so far as their budgets are concerned, and their figures on exports and imports. Britain is quite up to date, and it is possible to get their figures to April 1. That is the only reason. I took Britain only as an example.

I should like to say another thing to the Senator. Of course, if this item is cut, then it ought to be one of the items exempted from whatever general cut may be made in the general appropriation bill. But the effort to make a general cut was not successful last year, and whether it will succeed this year seems to me to be very improbable.

Mr. SMITH of New Jersey. It seems to me that is the way to approach the matter, to make a general cut.

The VICE PRESIDENT. The time of the Senator from New Jersey has expired.

Mr. THYE. Mr. President, will the Senator from Texas yield so that I may clarify this question?

Mr. CONNALLY. I am sorry, but I am pressed for time.

Mr. THYE. Then I hope, Mr. President, that the able Senator from Texas will explain whether the appropriation for ECA will be in the general over-all appropriations bill.

Mr. CONNALLY. A Member of the House told me today they were going to try to put it in, and that he thought that could be done. That is all I know about it.

Mr. TAFT. Mr. President, it is not in the general appropriation bill now as reported by the House committee.

Mr. CONNALLY. He did not say it was. I said they were trying to put it in, and I think they will succeed.

Mr. President, I yield 4 minutes to the Senator from Massachusetts [Mr. LODGE].

The VICE PRESIDENT. The Senator from Massachusetts is recognized for 4 minutes.

Mr. LODGE. Mr. President, I feel that if all the dreadful things which have been said about this item are correct, the Senator from Ohio [Mr. TAFT] should have voted for the \$1,000,000,000 cut. I think his arguments in favor of reducing the appropriation are very fallacious. He has been referring to it as a foreign appropriation. This is not an appropriation bill; it is an authorization bill. There certainly will be a chance, whether the ECA appropriation is contained in an over-all bill or a separate one, to reduce the amount when it reaches the appropriation stage.

We cannot consider it an appropriation which is truly foreign, when we consider the dangerous world situation and the fact that this bill must be considered in connection with our own national

defense and the military upbuilding of Europe in the interests of our own security. It is not really descriptive to refer to it as a foreign appropriation. Nor do I think we should accept the reasoning that unless we vote to cut this item we are not in favor of economy. That, it seems to me, does not hold together at all.

This is an item which has probably had a more careful consideration than most other appropriations have had. It is an item for which an American businessman of the caliber of Paul Hoffman is personally and conscientiously responsible. It is not a figure taken out of the air.

I hope Senators will take a look at yesterday's RECORD in which the procedure is set forth in detail. If any figure has been taken out of the air, it is not the figure in this bill; it is the figure in the amendment which is now before the Senate. It seems to me that figure has been taken out of the air, and can be accurately so described.

I do not think it helps to say that the expenditure is all settled by a lot of young fellows in Paris. It is not settled by a lot of young fellows in Paris or in London or a lot of young fellows anywhere else. It is all worked out by careful, responsible men.

When the European nations begin to work and to produce, some Senators want to cut off aid because they do not need it. If these nations had not accomplished anything, some Senators would want to cut off the aid because they would say the program is not any good. There are some Senators who are against it, and they will find arguments for their point of view, no matter what has happened.

Mr. President, I want to balance the budget. I think I have done as much as has any other one Senator to that end. I was the Senate author of the bill which created the Hoover Commission. One distinguished Senator inferred a moment ago that he wanted to balance the budget regardless of the dangers of the world situation, regardless of the fact that there are all sorts of perils lurking along this shadowy road. I think that is a very short-sighted policy.

The VICE PRESIDENT. The time of the Senator from Massachusetts has expired.

Mr. CONNALLY. Mr. President, I have a minute, I believe.

The good faith of Mr. Hoffman and of the Marshall plan is being attacked in an effort to cut off \$500,000,000. A billion dollars was cut off the second year, and this bill cuts off another billion dollars. Is not that proof that those in charge of ECA are trying to administer the law within the rules of economy and good judgment? The cuts which are proposed are purely arbitrary; they are not supported by any accurate estimate. The Senator from Ohio [Mr. TAFT], with one eye cocked on Ohio and the other on his office, says we should cut off \$500,000,000. Why? He does not give one estimate; he does not know how much money is going to the various countries involved; he does not know anything about the projects. I wager that if he were put to the

test he could not name the projects, but he takes them all and says, "We will slice off \$500,000,000. That will sound good over the radio and television." Five hundred million dollars taken away from the recovery of Europe and from our own defense. We are trying to help the people of western Europe to stand on their own legs and not depend entirely on us.

Mr. President, I warn the Senate, do not follow the fatuous leadership of the Senator from Ohio.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT] for himself and other Senators.

Mr. WHERRY and other Senators requested the yeas and nays, and they were ordered.

The PRESIDING OFFICER (Mr. HOEY in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TYDINGS (when Mr. O'CONOR's name was called). On this vote my colleague, the junior Senator from Maryland [Mr. O'CONOR], who is absent on public business, is paired with the junior Senator from Louisiana [Mr. LONG]. If present and voting, the junior Senator from Maryland would vote "nay" and the junior Senator from Louisiana would vote "yea."

The roll call was concluded.

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Louisiana [Mr. LONG] and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Florida [Mr. PEPPER] is absent on public business.

The Senator from Kentucky [Mr. CHAPMAN] is paired on this vote with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Kentucky would vote "nay," and the Senator from New Mexico would vote "yea."

The Senator from Nevada [Mr. MCCARRAN] is paired on this vote with the Senator from Kentucky [Mr. WITHERS]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Kentucky would vote "nay."

The Senator from Iowa [Mr. GILLETTE] is paired on this vote with the Senator from Oklahoma [Mr. THOMAS]. If present and voting, the Senator from Iowa would vote "yea," and the Senator from Oklahoma would vote "nay."

The Senator from Florida [Mr. PEPPER] is paired on this vote with the Senator from Utah [Mr. WATKINS]. If present and voting, the Senator from Florida would vote "nay," and the Senator from Utah would vote "yea."

I announce further that if present and voting, the Senator from California [Mr. DOWNEY] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate and is paired with the Senator from Michigan [Mr. VANDENBERG], who is necessarily absent. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Michigan would vote "nay."

The Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate and is paired with the Senator from Oregon [Mr. MORSE], who is also absent by leave of the Senate. If present and voting, the Senator from Iowa would vote "yea," and the Senator from Oregon would vote "nay."

The Senator from North Dakota [Mr. LANGER] is absent by leave of the Senate.

The Senator from Utah [Mr. WATKINS] is absent by leave of the Senate on official business and is paired with the Senator from Florida [Mr. PEPPER]. If present and voting, the Senator from Utah would vote "yea," and the Senator from Florida would vote "nay."

The yeas and nays resulted—yeas 40, nays 40, as follows:

YEAS—40

Brewster	George	Millikin
Bricker	Gurney	Mundt
Bridges	Hendrickson	Russell
Butler	Ives	Schoeppel
Byrd	Jenner	Smith, Maine
Cain	Johnson, Colo.	Stennis
Cordon	Johnston, S. C.	Taft
Darby	Kem	Tobey
Donnell	Knowland	Wherry
Dworschak	McCarthy	Wiley
Ecton	McClellan	Williams
Ellender	Malone	Young
Ferguson	Martin	
Frear	Maybank	

NAYS—40

Aiken	Humphrey	Murray
Anderson	Hunt	Myers
Benton	Johnson, Tex.	Neely
Connally	Kefauver	O'Mahoney
Douglas	Kerr	Robertson
Eastland	Kilgore	Saltonstall
Flanders	Leahy	Smith, N. J.
Fulbright	Lehman	Sparkman
Graham	Lodge	Taylor
Green	Lucas	Thomas, Utah
Hayden	McFarland	Thye
Hill	McKellar	Tydings
Hoey	McMahon	
Holland	Magnuson	

NOT VOTING—16

Capehart	Langer	Thomas, Okla.
Chapman	Long	Vandenberg
Chavez	MCCarran	Watkins
Downey	Morse	Withers
Gillette	O'Conor	
Hickenlooper	Pepper	

The PRESIDING OFFICER. On this vote the yeas are 40 and the nays are 40—a tie vote. The amendment is rejected.

Mr. BRIDGES. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 4, line 2, it is proposed to strike out "\$2,950,000,000" and insert in lieu thereof "\$2,700,000,000."

Mr. BRIDGES. Mr. President, this amendment is very simple and can be simply stated. It provides for a cut of \$250,000,000 in the authorization. In other words, it provides for a cut of approximately 8 1/4 percent. Anyone who

says the authorization cannot be cut by $8\frac{1}{4}$ percent is using plain bunk for an argument. Of course, the amount can be cut $8\frac{1}{4}$ percent. If we cut the authorization $8\frac{1}{4}$ percent, it would be the same amount as the figure in the House bill. Every argument which was made for the \$500,000,000 cut is doubly effective for this cut, and the remarks of the distinguished Senator from Ohio would carry double weight so far as an $8\frac{1}{4}$ percent cut is concerned.

It has been suggested by some Senator that a cut in the proposed authorization would indicate lack of confidence in Paul Hoffman. Mr. President, such is not true. I am supporting the ECA Act. I believe Mr. Hoffman has done a good job. I do not agree with all the decisions he has made in the administration of the ECA Act, but in general I think he has done a very good job. The act has accomplished in general the purpose and objective which was sought. Therefore I say that cutting the authorization $8\frac{1}{4}$ percent would be extending a vote of confidence, rather than showing lack of confidence, in Mr. Hoffman, an able businessman. Mr. Hoffman certainly can administer the act just as efficiently and just as effectively with a cut of approximately 8 percent.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield to the Senator from South Dakota.

Mr. GURNEY. Mr. President, the Senator from New Hampshire is a member of the Committee on Appropriations and undoubtedly is well acquainted with contemplated action on some domestic appropriations which will probably result in a 10-percent cut. Is that not correct?

Mr. BRIDGES. We hope that the omnibus bill will be approved with a cut across the board. The exact percentage of the cut has not been determined. It will depend largely on the estimated deficit.

Mr. GURNEY. Mr. President, I was rather hopeful that the previous amendment, calling for a cut of a half-billion dollars, would be agreed to. I ask the Senator from New Hampshire if he would be agreeable to accepting an amendment to his amendment providing for a cut of a flat 10 percent. I have heard remarks to the effect that because domestic programs may be cut 10 percent, this foreign program should likewise be cut 10 percent. At any rate, that is my feeling in the matter, and I hope that the Senator will accept my amendment to provide a cut of an even 10 percent.

Mr. BRIDGES. Mr. President, in answer to the distinguished Senator from South Dakota, I wish to say that I do not care to change my amendment, because its adoption would bring the amount of the authorization to the same level as is provided in the House bill, and may obviate some dispute in conference. Therefore I believe it to be an appropriate figure.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield 2 minutes to the Senator from Massachusetts.

Mr. SALTONSTALL. I am very glad to join the senior member of the minor-

ity on the Committee on Appropriations in his proposed amendment. I voted against the \$500,000,000 cut because I felt that the Committee on Appropriations should have a little leeway in reaching the proper figure when the question of the appropriation comes before them. I believe the Senator from New Hampshire proposes the same figure which is now contained in the House bill. I am confident this will give an adequate authorization. I hope that the Committee on Appropriations, after careful review of the justifications, will be able to cut it further when the appropriation bill comes before it, and this proposal does give the committee some leeway.

Mr. BRIDGES. Mr. President, I yield 2 minutes to the Senator from Michigan.

Mr. FERGUSON. Mr. President, I hope that the proposed amendment will gain some support on the other side of the aisle. I believe that here we have an opportunity to apply bipartisanship on a foreign-policy bill. I voted against the billion-dollar cut. I voted for the 16-percent cut, because I believe it is essential that we take away from Russia the one great weapon they have, and that is the possibility of an insolvent America. In my opinion there is an area for absolute bipartisanship, to protect this country against insolvency.

Mr. President, fiscal matters are of vital importance throughout the western world. While we are taking the lead in so many ways we must also set the example to all the nations that they must economize, so far as government is concerned, and must balance their budgets. We are urging other countries to balance their budgets, and they find that here at home we use an entirely different yardstick. Let us look attentively to the figures from the last report of the Joint Congressional Committee on Internal Revenue, which shows that there is a possibility of a deficit of 7.3 billion dollars in fiscal 1951.

Mr. MUNDT. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield.

Mr. MUNDT. In connection with the budget-balancing procedure, it must be kept in mind that some of the countries already have their budgets balanced, and all of them come closer to balancing their budgets than we do.

Mr. FERGUSON. That is true, and moreover, we sometimes find ourselves paying money out of our Treasury for the express purpose of balancing their budgets.

Mr. BRIDGES. Mr. President, I yield 2 minutes to the Senator from California [Mr. KNOWLAND].

Mr. KNOWLAND. Mr. President, I have supported the ECA program during the time it has been before the Congress, but it seems to me that the cut now proposed is a modest one, in connection with which the Senate has a responsibility to the country.

We have a public debt in excess of \$256,000,000,000. We have a budget which is out of balance, for the current fiscal year, by more than \$5,000,000,000, and a recent report prepared by the joint congressional committee dealing with tax revenues indicates that the figures of

the administration are wrong, and that on the basis of present estimates we will be in the red by more than \$7,000,000,000 for the next fiscal year.

Mr. President, I do not believe the Congress of the United States will even be able to start putting the budget in balance for the next fiscal year unless we apply a part of the reduction to this economic-aid bill. Such a reduction should have the support of everyone who is interested in trying to maintain a solvent Federal Government.

Mr. BRIDGES. Mr. President, I yield 1 minute to the junior Senator from Florida [Mr. HOLLAND].

Mr. HOLLAND. Mr. President, I think the pending amendment should be agreed to, although I am glad that none of the former amendments, which I believe would have crippled the program, were adopted.

It seems to me that the Senator from New Hampshire has struck a note which should be clearly voiced in this debate, when he says he has confidence in the Administrator and in his handling of the ECA funds. I have confidence in the administration of the fund, and I think we all should have, when we look at the budget and realize that \$150,000,000 of the amount appropriated last year was not expended. It is due to that fact alone that the budgeted item of \$3,100,000,000 is reduced to \$2,950,000,000 in the measure now before the Senate.

Mr. President, I hope the pending amendment will prevail, and I believe that if the amount authorized should prove to be a little bit more than is needed, the Administrator will see that any amount which can be conserved and saved will be saved.

Mr. CONNALLY. Mr. President, I yield to the Senator from Pennsylvania.

Mr. MYERS. Mr. President, I have been very much interested in the very "courageous" political speeches which have been made on the floor of the Senate this afternoon. Some have said, "I will vote to cut the omnibus appropriation bill \$5,000,000,000." That was indeed a "courageous" speech. Others say "we will vote to cut foreign economic assistance a billion, or five hundred million, or two hundred and fifty million," but oh, Mr. President, they do not seem to know what is going on in the rest of the world.

We have heard much talk on this floor about communism at home, and some gentlemen who talk so much about communism at home do not seem to want to do very much about communism abroad. In fact, many of them have voted against the entire ECA program, and if it had not been for this program Europe indeed would have been overrun by Communists, and, the Communists today would have the manpower and the natural resources of a continent at their beck and call.

Mr. President, let me refer to just a bit of history. I had intended to speak during the debate, and had prepared a statement, but unfortunately the time was divided this morning, and I was unable to obtain any of the time, but did place the statement in the RECORD.

In that statement I said "Two years ago the countries of Europe were almost hopelessly unstable politically. It was anybody's guess as to what the components of the governments would be from one week to another. The Communist menace was ever present, and vocal, and powerful. The foundation of this political instability was, as it always is, an economic crisis. The people of Europe had been unable successfully to convert from a wartime to a peacetime economy. It was this picture of turmoil that confronted the world, and it was this picture of turmoil that confronted the Congress, when we were voting upon the Marshall Plan." Yet some could not see the hopelessness, the despair, and the danger of communism in Europe, as they were unable to see the war clouds gather in Europe before Pearl Harbor, as they voted in the House of Representatives, and were almost successful, except for the matter of one vote, in disbanding the draft 3 weeks before Pearl Harbor.

Mr. President, we need a little more foresight, we need to think a little more about the next generation, and a little less about the next election. If we look at the situation from that viewpoint, we will vote at least an authorization that will enable the Committee on Appropriations to screen the whole problem.

Some people besides the Russians were hopeful, I believe, that the Marshall plan would be unsuccessful, but it has been so successful that Mr. Hoffman has called it a near miracle. Despite its success, its opponents while there is still a crisis in the world, when the menace of communism is still great, and the shadow of communism still extends over western Europe—desire to sabotage this program, and defeat the Marshall plan, if they can, by cutting appropriations or the authorization for appropriations.

This is the back-door approach. They don't dare stand on this floor and oppose the program in its entirety and offer an amendment to strike out the entire authorization.

Mr. President, I repeat this, the program has been successful, more successful than we had ever hoped, and I think this vote, to reduce the authorization for it, will go a long way in determining whether or not we still really believe in the program.

So, Mr. President, I sincerely hope that the program will not be cut. Let those interested in reducing it go before the proper committee, the Committee on Appropriations, which will carefully screen the amounts requested, and if they believe that a reduction is possible now after a thorough and complete screening then I am quite sure they will recommend it. But don't make it impossible for the Appropriations Committee to recommend the full budget estimate when it is proven before the committee—and I am sure it can be—that the full amount requested is absolutely necessary for the proper and legitimate administration of foreign economic assistance.

Mr. President, this is a serious matter, this is a critical moment, and I do believe that Senators should not arbitrarily say, "We will cut 10 percent, we will cut 5

percent, we will cut 8 percent." Let the Appropriations Committee look into that. Let them determine it. But by voting for this amendment you deprive the committee of the opportunity to determine it.

Mr. President, I hope this amendment will be defeated, because I believe we are now voting on a program not yet completed, and if we begin to cut now, the \$9,000,000,000 we have already spent on foreign aid may be lost, and instead of \$13,000,000,000, it might even cost us \$30,000,000,000, \$35,000,000,000, or \$40,000,000,000 for a military organization. If we are not successful with the Marshall plan, then Mr. President, we must spend three times as much as we are spending on the military for our own safety and our own security.

Mr. CONNALLY. Mr. President, how much time do I have?

The VICE PRESIDENT. Five minutes.

Mr. CONNALLY. Mr. President, it is rather curious to observe that some Senators vote against one cut and vote in favor of another cut for reasons which are not easily understandable. Most of those who have spoken have praised Mr. Hoffman. As to the Senator from Ohio, it is funny how anything which does not fit in with his mental apparatus—

Mr. TAFT. The Senator from Ohio is funny; not what he says. [Laughter.]

Mr. CONNALLY. Very well. I am glad to receive that notice from the Senator from Ohio, who is up in the heights. When he is not dreaming heights he runs into heights.

Mr. President, some Senators say, "Oh, we have confidence in Mr. Hoffman." Well, he should have convinced Senators that they should have confidence in him. For the second year of the program he recommended a cut of \$1,000,000,000. That should have justified their confidence in him. In connection with the pending bill, he recommended a cut of another \$1,000,000,000. Does not that prove that he is worthy of being trusted? Even from the appropriations for the current year he actually saved \$150,000,000. Does that not show that he is worthy of confidence? No, but some Senators say, "We are not willing to trust him with this \$250,000,000. We are willing to trust him with \$500,000,000; we are willing to trust him with \$3,000,000,000, but not with \$250,000,000. Ah, no; he will spend that, he will waste that."

Mr. President, I send to the desk a letter from Mr. Hoffman which I ask to have read.

The PRESIDING OFFICER. Without objection, the letter will be read.

The legislative clerk read as follows:

ECONOMIC COOPERATION
ADMINISTRATION,
Washington, D. C., May 1, 1950.
The Honorable TOM CONNALLY,
United States Senate.

DEAR SENATOR CONNALLY: I am concerned by various amendments now before the Senate which call for large reductions in the authorization of funds for the European recovery program next year. I am convinced that their adoption would not only seriously affect the program for fiscal 1951 but would place in real jeopardy the important recovery

results already attained at a cost to the American taxpayer of some \$10,000,000,000. Any reduction which runs this risk of destroying not only future prospects but also past achievements seems to me "penny-wise and pound-foolish."

I want to make it clear that my concern over the suggested reductions does not indicate any dissent from the position repeatedly taken by the Senate, in which I wholeheartedly concur, that European aid should be on a rapidly declining scale. The record will bear out the fact that this principle is being followed. For fiscal 1949 the aid figure was approximately \$5,800,000,000 including the special appropriation for Germany and for 1950 about \$4,200,000,000 including Germany.

Our estimate for 1951 was and is of a requirement of \$3,100,000,000 from which we deducted \$150,000,000 which we felt confident could be saved from this year's funds and carried over to next year. On this basis we have requested an authorization of \$2,950,000,000. We are continuing to study the program for further possible reductions both with respect to further savings out of this year's funds and change in the estimates for fiscal 1951. Any reductions that can be made in either category will be presented in detail to the Appropriations Committee so that any necessary adjustments can be made in the appropriation legislation.

There is one point about which I feel strongly. Our estimates of Europe's needs for the next fiscal year have been attacked on the ground that we will not in fact spend all the money appropriated to us for the current fiscal year ending June 30, 1950. May I point out that these savings have resulted from our determination to hold expenditures to the lowest figure consistent with attaining the objectives of the program. I am astounded that such vigilance should be made the basis for attacking next year's estimates. I hardly need point out that every penny appropriated could have been obligated without the slightest difficulty.

Sincerely yours,

PAUL HOFFMAN,
Administrator.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

The question is on the amendment of the Senator from New Hampshire [Mr. BRIDGES] on page 4, line 2, to strike out "\$2,950,000,000" and insert in lieu thereof "\$2,700,000,000."

Mr. WHERRY and other Senators asked for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. TYDINGS. On this vote my colleague, the junior Senator from Maryland [Mr. O'CONNOR], who is absent on public business, is paired with the junior Senator from Louisiana [Mr. LONG]. If present and voting, the junior Senator from Maryland would vote "nay," and the junior Senator from Louisiana would vote "yea."

The roll call was concluded.

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Nevada [Mr. McCARRAN] are absent by leave of the Senate on official business.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Louisiana [Mr. LONG] and the Senator from Oklahoma

[Mr. THOMAS] are absent by leave of the Senate.

The Senator from Florida [Mr. PEPPER] is absent on public business.

The Senator from Montana [Mr. MURRAY] is absent because of illness in his family.

The Senator from Kentucky [Mr. CHAMBERLAIN] is paired on this vote with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Kentucky would vote "nay," and the Senator from New Mexico would vote "yea."

The Senator from Nevada [Mr. McCARRAN] is paired on this vote with the Senator from Kentucky [Mr. WITHERS]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Kentucky would vote "nay."

The Senator from Iowa [Mr. GILLETTE] is paired on this vote with the Senator from Oklahoma [Mr. THOMAS]. If present and voting, the Senator from Iowa would vote "yea," and the Senator from Oklahoma would vote "nay."

The Senator from Florida [Mr. PEPPER] is paired on this vote with the Senator from Utah [Mr. WATKINS]. If present and voting, the Senator from Florida would vote "nay," and the Senator from Utah would vote "yea."

I announce further that if present and voting, the Senator from California [Mr. DOWNEY] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate and is paired with the Senator from Michigan [Mr. VANDENBERG], who is necessarily absent. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Michigan would vote "nay."

The Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate and is paired with the Senator from Oregon [Mr. MORSE], who also is absent by leave of the Senate. If present and voting, the Senator from Iowa would vote "yea," and the Senator from Oregon would vote "nay."

The Senator from North Dakota [Mr. LANGER] is absent by leave of the Senate.

The Senator from Utah [Mr. WATKINS] is absent by leave of the Senate on official business and is paired with the Senator from Florida [Mr. PEPPER]. If present and voting, the Senator from Utah would vote "yea," and the Senator from Florida would vote "nay."

The result was announced—yeas 47, nays 33, as follows:

YEAS—47

Alken	Gurney	Maybank
Brewster	Hendrickson	Millikin
Bricker	Hoey	Mundt
Bridges	Holland	Russell
Butler	Ives	Saltonstall
Byrd	Jenner	Schoeppel
Cain	Johnson, Colo.	Smith, Maine
Cordon	Johnston, S. C.	Stennis
Darby	Kem	Taft
Donnell	Knowland	Thye
Dworshak	McCarthy	Tobey
Eaton	McClellan	Wherry
Ellender	McKellar	Wiley
Ferguson	Magnuson	Williams
Frear	Malone	Young
George	Martin	

NAYS—33

Anderson	Humphrey	McMahon
Benton	Hunt	Murray
Connally	Johnson, Tex.	Myers
Douglas	Kefauver	Neely
Eastland	Kerr	O'Mahoney
Flanders	Kilgore	Robertson
Fulbright	Leahy	Smith, N. J.
Graham	Lehman	Sparkman
Green	Lodge	Taylor
Hayden	Lucas	Thomas, Utah
Hill	McFarland	Tydings

NOT VOTING—16

Capehart	Langer	Thomas, Okla.
Chapman	Long	Vandenberg
Chavez	McCarran	Watkins
Downey	Morse	Withers
Gillette	O'Connor	
Hickenlooper	Pepper	

So Mr. BRIDGES' amendment was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed, without amendment, the joint resolution (S. J. Res. 176) to suspend the application of certain Federal laws with respect to attorneys employed by the special Senate committee in connection with the investigation ordered by Senate Resolution 202, Eighty-first Congress.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948

The Senate resumed the consideration of the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended.

Mr. MALONE. Mr. President, I call up my amendment C, dated April 26, 1950.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 7, between lines 3 and 4, it is proposed to insert the following:

TERMINATION OF ASSISTANCE

SEC. —. Section 118 of such act is amended by adding at the end thereof the following new sentence: "The Administrator shall terminate the provision of assistance under this title on June 30, 1950, to any participating country unless, on or before such date, such country (1) has eliminated any currency controls imposed by it that prevent its currency from reflecting its actual purchasing power in terms of the United States dollar on the free monetary markets of the world, and (2) enters into an agreement with the United States that it will not reimpose any such currency controls prior to July 1, 1952."

Mr. MALONE. Mr. President, this amendment would require each participating country to agree "to eliminate any currency manipulation which prevents its currency from reflecting its actual purchasing power in terms of the United States dollar on the free monetary markets of the world."

The single, most important factor for the chaotic conditions of intra-European trade and the European trade deficits is the continued maintenance of exchange controls and currency manipulation.

Import licensing and bilateral trade agreements are largely the results of an unfair and discriminatory determination of the value of each country's money.

All those barriers against the establishment of a larger and freer European market for European goods will be broken down if currencies again become freely convertible, both in terms of one another and in terms of dollars. In some countries it may be necessary for the people to delay or swear off expensive social welfare schemes for awhile. Let us not forget that \$9,000,000 of ECA aid has made the American people, also, pull in their belts.

At this point I want to read an editorial from the Wall Street Journal of May 3, 1950, which gives a cogent argument for the pending amendment:

A BILL OF DIVORCEMENT

This newspaper has long argued that the objectives of our European aid program—which necessarily involve the lowering of trade barriers among the countries—are irreconcilable with the objectiveness of a controlled economy.

This week there have been indications that the same thought is occurring to others. The London press reports are now noting a "feeling in high quarters" that the domestic policies of the British Government represent an obstacle to the economic integration of western Europe.

Since these stories have come from correspondents of several different news organizations, they seem to be what are known as "inspired" stories—that is, they reflect the views of officials who cannot, for one reason or another, be identified. And since it is unlikely that the Labor government would inspire such stories, it seems probable that they represent the current opinion of ECA officials abroad.

The awakening is both interesting and disturbing. Interesting because it strips away the illusion that an economy can be Socialist at home and globally cooperative in its foreign trade. Disturbing because it casts considerable gloom about the brave hopes for destroying the economic barricades of Europe.

Let us look at just one barricade, that erected against the transfer of trade payments from one country to another.

Under the present system a Frenchman cannot freely sell his goods in Britain, take his pounds sterling and buy in Belgium while the Belgian in turn uses the pounds to buy in Britain. The pounds are not freely exchangeable.

The disadvantages of this to commerce are manifest; the smallest exchange of goods becomes a complicated matter of government negotiation and the result is a hobbling of trade. So the ECA has endeavored to set up some sort of payments union, a central pool of currencies which could be drawn upon in the course of trade. This would not mean free trade so long as export-import quotas are retained, but it would be a small step in that direction.

The ECA has failed in even this modest undertaking. Although approving "in principle," the British Government has rejected every concrete plan made.

The reason for the British objection, reduced to its simplest form, is that without currency control it is hard for the British Government to control the Britain-France-Belgium-Britain trade cycle. For instance: France, if she had free use of pounds, might compete in Belgium for goods which Britain wants to get with its own pounds or France might buy in Belgium goods that the British would prefer to sell France themselves.

Quota restrictions, of course, will control the flow in and out of Britain anyway. But

currency controls can do more; they can help influence the course of trade between two other countries—in this example, France and Belgium.

Dropping currency curbs could play hob with the Labor Government's home plans. When the plans called for more of this from Belgium, the planners might find that France was there betimes—and with British pounds. Or the plan to export more of that to France might be stymied because France had found a better buy in Belgium.

The simple fact is, and always has been, that currency controls abroad are essential to a dictated economy at home. And in the case of a country like Britain, which is a big buyer and seller in world markets, these currency controls will be used to influence the trade patterns of other countries to its own purposes.

This is, admittedly, a gloomy fact for the ECA planners to have to face; their ambition to promote freer trade in Europe is a most commendable one. But it is a hard fact better faced late than later.

The policy of promoting economic union in Europe and the policy of supporting with subsidies the Socialist Government in London are mutually incompatible.

Mr. President, some of the European participating countries have as many as 28 values for their currency, depending upon the area and particular uses to be made of such currencies. For example, the little country of Colombia, in South America—a country far removed from Europe, but operating on the same general principle—the peso has several values, with the result that a person in Colombia who wishes to buy goods from this country to be shipped to Colombia may be charged two or three times as much for the dollar in terms of the peso as he will be charged in a country where imports are favored, thus effectively preventing the imports from this country. The free convertibility of currency should be the first consideration and condition in connection with our advancing funds to any foreign country to prevent such manipulations.

Mr. President, at this point I ask unanimous consent to have inserted in the RECORD a summary of licensing and exchange-control requirements and the status of private trading with the United States for European countries and certain African areas.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

[From the Department of Commerce, Office of International Trade, Areas Division, Western and Eastern European Branches, April 1950]

SUMMARY OF LICENSING AND EXCHANGE-CONTROL REQUIREMENTS AND STATUS OF PRIVATE TRADING WITH UNITED STATES FOR EUROPEAN COUNTRIES AND CERTAIN AFRICAN AREAS

A. IMPORT TRADE

Albania

Licensing requirements: All imports subject to license.

Exchange controls: Government exercises complete control over foreign exchange.

Status of private trade: All foreign trade is nationalized.

Austria

Licensing requirements: Import licenses are required for all but a few commercial imports. Import and exchange permits are approved simultaneously as a general rule.

The usual validity period of an import license is 6 months, but this period can be extended. The validity period of an ex-

change permit is 1 month, but this may be extended for 1 or 2 months, and longer periods in exceptional cases. Merchandise imported under an import license must be cleared through customs before the expiration date of the license.

Exchange controls: Full control. Permit of Austrian National Bank required for the purchase of foreign exchange to pay for imports, and exchange permit must accompany all commercial imports for clearance through customs.

Status of private trade: Private trade operative. Trade in salt, tobacco, and explosives is reserved to monopolies.

Belgian Congo

Licensing requirement: All commodities subject to import license issued by the Exchange Commission valid for a period of 6 months.

Exchange controls: When an import license is granted by the Exchange Commission, this same office also grants an exchange license providing for the required exchange.

Status of private trade: Private trade operative within framework of licensing and exchange controls.

Belgium-Luxemburg

Licensing requirements: Import licenses are required for items amounting to approximately 30 percent of import trade. Application for import licenses must be made to the Office Central des Contingents et Licenses (O. C. C. L.) by the Belgian importer.

For other items, a "declaration in lieu of license" may be used.

Exchange controls: Banks which have been approved by the Belgo-Luxemburg exchange authorities are authorized to make available the necessary foreign exchange upon presentation of an approved import license.

For the exchange requirements of items imported under a declaration in lieu of license, these same banks generally make available the required foreign exchange upon presentation of the declaration. In certain instances, however, declarations are referred to the licensing authorities by the banks for approval before exchange is granted. No list of these items has been made public.

Status of private trade: Private trade operative within framework of licensing and exchange controls.

Details on import licensing: Import licenses generally carry with them the right to foreign exchange.

The period of validity of each license depends on circumstances, but it is usually 2 or 3 months or longer. The merchandise must be cleared through the Belgian customs before the expiration date of the import license.

Whether the amount indicated on the license cover is FOB, FAS, or CIF depends on the terms of the application.

No specific percentage of tolerance in value or quantity is allowed on the import license, but small deviations are usually permitted.

The maximum value permitted for merchandise shipped without an import license is 500 francs for a parcel-post package and 2,500 francs for a package sent by railway express. Samples, gifts, advertising material, and other items not for sale are generally exempt from import license requirements.

Bulgaria

Licensing requirements: All imports subject to license. Ministry of Foreign Trade license issuing authority.

Exchange controls: Government exercises complete control over foreign exchange. License automatically assures foreign exchange.

Status of private trade: All foreign trade is nationalized.

Czechoslovakia

Licensing requirements: Almost all imports are handled by foreign-trade monop-

lies. Licenses from Ministry of Foreign Trade required for all imports.

The usual validity period of an import license is 3 months. The bill of lading must be dated on or before the expiration date. Goods must be shipped before the expiration date, that is, they must be out of the hands of the exporter. However, this does not mean that the vessel or other means of conveyance must clear the port or point of shipment, nor does it mean that the vessel or other means of conveyance must arrive at the port of discharge before the expiration date, provided that the documents have been issued directly for Czechoslovakia. Merchandise need not be cleared through customs before the expiration date, but must be cleared within 3 weeks after expiration date—provided that the goods have been shipped prior to the expiration date and the documents have been issued directly for Czechoslovakia.

Exchange controls: Exchange permits required. Granting of import license automatically provides for allocation of necessary foreign exchange from National Bank of Czechoslovakia.

Status of private trade: Very little private trade; all foreign trade is being nationalized.

Denmark

Licensing requirements: On most commodities imported from United States. Goods Supply Board is the issuing authority.

Exchange controls: On practically all import transactions involving United States goods.

Application for exchange and import license made simultaneously, when import license is required.

Status of private trade: Private trade operative, within framework of existing licensing system. Imports of a number of important commodities effected on a centralized basis.

Details on import licensing: Import licenses carry with them the right to foreign exchange.

The period of validity of each import license varies considerably, but is usually 6 months for imports from the United States. The merchandise must be cleared through the Danish customs before the expiration date.

The value indicated on the import license is c. i. f. port of discharge.

No tolerance in value or quantity is allowed on the import license.

Import licenses are required on goods of United States origin, irrespective of value of shipment, with the exception of a limited number of articles comprising a free list, for which no licenses are required for goods of any origin. These include books, periodicals, and other printed matter in a foreign language. Personal effects of travelers, settlers' effects and some other classes of goods entering under special circumstances are also exempt from license requirements. Samples valued at less than 50 crowns and not constituting part of a larger shipment of samples do not require a license. Gifts are exempt from license requirements up to a maximum value of 500 crowns, but if value exceeds 25 crowns a signed statement of the recipient confirming the gift status of the shipment is required.

Finland

Licensing requirements: On all commercial imports, with minor exceptions. Import licenses generally issued only for essentials.

Exchange controls: On all import transactions. Exchange becomes automatically available with the issuance of an import license.

Status of private trade: Private trade operative, within the framework of existing licensing and control system, except for monopoly articles, notably alcohol and sugar.

Details on import licensing: Import licenses carry with them the right to foreign

exchange if the amount required is stated in the application.

The period of validity of each import license is 1 year, but extensions have been procurable without difficulty when more time was required for delivery.

The value indicated on the import license is usually f. a. s. port of shipment, but if payment for freight requires foreign exchange, the c. i. f. port of discharge value may be stated.

A 10-percent maximum tolerance in quantity or value may be allowed on the import license.

In general, commercial shipments are exempt from license requirements only if of very small value.

France

Licensing requirements: All commercial imports (outside Government procurement), regardless of value, are subject to individual import license (form PRE for ECA imports; form AC for other imports). Licenses must be obtained by the importer from the French Exchange Office (Office des Changes), Paris, before shipment of the merchandise.

Certain types of shipments are specifically exempted from the import license requirement. These types include gift food packages, and samples which are to be reexported. The latter require special documentation.

Licenses are granted on the basis of essentiality of the product and availability of exchange. They are nontransferable. Licenses for imports from extra-European countries are valid for 6 months, at expiration of which the merchandise must have been despatched in direct shipment to France. Licenses may not be renewed.

The amount indicated on the import license covers the c. i. f. value, port of discharge, f. o. b. value should also be shown on the license. No percentage of tolerance in value or quantity is allowed on the import license.

Exchange controls: With minor exceptions, all foreign-exchange proceeds and payments are strictly controlled. Import licenses carry with them the right to acquire foreign exchange of the amount and kind shown on the license, or indicate that no foreign exchange is required (license without payment).

Prior authorizations are sometimes issued by the exchange office to facilitate placing of orders which require considerable time to fill. These authorizations which are not import licenses and have no value for customs purposes authorize the importer to effect exchange and bank operations, in conformity with exchange regulations, necessary for placing this order. To actually effect the importation an import license must be obtained in the usual manner, but it is issued automatically to the extent that it conforms to the currently valid prior authorization against which it is charged.

Status of private trade: While the importation of some products, such as coal, fats, and liquid fuels, is restricted to special national groups or offices, and the importation of certain other products is restricted to Government-sponsored and controlled "groupements d'importation" (associations of importers and/or manufacturers), the importation of most products is now open to private trade. The number of articles still subject to "groupement" purchasing is steadily declining.

French North Africa

Licensing requirements: Import licenses required on all products. Granted as a rule for essentials only.

Name of license-issuing organizations: Algeria: Office Algérien du Commerce Extérieur, 13 rue d'Isly, Alger, Algeria.

Tunisia: Office du Commerce Extérieur de la Tunisie Tunis, Tunisia.

French Morocco: Office Chérifien du Commerce Extérieur, Casablanca, French Morocco, or Directorate of Commerce, Rabat.

Exchange controls: Full controls; import license carries the right to foreign exchange.

Status of private trade: According to prewar commodity distribution, about nine-tenths of the trade is restored to private channels. This constitutes the major proportion of the value of the trade with the United States. (This refers to Tunisia, Algeria and Morocco.)

French West Africa

Licensing requirements: Import licenses required on all products. Granted as a rule for essentials only. License issuing organizations. Office Colonial des Changels, Dakar, French West Africa.

Exchange controls: Full controls; import license carries the right to foreign exchange.

Status of private trade: Only limited list of products (comprising about 10 percent of trade by prewar pattern) not returned to private channels.

Germany

Western Germany and Western Sectors of Berlin

Licensing requirements: Licenses required for all commercial imports. Obtained from German foreign trade banks (Aussenhandelsbanken).

Exchange controls: Control exercised over all foreign exchange transactions. Administered primarily through German foreign trade banks. Import license carries with it release of foreign exchange.

Status of private trade: Most imports handled through private trade channels.

Soviet Zone of Germany and Soviet Sector of Berlin

Licensing requirements: Almost all imports handled by Government trading monopolies.

Exchange controls: Control exercised over all foreign exchange transactions.

Status of private trade: Contracts may be made only through Government trading companies.

Greenland

Licensing requirements. Exchange controls. Status of private trade: No private trade; trade is a monopoly of Danish Government.

Hungary

Licensing requirements: Almost all imports are handled by government trade monopolies. Licenses required for all imports. Licenses issued by the Hungarian National Bank.

Exchange controls: Full control. Permit of National Bank required for the purchase of foreign exchange to pay for imports. Granting of import license automatically provides for allocation of necessary foreign exchange.

Status of private trade: Foreign trade concentrated largely in government trading companies.

Iceland

Licensing requirements: Licenses required for all imports. Licenses are issued, at present, only for essentials, such as foodstuffs, grain, fats, sugar, fertilizer, feeds, and machinery.

Exchange controls: Exchange control on all transactions. Import licenses constitute foreign currency permits, unless otherwise stipulated, but transfer of exchange conditioned on priority and availability of exchange medium involved.

Status of private trade: Private trade operative, within framework of existing licensing system, except for monopoly articles, notably tobacco, artificial fertilizers, alcohol, matches, and cigarette paper.

Italy

Licensing requirements: Import license or special permit, required to be presented to customs for the importation of nearly all goods, is issued by the Italian Exchange Office upon instructions of Foreign Trade Ministry and after presentation to Exchange Office of authorized bank declaration that payment is made from or earmarked in 50 percent export proceeds account. Exception: A few industrial raw materials (List A, as amended) importable upon presentation to customs of simple bank declaration as above.

"Franco Valuta" imports: The expression "franco valuta" (free of exchange) is used to denote imports financed with foreign exchange resources available to importers outside of Italy and, therefore, without having recourse to funds in the "50 percent foreign exchange accounts" or, with foreign exchange to be obtained from Italcambi; limited to—

(a) Bona fide gifts,

(b) Imports financed with funds originating from moneys inherited abroad by Italian nationals,

(c) Imports financed by Italians resident in countries where exchange restrictions prevent transfers of their funds to Italy,

(d) Imports financed with funds pertaining to Italians returning to Italy for permanent residence.

(e) Very exceptionally, imports only for their own use by the Italian branches of American companies.

Exchange controls: Exporters of domestic goods are credited with 50 percent of dollars and other "hard currency" (at present, only free Swiss francs), proceeds left at the disposition of private trade for importation within 60 days from the end of the month in which it became available, subject to the "licensing requirements" outlined above—or for sale at the "export" rate quoted in Milan or Rome exchanges on day before selling. The 50 percent in question may be purchased by importers through banking channels. The remaining 50 percent must be ceded to the Italian Exchange Office at a rate corresponding to the average, as of the day of surrender, of the closing quotations for export currency of the Rome and Milan Exchanges.

Status of private trade: Private trade is restricted to imports deemed essential by the Foreign Trade Ministry, and by exclusive government purchase, at the present time, of wheat (also flour), coal and a few other critical goods.

Importation of tobacco (unmanufactured), salt, matches, lighters, quinine, etc., is reserved to the monopolies.

Netherlands

Licensing requirements: All imports from the dollar area are subject to import licenses, issued by the Central Bureau for Imports and Exports, "Rijksbureaux" and monopoly holders. Licenses must be applied for by the Netherlands recipient. Usually granted only for commodities vital to national economy and reconstruction, not for luxury goods, and only if not obtainable domestically or from nondollar sources. Applications must be accompanied by pro forma invoice in triplicate.

Exchange controls: Payment attest required for all payments to a party abroad, which, if foreign exchange is available, is usually affixed to the import license. This attest must be obtained from the Nederlandsche Bank, Amsterdam.

Status of private trade: Private import trade mostly resumed, within the framework of existing licensing system. Official purchasing commissions for a few vital commodities still exist in United States of America and Canada. Importing for an entire industry group is favored by more easily obtainable licenses.

Full restoration of free trade with the dollar area cannot be expected in the near future.

Norway

Licensing requirements: All commodities subject to import license. Licenses granted only for essentials, such as grain, coal, industrial machinery, chemicals, steel, and medical supplies. Quantitative restrictions removed on several items, especially capital goods, coming from certain other OEEC countries. Licenses for United States goods are hard to get since dollar exchange is scarce.

Exchange controls: Rigid exchange control in effect. Import permit allows holder to obtain foreign exchange but a separate exchange permit from the Bank of Norway must be obtained.

Status of private trade: Except for a few commodities in short supply, foreign trade has been restored to private channels.

Trade in almanacs and calendars, spirits, coal, and grain and flour is reserved to Government, or Government-authorized private monopolies. Creation of Government monopoly over import and wholesale distribution of cattle, feed, and drugs is under consideration.

Details on import licensing: Import licenses do not carry with them the right to foreign exchange. The importer must obtain a separate exchange permit from the Bank of Norway.

The period of validity of each import license may be 3, 4, or 6 months, usually 3 months. The period of validity is extended if valid reasons for extension are given. The merchandise must be cleared through the Norwegian customs before the expiration date of the license.

The period of validity of the exchange permit is also 3, 4, or 6 months, usually 3 months. Here, too, leniency is shown in extending the period of validity if valid reasons for extension are given. The merchandise covered by the exchange permit must be cleared through the Norwegian customs before the expiration date of the permit.

The amount indicated on the import license and on the exchange permit covers f. o. b. vessel or f. a. s., port of shipment, depending upon the request of the importer.

No percentage of tolerance is allowed on the import license or on the exchange permit. Exempt from import license requirements are samples up to a value of 10 crowns and gifts up to a value of 100 crowns.

Poland

Licensing requirements: Almost all imports are handled by government state monopolies; almost all imports are subject to licensing by the Polish Ministry of Industry and Commerce. Existing controls favor imports of basic essentials.

Exchange controls: Application for foreign exchange must be made to Foreign Exchange Control Commission, after receipt of import license.

Status of private trade: Hardly any private trade; all foreign trade is being nationalized.

Portugal

Licensing requirements: "Prior registration," equivalent to import license, required for all imports. Licenses are issued by the Corporative Technical Council.

Exchange controls: Full control. Foreign exchange license required.

Status of private trade: Permitted, subject to control of corporative organizations.

Details on import licensing: Import licenses carry the right to foreign exchange. The usual period of validity of a license is 90 days, which may be extended in exceptional cases. Actual arrival of the goods before the expiration date is not required, but the bill of lading must be dated prior to the date of expiration noted on the license.

The amount indicated on the import li-

cense covers the total amount of dollar exchange required to effect the transaction. Thus, if insurance and freight charges on an individual shipment require payment in dollars, the additional amounts under these headings should be added to the f. o. b. value at the port of shipment in making out the import license.

A tolerance of 10 percent is allowed when the license indicates approximate value. The import license must also state a quantity. However, if the volume of the shipment upon arrival does not correspond to this quantity, the importer may request a rectification of the quantity figure given in the original license application.

There are no exceptions from license requirements granted by virtue of the character of the merchandise. However, gifts and commercial samples are generally accorded favorable treatment in the issuance of license.

Portuguese colonies (Angola, Mozambique, Cape Verde, Portuguese Guinea, San Tomé, and Principe)

Licensing requirements: "Prior registration," equivalent to import license, required for all imports.

Exchange controls: Full control. Foreign exchange license required.

Status of private trade: Permitted, subject to control of corporative organizations.

Rumania

Licensing requirements: All imports are handled by government trading monopolies. Licenses required for all imports.

Exchange controls: Full control. Status of private trade: Private trade not operative.

Spain

Licensing requirements: All imports. Imports largely limited to essential raw materials. Special combined import-export transactions are authorized. (See FCW of October 5 and 12, 1946.)

In applying for import license Spanish importer must furnish a pro forma invoice in quintuplicate, prepared by prospective exporter, giving weights, and f. o. b. foreign port and c. i. f. prices.

Import licenses are issued by the Ministry of Industry and Commerce.

Exchange controls: All imports. Exchange must be obtained through Foreign Exchange Institute which usually, but not mandatorily, grants it in accordance with the terms of the import license. Special exchange rates established for many import products. Special exchange rates established for various commodities.

Status of private trade: Permitted, subject to control at all stages by syndical organizations. Trade in tobacco, petroleum, matches, cottonseed, and playing cards is reserved for monopolies.

Spanish possessions in Africa

Licensing requirements: All imports subject to license.

Exchange controls: All imports. Exchange must be obtained through Foreign Exchange Institute which usually, but not mandatorily, grants it in accordance with the terms of the import license.

Status of private trade: Permitted, within the framework of existing licensing system, subject to control at all stages by syndical organizations.

Sweden

Licensing requirements: Rigid general import license regulations effective March 15, 1947, although several items were controlled before that time. Goods on special free list, principally books and publications, exempt from import license.

Exchange controls: Rigid exchange control. Import licenses carry with them the right to foreign exchange, but license must be registered at a foreign exchange bank within 2

months after issuance, and separate application filed for exchange when desired.

Status of private trade: Import trade is largely in the hands of private merchants and firms, except for liquors, sugar, and tobacco. State-owned enterprises, such as railways, National Economic Defense Board, and Board of Roads and Waterways, do, of course, engage in trade on their own account. Government authorized private monopoly exists in importation of almanacs and calendars.

Details on import licensing: Import licenses carry with them the right to foreign exchange, but a separate application must be made for exchange; import licenses are not now issued unless exchange is available or unless it is agreed that the shipper will wait for payment. American exporters should ascertain that the Swedish importer has obtained the required import license and made the proper arrangement for payment.

The period of validity of each import license extends to the end of the quarter ending between 6 and 9 months from the date of issuance, and may be longer, if necessary. The means of conveyance must arrive at the point of discharge and the customs declaration must be filed with the Swedish authorities before the date of the expiration of the import license. Exceptions are sometimes made by special announcement. The period of validity of the exchange permit is usually 15 days shorter and payment must be effected before the expiration date of the exchange permit.

The amount indicated on the import license and on the exchange permit cover the f. o. b. vessel or c. i. f. port of discharge value, depending upon the terms of the application. A 5-percent tolerance in value may in exceptional cases be allowed on the import license, as well as on the exchange permit.

The maximum value of merchandise which can be imported without an import license or exchange permit is 200 crowns, subject to careful examination in each case. Exempt from import license requirements are samples under 200 crowns in value, gift packages, and advertising material, subject to careful consideration in each individual case.

Switzerland

Licensing requirements: Import licensing requirements have been practically eliminated, with the exception of continued restrictions on certain agricultural products.

Licenses freely granted on most commodities to established importers.

Licensed by Service des Importations et Exportations du Departement Federal de l'Economie Publique in almost all cases.

Exchange controls: Imports from dollar countries may be paid for in any currency acceptable to the seller.

Payments to most countries must be made through clearing accounts.

Status of private trade: Private trade in operation, except for trade in sugar, cereal and fodder grains, coal, oils, and fats, which is handled by the state-supervised organizations.

In addition, importation of monopoly articles, notably alcohol, salt, and gunpowder, is reserved to monopoly holder.

Details on import licensing: The import license carries with it the right to foreign exchange.

The original period of validity of an import license is 2 months. A license is renewable twice for a period of 3 months at each renewal. In practice, the authorities are very liberal in granting license renewals.

The amount indicated on the license covers the value at the Swiss border.

A tolerance of 5 percent on both quantity and value is allowed on an import license.

If the commodity in question requires an import license, the license must be obtained regardless of the value.

Actual samples which can be used only as samples and which possess no commercial

value are exempt from license requirements. Import licenses are not required for gifts sent by parcel post. Although many items require import licenses, licenses are freely granted on most commodities to established importers.

U. S. S. R.

Licensing requirements: All imports are subject to licensing by the Ministry of Foreign Trade. This particular requirement does not, however, present any difficulty to the potential American exporter inasmuch as the official Soviet trading agency in the United States (the Amtorg Trading Corporation in New York City), through which all transactions with the Russian market are effected, assumes responsibility for attending to all the documentation required by the Government of the U. S. S. R.

Exchange controls: The possession and disposition of foreign exchange and gold is a government monopoly in the U. S. S. R., administered by the state bank. Import transactions approved by the Ministry of Foreign Trade are automatically assured of the required allocation of foreign exchange.

Status of private trade: The entire field of foreign trade is operated as a government monopoly.

Yugoslavia

Licensing requirements: All imports subject to license. Ministry of Foreign Trade license issuing authority.

Exchange controls: Government exercises complete control over foreign exchange. License automatically assures foreign exchange. Foreign exchange for payment of imports made available by the National Bank of Yugoslavia.

Status of private trade: All foreign trade is nationalized.

B. EXPORT TRADE

Albania

Licensing requirements: Licenses are required for all exports.

Exchange controls: Government exercises complete control over foreign exchange.

Status of private trade: All foreign trade is nationalized.

Austria

Licensing requirements: Licenses required for the majority of exports. The new foreign-trade law, effective December 31, 1948, liberalizes and simplifies foreign-trade regulations; commodities requiring export license are specified in list A.

Exchange controls: Full exchange control.

Status of private trade: Private trade operative.

Belgium-Luxemburg

Licensing requirements: Export licenses are required for items amounting to approximately 50 percent of export trade. Application for export licenses must be made in the Office Central des Contingents et Licenses (OCCCL) by the Belgian exporter.

For other items a declaration in lieu of license may be used.

Exchange controls: Payments for goods exported both under license and declaration in lieu of license must be assigned by the Belgian exporter to an authorized bank within 8 days of receipt of payment.

Status of private trade: Private trade operative within framework of licensing and exchange controls.

Bulgaria

Licensing requirements: Licenses are required for all exports. Licenses are issued by Ministry of Foreign Trade.

Exchange controls: Government exercises complete control over foreign exchange. All foreign exchange proceeds resulting from export trade deposited with Bulgarian National Bank.

Status of private trade: All foreign trade is nationalized.

Czechoslovakia

Licensing requirements: Almost all exports are handled by Government foreign-trade monopolies. Licenses from Ministry of Foreign Trade required for all exports.

Exchange controls: Full control over foreign-exchange transactions, exercised by National Bank.

Status of private trade: Very little private trade; all foreign trade is being nationalized.

Denmark

Licensing requirements: Licenses required for many exports of importance. Goods Supply Board and Ministry of Agriculture are license-issuing authorities.

Exchange controls: Full control on all export transactions.

Status of private trade: Private trade operative, within the framework of existing licensing system, but many exports centralized.

Finland

Licensing requirements: All exports technically subject to license. Licensing board is license-issuing authority.

Exchange controls: On all export transactions.

Status of private trade: Private-trade operative, within framework of existing licensing system.

France

Licensing requirements: Export licenses are now required for a comparatively small percentage of commodities in French export trade, notably essential foods, textiles, and raw materials, and equipment for industry. Gradual relaxation of export license control has accompanied improved domestic supplies.

Exchange controls: All exports require an exchange commitment ("engagement de change") executed by the exporter guaranteeing surrender of the foreign-exchange proceeds of the transaction within a given period in exchange for francs. The export license (form 02) is sufficient and takes the place of an exchange commitment for products subject to export license; a special form (DE) must be executed at the French Exchange Office (Office des Changes) in the case of exports not subject to license.

Status of private trade: Exports from France to the United States are on a private trade basis, within the framework of the existing licensing system.

French North Africa

Licensing requirements: Export licenses required for all exports.

Exchange controls: Exchange controls require exporter to surrender 90 percent of the foreign exchange in all cases.

Status of private trade: Private exportation is in operation, within the framework of existing licensing system.

French West Africa

Licensing requirements: Export licenses required for most products, obtainable from the Office de Commerce Extérieur, Dakar, French West Africa.

Exchange Controls: Exchange controls require exporter to surrender foreign exchange in all cases.

Status of private trade: Exportation of crude products reserved to members of authorized trade groups. Other exports returned to private trade, within the framework of existing licensing system.

Germany

Western Germany and Western Sectors of Berlin

Licensing requirements: Licenses required for all commercial exports. Obtained from German foreign trade banks (Aussenhandelsbanken).

Exchange controls: Control exercised over all foreign exchange transactions. Payments must be made through German bank-

ing system; payments direct to German exporters are prohibited.

Status of private trade: All export trade in private hands.

Soviet Zone of Germany and Soviet Sector of Berlin

Licensing requirements: Licenses required for all commercial exports.

Exchange controls: Control exercised over all foreign exchange transactions. Payments must be made to specially designated bank.

Status of private trade: Private firms permitted to conclude contracts only through government trading companies.

Greenland

Licensing requirements. Exchange controls. **Status of private trade:** No private trade except for exports of cryolite. Trade is a monopoly of the Danish Government.

Hungary

Licensing requirements: Almost all exports are handled by government trade monopolies. Licenses required for all exports. Licenses issued by the Hungarian National Bank.

Exchange controls: Full exchange control on all export transactions.

Status of private trade: Foreign trade concentrated largely in government trading companies.

Iceland

Licensing requirements: All exports must be declared to customs authorities for approval before shipment.

Exchange controls: Exchange control on all export transactions.

Status of private trade: Private trade operating.

Italy

Licensing requirements: Exports of domestic commodities are subject to Government control. The Ministry of Finance, upon request of the Ministry of Foreign Trade, has delegated to the customs officials the power to authorize the exportation of almost all goods to hard-currency countries (the United States, Canada, and Switzerland), the exception consisting of a few commodities forming export list A, and requiring a special ministerial export license.

Exchange controls: Exporters of domestic goods are credited with 50 percent of dollars and other hard currency (at present, only free Swiss francs) proceeds left at the disposition of private trade for importation—within 60 days from the end of the month in which it became available, subject to licensing requirements outlined above—or for sale at the export rate quoted in Milan or Rome exchanges on day of selling. The 50 percent in question may be purchased by importers through banking channels. The remaining 50 percent must be ceded to the Italian exchange office at a rate corresponding to the average, as of the day of surrender of export currency quotations in Rome and Milan (as outlined in the section on import trade—exchange controls).

Status of private trade: Exports are encouraged, especially those bringing in dollar exchange. The rate applying to exports currently has been about 625 lire=\$1.

Netherlands

Licensing requirements: Most exports subject to export licenses, issued by the Central Bureau for Imports and Exports, by the Rijksbureaux, or by the monopoly holders.

Licenses ordinarily always granted for exports to the United States of America. In case of a time lag between placing of order and possible export, an assurance for obtaining export license at a given time may be applied for. All applications must be filed by exporter and must be accompanied by an invoice or certified copy thereof.

Exchange controls: License of Nederlandsche Bank or delegated offices necessary for payments to be made from abroad.

Status of private trade: Private trade resumed, within the framework of existing licensing system. Export organizations being established in many industries which market the entire output of a certain industry group.

Norway

Licensing requirements: Exports under strict government control. Licenses are required for all products.

Exchange controls: Rigid exchange control in effect.

Status of private trade: Foreign trade is largely in the hands of private merchants and firms, within the framework of existing licensing system, except for liquor, sugar, and tobacco.

State-owned nonmonopolistic enterprises do, of course, export on their own account.

Portugal

Licensing requirements: All exports subject to license. Licenses are issued by the Corporative Technical Council.

Exchange controls: Full control of all other transactions.

Status of private trade: Private trade permitted, subject to control of corporative organizations within the framework of existing licensing system.

Portuguese colonies (Angola, Mozambique, Cape Verde, Portuguese Guinea, San Tomé, and Principe)

Licensing requirements: All products subject to export license, issued by the Export Regulating Commission or delegated agencies.

Exchange controls: Full control of all dollar transactions.

Status of private trade: Private trade permitted, subject to control of corporative organizations, within the framework of existing licensing system.

Poland

Licensing requirements: Almost all exports are handled by Government state monopolies. Licenses required for almost all exports and are issued by the Ministry of Industry and Commerce.

Exchange controls: Full exchange control on exports.

Status of private trade: Hardly any private trade; all foreign trade is being nationalized.

Rumania

Licensing requirements: All foreign trade now nationalized. Licenses required for all exports.

Exchange controls: Full exchange control on exports.

Status of private trade: Private trade not operative.

Spain

Licensing requirements: All exports subject to license by Ministry of Industry and Commerce or delegated agencies.

Exchange controls: Foreign exchange from exports must be turned over to Foreign Exchange Institute. Special exchange rates established for many export products.

Status of private trade: Private trade in operation subject to control by syndical organizations within the framework of existing licensing system.

Spanish possessions in Africa

Licensing requirements. Exchange controls. Status of private trade. See Spain.

Sweden

Licensing requirements: Exports subject to permit regulations (see FCW of April 7, 1945) with only certain books and publications and limited noncommercial tourist purchases exempt.

Exchange controls: Rigid exchange control.

Status of private trade: Export trade is in the hands of private merchants and firms, within the framework of existing licensing system, except for liquors, sugar, and tobacco products. State-controlled nonmonopolistic enterprises do, of course, export on their own account.

Switzerland

Licensing requirements: Export license requirements have been abolished, with the exception of products of the watch industry and certain strategic raw materials.

Licensed by Service des Importations et Exportations de Departement Fédéral de l'Economie Publique.

Exchange controls: Dollar proceeds from exports to dollar countries are converted in full at current rate of exchange.

Proceeds from exports to other countries converted at official rates through Swiss Clearing Office.

Status of private trade: Private trade in operation, within the framework of existing licensing system.

U. S. S. R.

Licensing requirements: All exports are subject to licensing by the Ministry of Foreign Trade. This particular requirement does not, however, present any difficulty to the potential American importer inasmuch as the official Soviet trading agency in the United States (the Amtorg Trading Corp. in New York City), through which all transactions with Russian suppliers are effected, assumes responsibility for attending to all the documentation required by the Government of the U. S. S. R. as well as import documentation required by the United States.

Exchange controls: The Soviet Government exercises complete control over all foreign exchange and gold, the possession and disposition of which is a government monopoly in the U. S. S. R., vested in the state bank.

Status of private trade: The entire field of foreign trade is operated as a government monopoly.

Yugoslavia

Licensing requirements: Licenses are required for all exports. Licenses issued by Ministry of Foreign Trade.

Exchange controls: Government exercises complete control over foreign exchange. All foreign exchange proceeds resulting from export trade deposited with National Bank of Yugoslavia.

Status of private trade: All foreign trade is nationalized.

Mr. MALONE. Mr. President, exchange controls and export controls absolutely regulate and control the goods leaving such nations and the goods entering such nations. In other words, there is no such thing as fair play in trade through the arrangements we have made with any of these nations, for when we make such a trade agreement or agreements to slash tariffs or take other steps in that direction, they simply impose quotas, exchange controls, money manipulations, and thus defeat every agreement which has been made with us.

Mr. President, I now ask unanimous consent to have inserted at this point in the RECORD a summary of import licensing and exchange-control regulations in British Commonwealth areas, in the United Kingdom, and in some of the sterling bloc countries.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

[From the U. S. Department of Commerce, Office of International Trade, British Commonwealth Branch, August 1948]

SUMMARY OF IMPORT LICENSING AND EXCHANGE CONTROL REGULATIONS IN BRITISH COMMONWEALTH AREAS

UNITED KINGDOM

Import licenses generally carry with them the right to foreign exchange, and an import license is essential before an exchange permit is issued. The usual validity period of import licenses is 6 months, with 3 months extension (longer periods are allowed only with special authority). The merchandise must be cleared through the United Kingdom customs before the expiration date of the import license. The amount indicated on the license covers the c. i. f. value, port of discharge. No specific percentage of tolerance in value or quantity is allowed on the import license, but the customs officials are understood to exercise their discretion in all cases.

There is no maximum value at which merchandise can be shipped without an import license. Bona fide trade samples, personal or household effects, and unsolicited gift packages to United Kingdom residents are exempt from licensing requirements. Small list of essential goods may enter under open general license.

Exchange permits are applied for separately from import licenses, and ordinarily the validity period of the import license determines the validity period of the exchange permit. The merchandise must be cleared through the United Kingdom customs before the expiration date of the exchange permit, and the exchange control copy of the customs entry must be produced. The amount indicated on the exchange permit usually covers the c. i. f. value, port of discharge, but as this is normally a condition of the individual contract, the value may be governed to some extent by the amount of exchange called for by the contract. No percentage of tolerance in value is allowed on an exchange permit, but in practice customs officers may make an allowance of up to £5 on imports by parcel post. Apart from gifts, no merchandise can be shipped without an exchange permit, except for the concession mentioned above respecting imports by parcel post, which may be allowed as a matter of customs convenience.

IRELAND

Ireland has not instituted an import licensing regime such as that of the United Kingdom, and most goods, including samples, gifts, and advertising material are not affected by import licensing restrictions. However, a few products are restricted on importation and require covering import licenses, but these regulations were made prior to World War II principally for the protection of domestic industry or agriculture, and not as a result of wartime dislocations in trade or balance of payment. In the few cases where licenses are required, the validity period of the import license varies with the particular product imported, but the usual period is 6 months. The issuance of an import license in no way carries a right to foreign exchange, since the exchange-control system operates entirely apart from the other import restrictions in force. Where goods require licenses, the merchandise must be cleared through the Irish customs before the expiration date shown on the license. The amount indicated on the import license covers the c. i. f. value, port of discharge. No specific percentage of tolerance in value or quantity is allowed on the import license but small deviations may be permitted.

The Irish importer is required to obtain an exchange permit from the Minister for Finance before he can make payment in

dollars for imports from the United States. The validity period of the exchange permit varies with the contract of sale, but it is usually from 3 to 6 months duration. The merchandise must be cleared through the Irish customs before the expiration date shown on the exchange permit. The amount indicated on the exchange permit usually covers the c. i. f. value, port of discharge and no percentage of tolerance in value is provided for. There is no maximum value at which merchandise can be shipped without an exchange permit.

AUSTRALIA

The import license automatically carries the right to the corresponding amount of foreign exchange and there is no need for any exchange permit. The usual validity of the import license is 6 months. The validity period of capital equipment is 12 months and may be extended for the manufacture of heavy machinery often takes considerably longer than 12 months. Import licenses covering the following items also have a validity of 12 months: ball bearings; chrome, copper, and alloy cables and wires; cinematograph films, unexposed and component raw materials for processing and packing; electric equipment; electric filament lamps and materials for the manufacture of electric filament lamps; electric motors and replacement parts therefor; felts and wires for paper making and similar purposes; motor vehicle chassis and parts therefor; raw materials for manufacture of sensitized photographic paper and film (other than cinematograph film); replacement parts for industrial machinery; steel sheet of all kinds; telephone equipment; tinplate; tools of trade; tractors and parts; typewriters, cash registers, adding and computing machines; watches and watch parts. Provision is also made for a period of 3 weeks grace on all licenses.

Import licenses must be obtained by importers for all goods from nonsterling areas in advance of shipment. The application for an import license gives the name of the applicant's bank and that bank is informed by the import licensing branch of the Department of Trade and Customs when the license is granted. The holder of the license may then open a letter of credit or may obtain the necessary dollar exchange against documentary drafts. If a remittance is deposited prior to shipment of the goods, an application for foreign currency must be made to the exchange control division of the Commonwealth Bank. This is also true in the case of an application for foreign currency for traveling purposes.

The vessel must arrive at the port of discharge before the expiration date of the import license. The amount indicated on the import license covers the value of the goods c. i. f. port of discharge. No specific provision is made by the regulations for any tolerance in the value of quantity stated in an import license. However, an increase due to an increase in ocean freight rates may be granted on application to the import licensing branch of the Department of Trade and Customs.

The maximum value at which merchandise may be shipped without an import license is £1 Australian c. i. f. port of discharge. Samples of advertising material are not exempt from import license requirements. Gifts are exempt up to £10 Australian including Australian duty.

NEW ZEALAND

The import license automatically carries the right to the corresponding amount of foreign exchange. The usual validity period of the import license is 12 months. The vessel or other means of conveyance must clear port of shipment before expiration date. The amount indicated on the import license covers the value of the goods c. i. f. port of discharge. No specific provision is made by

the regulations for any tolerance in the value or quantity stated in an import license. However, an increase due to a rise in ocean freight rates may be granted. Import licenses must be obtained by importers for goods in advance of shipment. No import licenses are required for bona fide gifts.

BRITISH COLONIES

At the present time, foreign trade operations continue to be subject to close governmental control in all British colonial dependencies, inasmuch as dollar exchange must be granted for purchases from the United States and licenses for all imports and most colonial exports are required. Such licenses must be obtained from the competent authorities in the colonies concerned by the local foreign firm proposing to engage in foreign trade.

Owing to the shortage of dollar exchange, relative to demands, licenses to import from the United States are usually granted on the basis of priority of need. Thus, if the colonial government concerned considers as unessential the items for which such licenses are requested, or if the items can be obtained from the United Kingdom, import licenses are generally refused. The issuance of an import license, however, generally assures the release of the necessary dollar exchange.

Inasmuch as applications for import licenses may be refused in many cases, United States exporters, before making shipment, should assure themselves that their customers have obtained an appropriate import license and exchange permit. Goods not covered by a valid import license may be refused entry and even if allowed to enter the respective territory, payment in dollars cannot be remitted.

INDIA

The granting of an import license by the Government of India ordinarily carries the right to foreign exchange. The validity period of an import license for most items is 6 months from the last date of the month in which the license is granted. Certain specified categories, however, are valid for 1 year, and licenses for "capital goods" and "heavy electrical plant" equipment may be valid for periods up to 3 years. The bill of lading must be dated on or before the expiration date of the import license.

The value of goods for which an import license is granted is based on c. i. f. at the port of discharge. A tolerance of 10 percent of the value stated in the import license is allowed if there has been an increase in price. Although import licenses state both quantity and value, the latter is usually the controlling factor.

Shipments such as samples, advertising matter and gifts which are supplied free of charge may be imported without a license, provided the value of each parcel does not exceed 100 rupees (about \$30). Parcel post shipments intended for the personal use of the addressee likewise require no licenses. With these exceptions, import licenses are required for all shipments from the United States.

PAKISTAN

The granting of an import license by the Government of Pakistan ordinarily carries the right to foreign exchange. An import license is valid up to the end of the shipment period during which the license is issued. Current shipment periods are January 1 to June 30, and July 1 to December 31. The vessel on which the goods are carried must

clear the port of shipment before the expiration date of the license.

The value of goods for which an import license is granted is the actual value of the foreign exchange needed. No specific percentage of tolerance in value or quantity is allowed on the import license, but the value may be raised if conditions warrant.

No import license is necessary for gifts, samples and advertising matter supplied free of charge. A license is necessary, however, for any item sent as a gift, if it is on the list of items which are prohibited from importation except as gifts. With the exceptions noted above import licenses are required for all imports from the United States.

UNION OF SOUTH AFRICA

At present very few restrictions are imposed on foreign trade by the Union of South Africa. The information provided below was valid as of August 1, 1948. Should any modifications occur, full details will be published in Foreign Commerce Weekly.

Import permits are required on the following items only: Cereals, wheat and wheat products, maize and maize products, rice, barley, cats and rye and their products; cocoa; animal and vegetable fats and oils; salted fish; meats; dry beans, peas, and lentils; and jute products. All other commodities, including gifts, samples, etc., are exempt from licensing requirements.

Import permits are valid for 90 days, but may be extended if necessary. Merchandise must be cleared through customs before the expiration date of the import license. The value shown on the import permit may be f. o. b., f. a. s., or c. i. f., as the importer may request.

Tin and tinplate and leather require certificates of essentiality from the South African Government before they can be imported into the Union, but no import permit is required.

At present, dollar exchange is freely available on all imports from the United States. No foreign exchange permit is required. However, before an importer can secure dollar exchange, he must go to one of the local banks designated as an agent for the South African Reserve Bank and present evidence that he has placed a bona fide order in the United States and that the goods are either ready for shipment or have been shipped. If these conditions are met, the local bank will then make the required amount of dollars available in exchange for South African currency. Dollar letters of credit approved by the local banks will be valid for up to 6 months, but may be extended if necessary.

The amount of dollar exchange approved by the local bank will be sufficient to cover the cost of the merchandise plus any additional costs, depending on whether the goods were sold f. o. b. vessel, f. a. s. point of shipment, or c. i. f. port of discharge.

Forward purchases of foreign exchange are not permitted for nonessential consumer goods, but are permitted for producers' goods up to a maximum of 6 months. Dollar and other hard currency exchange is, however, made available for current purchases of all classes of goods. In the case of nonessential consumer goods, dollar exchange is made available at the rate of exchange prevailing at the time the goods are ready for shipment. As stated above, evidence of the availability of goods must be presented to the local banks when an application for foreign exchange is made.

The reexport from the Union of goods imported from countries outside the sterling area is prohibited, except with treasury permission. Permits will be granted if the Union exporter recovers from the importer in the country of destination the same currency and in the same amount as originally paid by the Union importer. For example, a Union importer who has obtained dollar

¹ Each of the colonies has its own control agency or agencies to which various titles are given, but which exercise more or less similar functions relating to the licensing of imports and exports, the authorizing of payment for imports and the handling of exchange proceeds arising from the exportation of colonial products.

exchange to pay for goods from the United States cannot reexport the goods to Southern Rhodesia unless he receives the equivalent amount of dollar exchange in payment from the Rhodesian importer.

Dollar exchange approved by the local bank depends on the amount required to pay for merchandise and other costs covered by the contract.

CANADA

Since November 17, 1947, Canada has had import control for exchange purposes but the control is effected through commodities, a considerable number of which are subject to restriction via (a) embargo; or (b) quotas; or (c) individual or project licensing of producers' goods. Goods not subject to embargo may be imported without permit from any port of the British Empire.

Importers only may obtain import permits or allotments which must be presented to clear customs. This clearance carries the right to exchange on presentation of the port-dated invoice showing receipt of the goods. Prepayment is permitted on special arrangement with local agents of the Foreign Exchange Control Board. Acceptance of Canadian dollars by the exporter does not remove the import restrictions. The importer is required to obtain a permit for any payment to a nonresident.

The kind and duration of the permit is determined by the commodity. For quotaed goods, importers' allotments of exchange are established quarterly, on the basis of a national quota and the importer's participation in trade in the base year. Quotaed goods now require permits only where the import is from scheduled countries of which the United States is one. These permits cover groups of related items—e. g., food, textiles, etc.—and may be applied at the importer's convenience to any or all of the individual commodities within the group. Some producers' goods imported in large quantity are also on a quota basis but in general these goods are governed by allotments which are issued on a project basis against which individual imports are checked off. The permits are issued through the port at which the importer normally enters goods, but they are transferable to other ports on notice.

The import restrictions do not apply to gifts valued at not more than \$5. They do not apply to bona fide birthday gifts, and in the Christmas season, Christmas gifts, valued at not more than \$25. They do not apply to bona fide wedding gifts of any value.

NEWFOUNDLAND

Import licenses are required only for food, oils and fats and soap. No license is required for other goods. Exchange must be applied for but is normally available for permitted imports on proof of entry. Prepayment requires arrangement with the Foreign Exchange Control.

Mr. MALONE. Mr. President, I also ask unanimous consent to have printed at this point in the RECORD a reprint of my remarks in the Senate in March 1949, at which point I named the countries in the sterling bloc—approximately 58 countries and entities—which in the British Commonwealth system have different values allocated to the pound sterling, depending upon the classification of the areas.

There being no objection, the reprint was ordered to be printed in the RECORD, as follows:

Most of the nations of the world have established methods of manipulating their currencies for trade advantage.

For example, the English have their sterling bloc—with a large number of nations blocked in—and a large number blocked out. The Dutch have their guilders and the French their franc.

Mr. President, I ask unanimous consent to place in the RECORD at this point a list of the sterling bloc area nations.

The VICE PRESIDENT. Without objection, it is so ordered.

The list referred to is as follows:

"THE STERLING AREA

"(Prepared by State Department in consultation with United Kingdom Treasury Delegation)

"(As of March 25, 1949)

"The term 'sterling area' means the United Kingdom and the following territories excluding Canada and Newfoundland.

"I. BRITISH COMMONWEALTH AND EMPIRE COUNTRIES

"(a) any Dominion: Australian, New Zealand, South Africa.

"(b) any other part of His Britannic Majesty's dominions: India, Burma, Southern Rhodesia, Ceylon.

"Principal colonial territories: Aden¹ (colony and protectorate); Bahamas; Barbados; Basutoland; Bermuda; British Guiana; British Honduras; Cyprus; Falkland Islands and dependencies; Fiji; Gabia¹ (colony and protectorate); Gibraltar, Gilbert and Ellice Islands colony; Gold Coast¹ (1) Colony, (2) Ashanti, (3) Northern Territories; Hong Kong; Jamaica (including Turks and Caicos Islands and the Cayman Islands); Kenya¹ (colony and protectorate); Leeward Islands; Antigua, Montserrat, St. Christopher and Nevis, Virgin Islands; Malta; Mauritius; Nigeria¹ (1) Colony, (2) Protectorate; St. Helena and dependencies; Seychelles; Sierra Leone¹ (1) colony and protectorate; Straits Settlements; Trinidad and Tobago; Windward Islands; Dominica, Grenada, St. Lucia, St. Vincent.

"(c) any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Britannic Majesty and is being exercised by His Britannic Majesty's Government in the United Kingdom, or in any Dominion: Camerouns (British), Tanganyika, Togoland (British), South West Africa, Western Samoa, Nauru.

"(d) any British protectorate or protected State: Bechuanaland protectorate; British Solomon Islands protectorate; Malay States (1) Federated Malay States: Negri Sembilan, Pahang, Perak, Selangor; (2) Unfederated Malay States; Johore, Kedah, Kelantan, Perlis, Tregganu; Brunei; State of North Borneo; Northern Rhodesia; Nyasaland protectorate; Sarawak; Somaliland protectorate; Swaziland; Tonga; Uganda protectorate; Zanzibar protectorate.

"II. INDEPENDENT COUNTRIES

"(a) Iraq.

"(b) Iceland.

"(c) Ireland."

Mr. MALONE. Mr. President, let me point out that the sterling-bloc countries in which the pound sterling is freely interchangeable are very few in number. Aside from those countries, there are certain convertible sterling countries—including Russia, but not including the United States of America, which country must pay the full price for the pound sterling in any trade relations which may be had between the United States and those countries, thus preventing an even break in such international trade from the outset.

Mr. President, it is simply out of the question for us to do any business with countries which control their exports and exchanges to that extent. In other words, with the ECA funds we are simply

¹ Colonies contiguous to protectorates of the same name or within the same administrative unit.

building those 100-year-old feuds higher and higher; and more export controls, more embargoes, more import controls and quotas, and more industrial specifications and almost every other known kind of obstacle are put in the way of fair trade between the United States and the European countries which we are now supporting to a large extent, and also between those European countries themselves.

So instead of bringing about the objective we say we want to reach, we are simply building higher and higher the obstacles to such objectives and making it difficult if not impossible to reach our goal at all. So I say, Mr. President, that any further aid to Europe should be conditioned upon abolishing the manipulation of currency values, which simply stifles the very trade we say we are promoting.

Mr. THOMAS of Utah. Mr. President, I rise to oppose the amendment offered by the Senator from Nevada. I realize as much as does anyone that these is not a free exchange of moneys across international lines, and that conditions are not such that we can overcome subsidies and quotas. But the aim of the ECA program is to attempt to get the nations on their feet, so that these evils can be overcome. The implications of the amendment proposed by the Senator from Nevada are not completely clear. His last statement is very much clearer than the amendment itself, but it seems to imply two things: First, that the participating countries must abolish currency controls; and second, that the exchange rates of the participating countries must be allowed to fluctuate freely in the free money markets of the world in order to reflect their actual purchasing power in terms of United States dollars.

There are, of course, no free money markets in the world. I wish there were. I think that one of the greatest mistakes made in wartime was that we did not allow our money to seek its proper level. Another mistake we made in wartime was that we did not pay our soldier boys in our own dollars and let those dollars seek their natural level in relation to the moneys of the rest of the world. I think it was a great mistake that we did not allow all our contractors who put up buildings in foreign countries to hire laborers and pay them in American dollars. But we did not do that, and the dollar did not seek its natural level, nor did other currencies seek their natural levels in relation to the dollar. But merely because we did not do those things, and merely because the world is not on a free money basis, it does not follow that we should force that issue in connection with ECA.

The general convertibility of all currencies is an important objective of United States foreign economic policy, not as an end in itself but as an indispensable means for making possible a high level of multilateral trade and the steady improvement of economic well-being throughout the free world. One of the objectives of the Marshall plan, therefore, is to enable the participating countries to make their currencies freely

convertible at the earliest possible moment. But this objective cannot be achieved at one jump. The Marshall plan still has 2 years to run and it is not even certain at this time that by June 30, 1952, all of the participating countries will be in a strong enough position politically and economically to make their currencies freely convertible into the dollar after that date.

By the free convertibility of European currencies into dollars we mean that each country will be able to earn by its own efforts through the sale of its goods and services abroad enough dollars to satisfy whatever demand there may be within the country for the importation of dollar goods. In order for a country to be able to do this, its dollar trade must be in reasonable balance and it must have a sufficiently large monetary reserve of gold and dollars to take care of seasonal and other short-term fluctuations in its dollar earnings. For a European country in particular to have free dollar convertibility would also require that its political situation and its defense security be sufficiently good so that there would not be a massive capital flight the minute exchange controls were abandoned.

None of these preconditions of free dollar convertibility now exist in western Europe. Western Europe is not yet earning sufficient dollars through the sale of their goods and services abroad to make dollars freely available to any private European who wished to import dollar goods. Monetary reserves of gold and dollars are so low that they would not be adequate to take care of seasonal and other short-term fluctuations in dollar earnings and dollar payments. And political and security conditions in western Europe have not yet improved to the point where the possibility of a massive capital flight to the United States can be dismissed, and that would be disastrous both to us and to Europe.

In these circumstances it would also not be possible for the participating countries to allow their exchange rates to fluctuate freely in the free money markets of the world. Despite the recent devaluations, it is more than likely that several of the European currencies would rapidly depreciate to low levels. The cost of imports would therefore steadily mount; new inflationary pressures would be generated within these countries; both the cost of living and the cost of production would rise rapidly; and any temporary gain in the sale of exports would soon be wiped out by the renewed inflation. All of the good work which the Marshall plan has accomplished in checking inflation, holding down the cost of living, raising consumption and thereby improving political and social stability would soon be wiped out.

For these reasons, the ECA believes that the adoption of Senator MALONE's amendment would force a premature convertibility on to the Marshall-plan countries, would seriously depreciate their currencies and would wipe out a large part of the gains which the ERP has achieved to date. The ECA believes that the participating countries are making as rapid progress as can be ex-

pected toward the objectives which Senator MALONE desires to achieve, but a premature convertibility and freeing of exchange rates would be a disastrous blow to the ultimate achievement of permanent currency convertibility.

Mr. President, one further word. Each of the participating countries which is to convert must operate in accordance with its own economy and in accordance with the sovereign notion of its own good. For the United States to attempt to do something against the will of another sovereign country would destroy completely all the aims and objects of the ECA program.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Nevada [Mr. MALONE.] [Putting the question.] The Chair is in doubt.

Mr. HUMPHREY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hendrickson	Martin
Anderson	Hill	Maybank
Benton	Hoey	Millikin
Brewster	Holland	Mundt
Bricker	Humphrey	Murray
Bridges	Hunt	Myers
Butler	Ives	Neely
Byrd	Jenner	O'Mahoney
Cain	Johnson, Colo.	Robertson
Connally	Johnson, Tex.	Russell
Cordon	Johnston, S. C.	Saltonstall
Darby	Kefauver	Schoepel
Donnell	Kem	Smith, Maine
Douglas	Kerr	Smith, N. J.
Dworshak	Kilgore	Sparkman
Eastland	Knowland	Stennis
Ecton	Leahy	Taft
Ellender	Lehman	Taylor
Ferguson	Lodge	Thomas, Utah
Flanders	Lucas	Thye
Frear	McCarthy	Tobey
Fulbright	McClellan	Tydings
George	McFarland	Wherry
Graham	McKellar	Wiley
Green	McMahon	Williams
Gurney	Magnuson	Young
Hayden	Malone	

The PRESIDENT pro tempore. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE].

Mr. CONNALLY. Mr. President, I hope the Senate will reject this amendment. If we wanted to kill this bill, we might as well strike out the enacting clause as to adopt this amendment. The amendment provides:

The Administrator shall terminate the provision of assistance under this title on June 30, 1950, to any participating country unless, on or before such date, such country (1) has eliminated any currency controls imposed by it that prevent its currency from reflecting its actual purchasing power in terms of the United States dollar on the free monetary markets of the world, and (2) enters into an agreement with the United States that it will not reimpose any such currency controls prior to July 1, 1952.

Mr. President, that is so outrageously ridiculous that if we do not want anything in the bill, we should vote for that amendment. If we do want our efforts to be successful in the rehabilitation of Europe, we should vote against the amendment. We might as well kill the whole bill as to adopt such an amendment. How can a nation promise the

United States in a contract that its parliament some time in the future will not do something about currency controls? It is absurd. I hope the Senate will reject the amendment.

Mr. MALONE. Mr. President, I did not use all my time—

The PRESIDENT pro tempore. The Senator has 1 minute left.

Mr. MALONE. All I ask in this amendment is that those nations turn honest. When they manipulate the price of their currency, all we do, in the long run, is to make up the difference. A pound can be obtained anywhere in the world for approximately \$2.25 or \$2.30. No one pays more than \$2.40 for it. There is no manipulation of the price of the dollar; the price is fixed in terms of commodities. Therefore, the only reason for manipulation of the price of currency in European nations or in any other nations, as between themselves and this country, is simply a way of gaining trade advantage. In other words—

The VICE PRESIDENT. The time of the Senator from Nevada has expired. All time on the amendment has expired. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE]. [Putting the question.]

The amendment was rejected.

Mr. KEM. Mr. President, I offer the amendment, which I send to the desk and ask to have stated. It is my amendment E.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 7, between lines 3 and 4, it is proposed to insert the following new section:

TERMINATION OF ASSISTANCE

Sec. 107. Section 118 of such act is amended by adding at the end thereof the following new sentence: "The Administrator shall terminate the provision of assistance under this title to any participating country whenever he determines that such country exports or permits the exportation, to Russia or any of its satellite countries, after the date of enactment of the Economic Cooperation Act of 1950, of any article or commodity which, in the opinion of the Administrator, could be used to maintain or expand, directly, or indirectly, the military forces of any such country."

Mr. KEM. Mr. President, I have heretofore presented to the Senate evidence that a large trade in war materials, including arms, has been going on between the Marshall plan nations, on the one hand, and Russia and the countries behind the iron curtain, on the other hand. These shipments are set out in tables which I have heretofore incorporated in the Record in reference to Belgium, Luxembourg, the United Kingdom, and France, as the shipping countries. This evidence is authentic. It was obtained by me from the International Trade Office of the Department of Commerce, and I think it can be relied on as being absolutely correct.

Mr. President, let us look at the picture. It will not be a complete look, because the information I have in my possession applies only to three of the Marshall-plan countries. They are Great Britain, France, and Belgium—

Luxemburg. First, a few of the articles which Belgium has shipped to Russia and her satellites last year were firearms to Czechoslovakia, and also, iron, cast iron, steel, copper, lead, tin, and zinc. Belgium also sent behind the iron curtain substantial quantities of electrical machinery, articles for electrical technical use, as well as measuring and precision instruments.

Great Britain: Last year, the British Socialist Government permitted more than \$45,000,000 worth of machinery, including electric generators and machine tools, to be sent behind the iron curtain. Substantial shipments of ball and roller bearings also were sent behind the iron curtain from the United Kingdom. The British Government also let the Reds have a sizable shipment of barbed wire and railway construction material. They have permitted all sorts of war material to go to Russia and other countries behind the iron curtain and also aluminum, lead, transportation equipment, chemicals, and scientific instruments and apparatus, and so on. Many of the materials which are being sent to Russia and her satellites by the Marshall-plan countries are being supplied to them by the United States under the Marshall plan. The difference is that they are sent by the people of the United States to the Marshall-plan countries as gifts from the American people. They are sold by the Marshall-plan countries to Russia and her satellites.

The Senator from Pennsylvania [Mr. MYERS] said a few minutes ago that during the course of the discussion there had been a good deal of talk about communism here at home. He wondered why there had not been any talk about communism abroad. I think I will fill the hiatus and talk a little bit about communism in the Marshall-plan countries.

Mr. President, socialism and communism are fruit of the same tree. They have their roots in the doctrines of Karl Marx, and they have the same objective: The abolition of private property and private means of production. The only difference is that the Communists are willing to resort to arson, bloodshed, murder, and revolution. The Socialists prefer to reach the same end by peaceful means. There are many members of the government in several of the Marshall-plan countries who have long records as Communist workers and Communist writers. Let us look at only a few of them. The Minister of War in Great Britain is Mr. John Strachey. He has written that the coming communism can alone render our problems soluble. Mr. Ernest Bevin, the British Foreign Secretary, the same Mr. Bevin who wants to redistribute the Fort Knox gold, by the way, has said:

Russia would deal better and with greater confidence with a Socialist government in Britain. Left can speak to left in comradeship and confidence.

The present British Minister of Defense, Emanuel Shinwell, has said that he has no quarrel with the objectives of communism.

Aneurin Bevan, British Minister of Health, has said:

Because of its policy the Socialist Party is best fitted to cooperate more and more closely with Russia.

Another Socialist member of Parliament has said:

We have got to drop all this confounded nonsense of anticommunism.

And so it goes, Mr. President.

It is the settled plan of many persons active in the governments of western Europe to bring on as soon as they can a further development of marxism, which is communism. Therefore, I hope the amendment will be adopted.

The VICE PRESIDENT. The time of the Senator from Missouri has expired.

Mr. CONNALLY. Mr. President, I was looking for the Senator from Massachusetts [Mr. LODGE]. I do not see him on the floor at the moment. I wanted to yield some time to him on this amendment. He is very much interested in it. In the meantime, Mr. President, I have in my hand a statement from the ECA with regard to this amendment. ECA is very much opposed to the amendment on the ground that arms, munitions, or direct military aid are not going from western Europe to the satellite countries. If the amendment were adopted, the countries of western Europe would not be able to trade with eastern Europe, because the amendment would prohibit anything that affects defense directly or indirectly. Any food article would be indirectly of military aid.

The attitude of ECA is that trade between western Europe and satellite countries in many instances is very desirable. They want these countries to purchase food and other things from some satellite states and exchange products with them; not military supplies or equipment, or munitions, but trade which went on prior to the war. Therefore I very much hope that the amendment will be defeated.

Mr. President, I yield the remainder of my time to the Senator from Massachusetts [Mr. LODGE], if he cares to discuss this amendment.

The VICE PRESIDENT. The Senator from Texas yields 7 minutes to the Senator from Massachusetts.

Mr. LODGE. I should like to say that the adoption of this amendment would do a great deal more harm than good. It would impose restrictions on our officials in dealing with a matter in which it is absolutely vital that they have administrative discretion. It is impossible for us on the Senate floor to determine what article at a given time has military value and what article does not have military value. It is impossible for us to determine whether or not an article which has a certain amount of military value is nevertheless worth more to us if we can send it over there and get something back in return for it which confers a still greater benefit on us.

Mr. KEM. Mr. President, will the Senator yield?

Mr. LODGE. I yield to the Senator from Missouri.

Mr. KEM. The Senator from Massachusetts realizes, does he not, discretion is given to the Administrator to decide about those matters when in his opinion and in his discretion it is desirable to withhold permission that shipments may be made?

Mr. LODGE. He has that discretion now. If the amendment means anything, it means that the Administrator would be prohibited from permitting a country to send anything which either directly or indirectly—I am quoting the exact language of the amendment—would help the military forces of any such country. The word “indirectly” includes every single article that is known. If the amendment does not mean that, it does not mean anything and is just so much waste paper.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. LODGE. I yield to the Senator from New York.

Mr. LEHMAN. The language of the amendment is so broad that, if carried to its logical conclusion, a country which shipped pens made out of steel to Russia or a satellite country would be directly or indirectly helping the military forces of such country. Is that not correct?

Mr. LODGE. That is correct.

Mr. LEHMAN. Because we know that steel is of value. The amendment provides no limitation. It covers the whole field.

Mr. LODGE. It covers the whole field. If its provisions were carried to their logical conclusion, all east-west trade between Marshall plan countries and eastern Europe would be stopped, and that would mean an increase in the dollar gap of \$3,000,000,000. It would put us in front of an economic obstacle the like of which we have never seen.

I think it is important for Senators to realize that this is something which appears to be well organized at the present time. Military secrecy prevents the revelation of the details, but it is possible to inform the Senate that the categories of articles which are to be sent behind the iron curtain are, broadly speaking, classified as follows:

Articles which are of strictly military use, and which are prohibited, and none of them are sent either from this country or from the Marshall plan countries.

Second, there are the goods which have a certain amount of military value, which, used in a certain way, might be classified as war materials. Those are subject to licensing.

Then there are the goods that are not military articles in any sense of the word, but in their production there might be some secret processes employed. Those articles are also subject to licensing, so that the secret processes that could be applied in other countries may not become known.

Mr. President, I think it is fair to say that everything that goes behind the iron curtain is either approved by the American military or is sent with the full knowledge of the American military. Therefore it seems to me that the interests of the United States are well protected. Our administrative officials now

have the discretion to run this administration in such a way that the United States will get the benefit of changing conditions as they develop, and will be able to get a quid pro quo here and there, when the possibility of such a thing occurs, and that the chance of such articles being used against the United States is therefore very small.

Mr. President, if the pending amendment were agreed to, I believe it would do more harm than good.

Mr. KEM. Mr. President, in order to meet the criticism of the able Senator from Massachusetts, I ask unanimous consent that the amendment be amended by striking out, in the last line, the words "or indirectly."

Mr. CONNALLY. I object.

Mr. KEM. I modify my amendment to that effect.

The VICE PRESIDENT. The Senator has a right to do so.

Mr. CONNALLY. I withdraw the objection.

The VICE PRESIDENT. The time for debate has expired.

Mr. CONNALLY. The Senator from Missouri asked unanimous consent to change the amendment, and I had a right to object.

The VICE PRESIDENT. The Senator from Missouri has a right to modify his own amendment.

Mr. CONNALLY. Certainly he has. I am not objecting to that.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Missouri [Mr. KEM].

Mr. KEM. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. CAIN (when Mr. MORSE's name was called). I voted in my own right, but I neglected to recall that on this vote I have a pair with the Senator from Oregon [Mr. MORSE]. If he were present and permitted to vote, he would vote "nay." If I were permitted to vote, I would vote "yea." I withdraw my vote.

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN] and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Louisiana [Mr. LONG] and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Maryland [Mr. O'CONOR] and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Montana [Mr. MURRAY] is absent because of illness in his family.

The Senator from Georgia [Mr. RUSSELL] and the Senator from Maryland [Mr. TYDINGS] are unavoidably detained.

The Senator from Nevada [Mr. MCCARRAN] is paired on this vote with the Senator from Kentucky [Mr. WITHERS]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Kentucky would vote "nay."

The Senator from Iowa [Mr. GILLETTE] is paired on this vote with the Senator from Maryland [Mr. O'CONOR]. If present and voting, the Senator from Iowa would vote "nay," and the Senator from Maryland would vote "yea."

The Senator from Florida [Mr. PEPPER] is paired on this vote with the Senator from Utah [Mr. WATKINS]. If present and voting, the Senator from Florida would vote "nay," and the Senator from Utah would vote "yea."

I announce further that if present and voting, the Senator from Kentucky [Mr. CHAPMAN], the Senator from California [Mr. DOWNEY], the Senator from Georgia [Mr. RUSSELL], the Senator from Montana [Mr. MURRAY], the Senator from Florida [Mr. PEPPER], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Maryland [Mr. TYDINGS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate and is paired with the Senator from Michigan [Mr. VANDENBERG], who is necessarily absent. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Michigan would vote "nay."

The Senator from Iowa [Mr. HICKENLOOPER] and the Senator from North Dakota [Mr. LANGER] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is absent by leave of the Senate, and his pair has been announced previously by the Senator from Washington [Mr. CAIN].

The Senator from Utah [Mr. WATKINS] who is absent by leave of the Senate on official business, is paired with the Senator from Florida [Mr. PEPPER].

If present and voting, the Senator from Utah would vote "yea," and the Senator from Florida would vote "nay."

The result was announced—yeas 24, nays 52, as follows:

YEAS—24

Brewster	Frear	Millikin
Bricker	Hendrickson	Mundt
Bridges	Jenner	Schoeppel
Butler	Kem	Taft
Byrd	Knowland	Thye
Dworshak	McCarthy	Wherry
Ecton	Malone	Williams
Ferguson	Martin	Young

NAYS—52

Aiken	Hoey	McMahon
Anderson	Holland	Magnuson
Benton	Humphrey	Maybank
Connally	Hunt	Myers
Cordon	Ives	Neely
Darby	Johnson, Colo.	O'Mahoney
Donnell	Johnson, Tex.	Robertson
Douglas	Johnston, S. C.	Saltonstall
Eastland	Kefauver	Smith, Maine
Ellender	Kerr	Smith, N. J.
Flanders	Kilgore	Sparkman
Fulbright	Leahy	Stennis
George	Lehman	Taylor
Graham	Lodge	Thomas, Utah
Green	Lucas	Tobey
Gurney	McClellan	Wiley
Hayden	McFarland	
Hill	McKellar	

NOT VOTING—20

Cain	Langer	Russell
Capehart	Long	Thomas, Okla.
Chapman	MCCARRAN	Tydings
Chavez	Morse	Vandenberg
Downey	Murray	Watkins
Gillette	O'Connor	Withers
Hickenlooper	Pepper	

So Mr. KEM's amendment was rejected.

Mr. YOUNG. Mr. President, on behalf of the Senator from Oklahoma [Mr. THOMAS] and myself, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 3, between lines 2 and 3, it is proposed to insert the following:

(b) So much of section 112 (d) of such act as precedes paragraph (1) thereof is amended to read as follows:

"(d) The term 'surplus agricultural commodity' as used in this section is defined as any agricultural commodity, or product thereof or class, type, or specification thereof, produced in the United States which is in excess of domestic requirements. Any agricultural commodity, or product thereof or class, type, or specification thereof, shall be deemed to be in excess of domestic requirements (A) if so determined by the Secretary of Agriculture, or (B) if, in the case of an agricultural commodity or class, type, or specification thereof, such commodity is selling at less than its support price, if any, or (C) if, in the case of a product of an agricultural commodity, such product is selling at less than a price sufficient to reflect to producers of such commodity the support price, if any, of such commodity. In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall give effect to the following:—"

On page 3, line 3, strike out "(b)" and insert in lieu thereof "(c)."

Mr. YOUNG. Mr. President, the amendment is designed to do exactly what Mr. Hoffman, of ECA, Secretary of Agriculture, Mr. Brannan, and Dr. FiazGerald, of ECA, claim they are supposed to do under ECA, that is, to furnish ECA dollars to buy food in offshore countries only when there is no surplus in this country. In other words, that if ECA dollars are used to buy foods they must be spent under ECA to buy our surplus.

Mr. President, during the time the ECA has been in operation, for 2 years, the Department of Agriculture has accumulated about \$4,500,000,000 worth of agricultural surpluses. During that same time I believe there have been some bad abuses in the use of ECA funds. Millions of United States dollars have been used to buy food commodities in other countries when we had surpluses here. For example, Mr. President, wheat has been a surplus commodity in the United States since the inception of ECA. Yet from April 3, 1948, to December 31, 1949, ECA financed the purchase of \$424,000,000 worth of wheat and flour in Canada, and by the end of this fiscal year ECA will have purchased in Canada more than one-half billion dollars' worth of wheat, while during this time we had a surplus in the United States. On the one hand we have spent

a half billion dollars to dispose of Canada's surplus wheat. On the other hand, here in the United States we have a 450,000,000 bushels surplus of wheat and do nothing for our farmers. With \$4,500,000,000 invested in surpluses, our Secretary of Agriculture is calling for curtailment of agricultural production all along the line, and offering to our farmers what is in effect a Government dole in place of a good market for his products.

Just across the line in Canada, because ECA spent a half billion of United States dollars to get rid of their surpluses, the head of their department of agriculture is urging their farmers to produce to the limit. Produce all they want.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. YOUNG. I am sorry; my time is limited. I will yield a little bit later. I send to the desk an article from the Winnipeg Free Press, dated Tuesday, April 24, 1950, and ask that the first four paragraphs be read. The information in this news story should be of great importance to every Member of the Senate.

The PRESIDING OFFICER. The Clerk will read.

The Chief Clerk read as follows:

BRANDON, MANITOBA, April 4.—Rt. Hon. James G. Gardiner, federal minister of agriculture, Monday night opened the Manitoba annual winter fair at Brandon by urging farmers to "produce to the limit." About 3,000 were in attendance from all parts of Manitoba.

"Agriculturists have never been in a better financial position," declared Mr. Gardiner. "Give production all you've got and there will be markets for the sale of your products."

Mr. Gardiner, who addressed the largest audience ever to attend the official opening of the winter fair, declared, "the financial situation offered the farmer today is better than ever before in history."

He urged the Manitoba farmer to turn present high profits back into livestock and equipment, and advised purchase of "nothing but the best."

Mr. YOUNG. This news story sounds like something from another world. No surpluses, produce as much as you want, and if there are surpluses Uncle Sam will take care of them even before we take care of our own farmer.

Mr. President, nearly one-half billion dollars—and there will be more than one-half billion dollars spent before we get through with the program—have been spent in Canada to relieve them of their grain surpluses. This wheat was purchased for Great Britain in Canada with ECA dollars at prices higher than our own. For example, last year the average Canadian price was \$2.06 a bushel f. o. b. Fort William or Port Arthur. The average price Great Britain paid for a comparable grade wheat in the United States was \$1.85 a bushel f. o. b. at Port Arthur, and they could have purchased it under the International Wheat Agreement for \$1.80 a bushel. It is most difficult to understand why United States officials would approve such a deal. It was even arranged by ECA officials and later approved by Secretary of Agriculture Brannon.

Canada is a good neighbor of ours and I believe in being fair to them. I'm sure

though that their farmers don't expect the United States to provide more opportunity to produce and make money than we do for our own. I wish we had a Secretary of Agriculture that could do as much for our farmers as Mr. Gardiner had done for Canadian farmers.

It is worth noting that while we gave Great Britain a half billion dollars to buy wheat in Canada, the per capita debt in Canada is only \$860. In the United States it is \$1,697. The per capita tax in Canada is \$202. The per capita tax in the United States is \$256. Great Britain even has a balanced budget while we will spend seven billion more this year than our receipts. It just does not make sense.

It must be very difficult indeed for the farmers living along the United States side of the International border line to have to cut their acreage on the average of 19 percent and in individual cases as high as 60 percent or 70 percent while on the Canadian side, farmers are urged to produce to the limit.

Even worse, the excellent situation Canada finds itself in is almost entirely because the United States, with the approval of our Secretary of Agriculture, spent one-half billion dollars to relieve Canada of its wheat surplus—and at the same time must have been fully cognizant of our vast accumulation of wheat. According to his own estimate, the surplus will reach close to 450,000,000 bushels by July 1 next.

As previously stated, the average reduction of wheat required in the United States for 1950 is 19 percent. The reduction required in the State of Texas is 23.2 percent. In Colorado it is 37.3 percent. In Kansas 16.9 percent and in North Dakota 13.2 percent. These are Department of Agriculture figures.

Besides this, Mr. President, we have imported large quantities of rye, oats, barley, and other commodities from Canada. To be exact, we imported 19,261,389 bushels of oats, 10,365,621 bushels of barley, and more than 7,000,000 bushels of rye from Canada.

Mr. President, while we imported from Canada more than 7,000,000 bushels of rye, we only exported through our Army of occupation in Europe and all other sources 5,000,000 bushels. For the last 6 months Canadian rye has been supplying practically all our domestic requirements.

On top of that we imported large quantities of potatoes which certainly helped wreck our potato-price support program which price-support program was afterward repealed and may not be reinstated by this Congress.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. LODGE. I am sure that every Member of the Senate admires the very assiduous and intelligent way in which the Senator from North Dakota interests himself in the problems which confront the wheat growers. The Senator from North Dakota has already spoken to me about this particular matter. Because of his interest and his enthusiasm I directed an inquiry to the ECA, and I have received an assurance

from them. It is very brief, just one short paragraph. I should like to read it.

Mr. YOUNG. May that be done, Mr. President, on the time of the Senator from Texas?

Mr. LODGE. It will be what the Senator wants to know.

Mr. YOUNG. I cannot yield in my own time. I only have a couple of minutes left and have much more I want to get in the RECORD.

Mr. LODGE. It is an assurance which the Senator wants.

Mr. YOUNG. Let me say that I have received assurance after assurance from Mr. Hoffman, Dr. FitzGerald, and Secretary Brannon. They have told me before that no more wheat would be purchased in off-shore countries and later large purchases in other countries were approved. I have not too much faith in their assurances.

Mr. DONNELL. Mr. President, will the Senator yield for an inquiry?

Mr. YOUNG. I yield.

Mr. DONNELL. Am I correct in the following understanding? Under the present law the term "surplus agricultural commodity" is defined to be "an agricultural commodity or product thereof produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements." The Senator's amendment, I think very appropriately, substitutes in place of that, the provision that "The term 'surplus agricultural commodity,' and so forth, 'as used in this section is defined as any agricultural commodity,' and so forth, 'which is in excess of domestic requirements.'"

Then the amendment states the requirements in connection with the making of a determination as to whether production is in excess of domestic requirements.

In other words, the Senator's amendment removes, does it not, the element of discretion and determination by the Secretary of Agriculture, although it makes that one of the points on which the determination can be made, but establishes other standards, so that the Secretary of Agriculture does not have the unlimited discretion which he has under the present law. Is that correct?

Mr. YOUNG. That is entirely correct.

Mr. DONNELL. Let me also ask whether I am correct in my understanding that the present law provides that the Administrator shall, insofar as practicable, and where in furtherance of the purposes of this title, give effect to certain requirements, whereas the Senator's amendment provides that—

The Administrator shall give effect to the following—

Thus removing, again, the area of determination and discretion on the part of the Administrator. Is that correct?

Mr. YOUNG. That is correct.

Mr. President, a year ago when the ECA gave \$354,000,000 to Great Britain, to permit Great Britain to buy wheat in Canada, the ECA said it was not practical to buy wheat in the United States at that time. I thought that was a very thin excuse, and I believe that part should be eliminated.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. McCLELLAN. The Senator from North Dakota will recall that I offered a similar amendment to the appropriation bill for the ECA last year.

Mr. YOUNG. Yes, I recall.

Mr. McCLELLAN. At that time we were assured that the ECA would not continue the policy of purchasing from other countries commodities of which we had a surplus in the United States. However, the ECA officials said they did not want such a provision written into the law.

I wish to state that I am going to support the Senator's amendment. I have at the desk a similar amendment, but I am perfectly willing to support the Senator's amendment, inasmuch as it does not make sense for us to tax the American people in order to give money to other countries, and then permit those countries to use our money to buy the surplus production of other countries, when we have in our own country a surplus of the same material or commodity.

The VICE PRESIDENT. The time of the Senator from North Dakota has expired.

Mr. YOUNG. Mr. President, may I add a further word, in order to state—

The VICE PRESIDENT. The Senator from North Dakota cannot be recognized further, inasmuch as his time has expired.

Mr. ANDERSON. Mr. President—

The VICE PRESIDENT. The Senator from New Mexico is recognized.

Mr. ANDERSON. Mr. President, I rise in opposition to the amendment offered by the Senator from North Dakota, for himself and the Senator from Oklahoma.

The amendment is opposed by the farm organizations, almost solidly. The farm organizations recognize that their own best interest and the self-interest of the farmers of the country will be most adversely affected if it is sought to make the European countries a dumping ground for our surpluses. That position on their part is well summarized in the following telegram which has been received from Roger Fleming, secretary-treasurer of the American Farm Bureau Federation:

American Farm Bureau has consistently opposed amendments to ECA legislation that would make program an agricultural surplus disposal program rather than program for maximum economic recovery. We recommend that in consideration of S. 3304 no amendments be adopted that will violate this principle.

ROGER FLEMING,
Secretary-Treasurer,
American Farm Bureau Federation.

Mr. President, I was proud of the association I had with farm organizations a year ago when they solidly took the position that they would oppose amendments of this character.

I wish to comment on some of the points which have been mentioned by the Senator from North Dakota.

He had the clerk read a letter from a distinguished Cabinet officer of Canada, Mr. Gardiner, recommending that the

Canadian farmers go into the livestock business and get nothing but the best.

Mr. President, most persons recognize that when agricultural products such as wheat are used for feeding to livestock, rather than for domestic consumption, that is a method of reducing a surplus. It should be pointed out that the Canadian minister was trying his best to cure that problem, by recommending that the Canadian farmers go into the livestock business and purchase the best livestock, and feed their surpluses to their livestock—not increase their production of wheat.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. ANDERSON. I did not interrupt the Senator from North Dakota when he was speaking, and I hope he will not ask me to interrupt my remarks.

The VICE PRESIDENT. The Senator from New Mexico declines to yield.

Mr. ANDERSON. Mr. President, I point out that Mr. Gardiner, while at the Annual Dominion-Provincial Agricultural Conference last December, repeated his previous warnings that the Canadian wheat farmers should reduce their acreage; and at that December conference he suggested 23,000,000 or 24,000,000 acres as the target. He suggested then that 20,000,000 acres of wheat might be their long-time goal.

Recently, when speaking at Saskatoon, Mr. Gardiner pointed out to the 1,200 councillors from the rural districts who participated in that conference that they should reduce their acreage; and the agricultural minister of that Province was in agreement with him.

The statement has been made that the Canadian wheat farmers have greatly increased their production, and have been doing so since the conclusion of the war. However, Mr. President, the fact is that from 1935 to 1939 the average wheat acreage of Canadian farmers was 25,600,000, whereas their postwar acreage is 25,400,000. In other words, their postwar acreage is 100 percent of what it was prewar, whereas our postwar acreage is 127 percent of what it was prewar.

The Canadian postwar production is an average of 121 percent of their prewar average, and ours is 164 percent of our prewar average.

So I think the shoe is on the other foot. Our wheat farmers have been increasing their prewar acreage, and the Canadians know it.

Mr. President, I hope action on the measure now before the Senate will not be influenced by that situation. That is a matter which I hoped we might deal with when the McClellan amendment was before us.

The amendment now pending has in it some provisions which are terrifically bad.

For instance, subparagraph (B) provides that "if, in the case of an agricultural commodity or class, type, or specification thereof, such commodity is selling at less than its support price, if any," then the ECA cannot buy such commodity abroad. After all, Mr. President, prices fluctuate from day to day and from market to market. If an ECA agent is trying to buy a certain commodity for

shipment 6 or 8 weeks later, he cannot then predict what the market will be 6 or 8 weeks later.

Mr. President, I think I have had nearly as much experience with the purchase of grain for export shipment as any other Member of this Senate has had. I say that the steamships have to be ordered months in advance, and it is necessary to have them put on berth weeks before the grain reaches the port. Then the cars loaded with grain must be started rolling from the interior points to the port. If we say to the ECA Administrator that he cannot buy wheat unless he knows that the price of wheat on the day when he ships it will be more than the support price, then we have put the program into great jeopardy.

Subparagraph (C) of the amendment is almost as bad. It provides that "or (C) if, in the case of a product of an agricultural commodity, such product is selling at less than a price sufficient to reflect to producers of such commodity the support price, if any, of such commodity."

That provision would put the program into real difficulty, because in the case of corn alone there are 15 products of corn, to my knowledge, that are shipped abroad, for use in other countries. If just one of those products happened to be selling at a price which did not reflect to producers of that commodity the support price, then the ECA could not buy any of those products.

We have had to ship all sorts of products abroad. We have had to buy corn meal wherever we could buy it. Not enough corn meal was being manufactured in this country in that time of need, and we had to buy it wherever we could buy it.

So if we tell the ECA Administrator that he cannot buy such products for shipment abroad until every other by-product of such an agricultural commodity is selling above the support-price level, we cannot expect him to operate properly under such circumstances.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. LUCAS. I wish to congratulate the Senator from New Mexico, the former Secretary of Agriculture, who really knows what he is talking about in respect to the matter involved in this amendment.

Mr. President, the American Farm Bureau Federation, which has connected with it some of the finest and most able men in agriculture whom I know, also takes the position that the Senator from New Mexico takes. In that connection I should like to read into the RECORD at this point a telegram which I have received from the American Farm Bureau Federation:

American Farm Bureau has consistently opposed amendments to ECA legislation that would make program an agricultural surplus disposal program rather than program for maximum economic recovery. We recommend that in consideration of S. 3304 no amendments be adopted that will violate this principle.

ROGER FLEMING,
Secretary-Treasurer,
American Farm Bureau Federation.

Certainly this amendment would violate the very principle the American Farm Bureau Federation refers to in its telegram, and the amendment would also violate the very principle the distinguished Senator from New Mexico has been discussing.

Mr. ANDERSON. I thank the Senator.

Mr. DONNELL. Mr. President, will the Senator from New Mexico yield to permit a further inquiry?

Mr. ANDERSON. If I am going to yield, I should yield first to my distinguished friend, the Senator from North Dakota [Mr. YOUNG] who previously asked me to yield. After I have yielded to him, I will yield to the Senator from Missouri; but first I yield to the distinguished Senator from North Dakota.

Mr. YOUNG. Mr. President, the Senator from New Mexico has just stated that the Canadians were encouraging the feeding of more wheat to livestock. However, that was not the substance of the news story I read, at all. They were encouraging the production of wheat.

I do not believe the Farm Bureau Federation or the Grange know the present situation. Otherwise, they would not oppose the amendment.

Mr. ANDERSON. I want to say to the Senator, I listened carefully to the reading of the news story, and I am quite sure what the Minister of Canada would recommend. I have talked with him many times about this problem. I listened intently while the item was read in which he said that the Canadians should go into the feeding of livestock and should get the very best.

When the Senator from North Dakota examines the RECORD tomorrow, he will find that is what is in that news story. I recognize that there is an inference that Canada should increasingly produce and produce, and that is all right within limit, but also the Canadians recognize that the best way to dispose of their surplus is to feed it to livestock, and the American farmers realize that, too.

Mr. DONNELL. Mr. President, does the Senator from New Mexico feel that he has time enough to yield to me?

Mr. ANDERSON. I am very anxious to proceed and to make a short statement. When we come to the McKellar amendment, I hope that Senators will read the figures on what we have been doing and what has happened to our wheat surplus this very year, when we are having the smallest wheat crop since 1943. We are going to be very glad we have got a surplus of wheat in this country that is going to reflect itself in the price that is paid for bread here in America, and we are not going to be saying nearly so much about agricultural surpluses when we get through the next year as we have in the past. I now yield to the Senator from Missouri.

Mr. DONNELL. Mr. President, in connection with the telegram read by the Senator from Illinois, in which, as I understood, the American Farm Bureau Federation suggests that the ECA should not be made a surplus-property-for-disposal bill, or words to that effect, I ask

the Senator whether that is not the effect of the existing ECA law, Public Law 472 of the Eightieth Congress, which provides "that the Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States," with certain provisos?

Mr. ANDERSON. But it is the provisos that are important, and that is exactly what happened. The purchase of Canadian wheat has been referred to here. I think we ought to discuss that a little bit. The British Government had an arrangement with Canada running for several years, by which the British were obligated to buy about \$300,000,000 worth of Canadian wheat during the current fiscal year, and the ECA purchase of \$175,000,000 worth of wheat in Canada did not decrease British purchases of wheat in the United States in the slightest, as they had to fulfill their contract obligation.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. YOUNG] for himself and the Senator from Oklahoma [Mr. THOMAS].

Mr. YOUNG. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McMAHON (when Mr. BENTON's name was called). The junior Senator from Connecticut is engaged on official business, in conference with the President of the United States. If he were present, he would vote "nay."

Mr. TYDINGS (when Mr. O'CONOR's name was called). On this vote my colleague, the junior Senator from Maryland [Mr. O'CONOR], who is absent on public business, is paired with the junior Senator from Louisiana [Mr. LONG]. If present and voting, the junior Senator from Maryland would vote "nay," and the junior Senator from Louisiana would vote "yea."

The roll call was concluded.

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN] and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Nevada [Mr. McCARRAN] are absent by leave of the Senate on official business.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Louisiana [Mr. LONG] and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Florida [Mr. PEPPER] is absent on public business.

The Senator from Montana [Mr. MURRAY] is absent because of illness in his family.

The Senator from Kentucky [Mr. CHAPMAN] is paired on this vote with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Kentucky would vote "nay," and the Senator from New Mexico would vote "yea."

The Senator from Iowa [Mr. GILLETTE] is paired on this vote with the Senator from Florida [Mr. PEPPER]. If present

and voting, the Senator from Iowa would vote "yea," and the Senator from Florida would vote "nay."

The Senator from Nevada [Mr. McCARRAN] is paired on this vote with the Senator from Kentucky [Mr. WITHERS]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Kentucky would vote "nay."

The Senator from Oklahoma [Mr. THOMAS] is paired on this vote with the Senator from Montana [Mr. MURRAY]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Montana would vote "nay."

I announce further that, if present and voting, the Senator from California [Mr. DOWNEY] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate and is paired with the Senator from Michigan [Mr. VANDENBERG], who is necessarily absent. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Michigan would vote "nay."

The Senator from Iowa [Mr. HICKENLOOPER] and the Senator from North Dakota [Mr. LANGER] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is absent by leave of the Senate, and if present and voting would vote "nay."

The Senator from Utah [Mr. WATKINS] is absent by leave of the Senate on official business.

The Senator from Vermont [Mr. FLANDERS] is absent by leave of the Senate, and if present and voting would vote "nay."

The result was announced—yeas 31, nays 46, as follows:

YEAS—31		
Aiken	Eaton	Mundt
Brewster	Frear	Russell
Bricker	Gurney	Schoepfel
Bridges	Jenner	Stennis
Butler	Kem	Taft
Cain	McCarthy	Tobey
Cordon	McClellan	Wherry
Darby	Magnuson	Williams
Donnell	Malone	Young
Dworschak	Martin	
Eastland	Millikin	
NAYS—46		
Anderson	Hunt	Maybank
Byrd	Ives	Myers
Connally	Johnson, Colo.	Neely
Douglas	Johnson, Tex.	O'Mahoney
Ellender	Johnston, S. C.	Robertson
Ferguson	Kefauver	Saltonstall
Fulbright	Kerr	Smith, Maine
George	Kilgore	Smith, N. J.
Graham	Knowland	Sparkman
Green	Leahy	Taylor
Hayden	Lehman	Thomas, Utah
Hendrickson	Lodge	Thye
Hill	Lucas	Tydings
Hoey	McFarland	Wiley
Holland	McKellar	
Humphrey	McMahon	
NOT VOTING—19		
Benton	Hickenlooper	Pepper
Capehart	Langer	Thomas, Okla.
Chapman	Long	Vandenberg
Chavez	McCarran	Watkins
Downey	Morse	Withers
Flanders	Murray	
Gillette	O'Connor	

So the amendment offered by Mr. YOUNG, for himself and Mr. THOMAS of Oklahoma, was rejected.

Mr. WHERRY. Mr. President, I offer the amendment which I send to the

desk and ask to have stated. It is entitled "A." For some reason—there must have been a misprint of some of the amendments—there appears on the second page of some of them the words "aid to the Flathead Indians." [Laughter.] Of course, Mr. President, if we are going to aid anyone, I am in favor of aiding the Flathead Indians. But that is not covered by the amendment which I should like to have read; it does not have anything to do with aid to Indians.

The VICE PRESIDENT. The clerk will state the amendment offered by the Senator from Nebraska.

The CHIEF CLERK. It is proposed, on page 3, beginning with line 5, to strike out through line 16, and to insert in lieu thereof the following:

(m) (1) It is the sense of Congress that no participating country shall maintain or impose any import or export, currency, tax, license, quota, or other similar business restrictions which discriminate against products of the United States or its citizens or any corporation, partnership, or other association substantially beneficially owned by citizens of the United States, engaged or desiring to engage in the importation into or exportation from such country of any commodity, which restrictions are not reasonably required to meet balance of payment conditions or requirements of national security: *Provided*, That international agreements (to which the United States and such country are parties), which permit or prohibit any such restriction, shall remain in full force and effect unless expressly modified as required by law.

(2) The Secretary of State and the Administrator, acting jointly, are authorized and directed to obtain compliance with the intent expressed in paragraph (1) of this subsection, and the Administrator shall not agree to the expenditure of any of the local currencies, required to be deposited in local currency accounts by section 115 (b) (6) of this act, by any such country which fails to comply with such intent.

Mr. WHERRY. Mr. President, in the main, this amendment adds a new section which gives the Secretary of State and the Administrator, acting jointly, power to obtain compliance with the amendment offered by the distinguished Senator from Texas [Mr. CONNALLY]. There are one or two changes in the language of paragraph (m) to which I wish to speak very briefly. But that is the purpose of my amendment.

I am in total agreement with the intention of the distinguished chairman of the Foreign Relations Committee, and I am in complete accord with the objectives of the committee. But the second section gives Mr. Hoffman a leverage by requiring that it be done, if and when he feels it should be done, thus expressing a pious hope, because it is the sense of the Congress that it be done.

The committee report, at page 21, tells of discriminations against United States oil interests in Britain, and states:

The committee hopes that a solution can be found which will not involve unfair discrimination against American companies.

The committee also says its amendment is—

In order to make clear the position of Congress and to assist the Administrator in dealing with such discriminatory practices,

My amendment would give the Administrator a lever, which he could use if the weight of selfish nationalism against him were too heavy to move otherwise.

Apart from giving the Administrator authority to act, and a mandate to exercise such authority, the amendment I offer eliminates what seem to be flaws in the committee's amendment.

The committee's amendment makes an ambiguous provision about international agreements. Boiling it down, it says:

No participating country shall * * * impose * * * restrictions which * * * are not authorized under international agreements to which such country and the United States are parties.

It may not mean that treaties which prohibit restrictions are to be enforced.

It apparently does not apply to a treaty that prevents restrictions.

I do not know whether that would prevent restrictions, which are outlawed by our treaties or agreements, or not. I am inclined to believe that it permits discriminations that our agreements and treaties permit, but makes no provision for enforcing agreements which prohibit discrimination.

The committee's report says:

It (the committee) also recognizes that there may be instances when some such measures (discriminations) are sanctioned under existing international agreements.

Mr. President, there are also many cases where discrimination against our citizens and trade are prohibited by our treaties.

We are all just as much concerned about treaty provisions which protect us as we are about those which protect foreign nationals and trade.

I recommend that the amendment make this entirely clear. If any treaty or international agreement permits restrictions, we stick to it, until it is altered by mutual consent; and, in the case of a treaty, by ratification by the Senate. But, Mr. President, the converse also holds. If the agreement, or treaty, protects us from discrimination, its provisions are just as binding as if the converse were true.

Two other changes in the committee's amendment would be valuable. One is the provision to eliminate discriminations against the United States in Europe's export trade. We have a number of cases, such as hides, pig bristles, manganese ore. Those are some that I recall having been mentioned to the appropriations committee. They get dollars free from us, but they have to earn European currencies.

Europe claims to be trying to export to us, but, in reality, it is depriving us of many raw materials we formerly purchased from her or her colonies. We should also stop these discriminations.

The committee amendment only prevents discrimination against our citizens and firms. That is fine for a concern which has its own agent or subsidiary abroad. However, there are thousands of smaller businesses which sell through export channels and foreign concerns. To prevent discrimination against them, my proposal will bar discrimination

against United States products as well as against United States firms.

The committee amendment includes a phrase which I consider as nullifying the whole amendment, or, at any rate, as making it so evasive as to render it almost meaningless. It is the sense of Congress that our citizens are to be protected, only if they are engaged in the furtherance of the purposes of this title.

I do not know what this means, but I am suspicious of weasel words like that. It seems that if we allow discrimination for reasons of balance of payments and for reasons of "national security"—that is, the foreign nation's security—we have done enough.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. WHERRY. Just a moment, please. I have left out the necessity of proving that a firm victimized by discrimination is furthering the purposes of ECA.

According to some theories, our domestic businesses can further the purposes of ECA only by closing down their manufacturing processes and putting their sales forces at the disposal of their foreign competitors.

Returning to the necessity of giving ECA and the State Department a mandate to enforce the amendment, Mr. President, I believe this is absolutely essential for two reasons.

Small businesses cannot maintain the top-level contacts necessary to get action that is not mandatory. A mere expression of "the sense of Congress" may help the head of an oil company who can pound Paul Hoffman's desk, but it does not help a baseball manufacturer in St. Louis, who cannot buy horsehides in Europe as he did before ECA came into the picture.

My amendment provides for withholding counterpart funds from nations that refuse to end discriminations.

The second reason is that "the sense of Congress" should not be trifled with by nations who receive our aid. If they respect our wishes, the reprisal will not come into play. If they choose to ignore our wishes, there is no reason for us to be timid when we are giving away billions of dollars of the American taxpayers' money.

Our prestige should not permit our expressed desires to be set aside or ignored with impunity.

Summing up, Mr. President, I agree with the usefulness and the necessity of the committee amendment.

I want to compliment the committee for placing it in the bill, but I propose to remove discriminations in both export and import trade and against United States products as well as United States firms.

I propose to remove the vague requirement that permits discrimination against firms unless they are "engaged in the furtherance of this title."

I propose that treaties benefiting United States trade be enforced as rigidly as those benefiting foreign trade.

Finally, I propose to hold up release of counterpart funds to nations who insist

on ignoring the will of the Congress whose act makes their recovery possible.

Mr. President, I wish to read a news item from the New York World-Telegram of May 4, 1950. It reads as follows:

**UNITED STATES TRADERS TOLD TO PROTEST
BRITISH CURES—FOREIGN CREDIT GROUP
DISCUSSES ACTIONS**

American foreign traders should "stand up on their hind legs and roar" over British discriminations against United States trade, asserted a speaker at a round-table meeting of the Foreign Credit Interchange Bureau.

This was in response to a question asking if it is not evident to all that the United Kingdom not only is defaulting on her undertaking not to practice discriminations, but also is bringing strong pressure to bear on members of the so-called sterling area to shut out United States trade.

EXCLUDING BY FIAT

Through exchange controls and under the plea of dollar shortages, Britain is excluding by fiat United States goods from markets which United States exporters have served through many years of shortages, members agreed. "England is giving us the business," one spokesman said facetiously.

When ECA ends in 1952, one of the panel speakers asserted, it is of vital concern to the United States that Europe does not come out a closed, compartmentalized economy. Europe should have greater freedom in the use of her dollars, which are now in somewhat better supply several members agreed.

There was less agreement on pending sweepingly more rigid import controls by the Philippines. One member said that if the Philippines is compelled to ration her dollars, United States traders hardly can object, other than to hope that it will be done efficiently. Others placed great emphasis on the idea that the controls already imposed have forced up prices to Philippine buyers. This was asserted to be especially true of textiles and apparel items previously obtained for the United States.

WOULD BE IN STRAIT-JACKET

The worst part of the more rigid controls now under consideration in the Philippines, one speaker said, is that it will put the economy of the Islands in a strait-jacket not good for the democratic process.

It was estimated that the loss in export sales to the United States this year as the result of the Philippine import controls could run to about \$200,000,000.

It is doubtful that United States traders can object to the principle of import controls to preserve slim dollar reserves, one speaker said, but it is proper for this country to suggest that the controls be on a temporary, flexible, and workable basis.

The meeting was under the chairmanship of John Fischer, assistant treasurer, Bank of New York and Fifth Avenue Bank. Panel members were E. C. Butland, credit manager, the Quaker Oats Co.; John F. McKiernan, director regional office, Department of Commerce, and George E. Quisenberry, vice president of McGraw-Hill International Corp.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. WHERRY. I shall be glad to yield if I have any time left.

The VICE PRESIDENT. The Senator from Nebraska has 2 minutes.

Mr. LODGE. Would not the effect of this amendment be to require a Marshall-plan country to purchase American petroleum, for example, even if the American petroleum cost more in dollars than petroleum costs from some other place?

Mr. WHERRY. The amendment would provide that an American producer of petroleum located anywhere would have the right to export his products into any ECA country without restriction.

Mr. LODGE. Without regard to price?

Mr. WHERRY. Without restriction. He would have the same opportunity which any other oil producer would have anywhere in the world. That is provided in the amendment.

Mr. LODGE. Mr. President, will the Senator yield for another question?

Mr. WHERRY. I yield for another question.

Mr. LODGE. Does not that mean that the rank and file of the American people would be asked to vote a great big subsidy for certain favored large oil companies?

Mr. WHERRY. That is not true at all. What I am asking for is exactly what the amendment offered by the Senator from Texas [Mr. CONNALLY] calls for.

Mr. LODGE. Why does not the Senator from Nebraska leave the amendment as it is?

Mr. WHERRY. Because I am asking that the provision in the amendment be made mandatory. All that the amendment offered by the Senator from Texas provides is that it is the sense of the Congress that this be done. I am asking that it be made mandatory. I am asking that oil-producing companies, producers of textiles or producers of leather goods, or any other producers, not be discriminated against, either in the case of exports or imports so far as ECA countries are concerned.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. WHERRY. Mr. President, how much time do I have left?

The VICE PRESIDENT. One minute.

Mr. WHERRY. I am asking that these manufacturers be not discriminated against by having imposed on them licenses or taxes.

Mr. LODGE. That is not all that the Senator's amendment is trying to do. The Senator from Nebraska has a joker in his amendment. He inserts the word "products." That is what section 104, on page 2 of the bill is aimed to avoid.

Mr. WHERRY. Mr. President, I want at least the last half minute of my own time. All I am asking is that American manufacturers have no licenses restrictions imposed upon them, and I am asking that they may sell to sterling area countries, as they were able to sell before ECA came into existence. The Senator from Texas wants to do the same thing. There is no joker in the amendment. A clothespin manufacturer in Massachusetts ought to have the right to ship his product into Paris, and I feel that there should not be placed a tax of 50 percent on his product and thus shut him out of trade to which he is entitled. That has happened in the case of an exporter in the State of Maine.

The VICE PRESIDENT. The time of the Senator from Nebraska has expired.

Mr. WHERRY. Can the Chair give me 5 seconds more?

The VICE PRESIDENT. The Chair cannot give the Senator even 1 second more.

Mr. CONNALLY. Mr. President, I yield 3 minutes to the Senator from Massachusetts if he wants to discuss the amendment further.

Mr. LODGE. I merely wish to say that it is a pity the Senator from Nebraska did not present his amendment to the committee, so that it could be discussed at length. It is a highly technical and complicated amendment, and I think it has some hidden meanings in it. If he had presented it to the committee, we could have worked it out. I am always suspicious of amendments which are presented to the Senate at the last minute.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. WHERRY. I use the word "products" in the amendment for the reason that large operators have subsidiaries in foreign countries. If we want to eliminate discrimination, why not eliminate discriminations against small-business men who do not have large subsidiary companies in other countries?

Mr. LODGE. The small-business man does not come into the picture at all. Standard Oil, Esso, and three other huge companies have between them, I think—I am speaking from memory—60 percent of all this oil business. Mr. President, if the time comes that we convert ECA into a subsidy for certain vested interests, I think we ought to know about it.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. WHERRY. Is there any difference in the provisions I propose and those in the committee amendment?

Mr. LODGE. I think there is. The difference is that under the language of the committee amendment on page 3 a British oil company, a French oil company, and an American oil company are operating, and the price of the oil in dollars is the same in each case, the American oil company shall not be discriminated against. That is a fair proposition, and I am for it. However, I think it is utterly inexcusable to require Marshall plan nations to take oil or anything else that has a high dollar content when they can get the same thing somewhere else in a soft currency area.

The VICE PRESIDENT. The time of the Senator from Massachusetts has expired.

Mr. CONNALLY. I hope that the Senator from Nebraska will not insist on the entire amendment. I am agreeable to the first paragraph of the amendment.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WHERRY. The Senator from Texas is perfectly agreeable to the first paragraph of my amendment?

Mr. CONNALLY. Yes.

Mr. WHERRY. I thank the Senator.

Mr. LODGE. The Senator from Texas is not speaking for me.

Mr. WHERRY. He certainly is. That is what the Senator from Massachusetts argued about.

Mr. LODGE. I am not in favor of it.

Mr. AIKEN. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. AIKEN. Was not the time of debate on an amendment to be divided equally, 10 minutes to each side, rather than 20 minutes to those who favor the amendment?

The VICE PRESIDENT. The Senator from Nebraska has used his 10 minutes. Whatever time is left of the remaining 10 minutes may be used by the opponents.

Mr. AIKEN. I do not understand that the Senator from Texas is speaking in opposition.

Mr. CONNALLY. I said I was opposed to the second paragraph. It has an "a" in it. I am not opposed to the "a."

Mr. AIKEN. Mr. President, would it be possible to vote against the second paragraph?

Mr. CONNALLY. Any Senator may offer an amendment to strike out the second paragraph, but I was going to explain that the committee adopted a provision on page 3, which had this matter in mind. The Administrator says that under the amendment carried in the provisions of the bill he would administer the directions contained in it as though they were mandatory, because he would take it as the will of the Congress that that be done. If he is going to do that, why should we tie his hands, and put shackles and handcuffs on them, or put leg irons on him?

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CONNALLY. Yes.

Mr. WHERRY. My amendment does not tie his hands. If other countries refuse to do what the Senator from Texas seeks to have done by the first section of his amendment, under my amendment Congress gives the Administrator this additional power to require them to do it.

Mr. CONNALLY. I am not in favor of putting any sanctions or any hard-boiled requirements on the Administrator. This is what he says:

The Connally amendment—

That is the language in the bill—gives the Administrator an explicit basis in granting dollar assistance or in acting on proposals to release counterpart funds for taking action to see that the discriminatory restrictions against United States citizens are terminated. The Administrator states—

Listen to this—

that he would consider himself bound to take suitable action in accordance with the intent of this provision in cases where it is established to the satisfaction of the responsible United States Government authority that such discriminations are not corrected. Hence the Connally amendment gives assurance that discriminations against American businessmen can be dealt with promptly and effectively.

Mr. President, it is unnecessary to consider the amendment of the Senator from Nebraska, and therefore I am

against it. The bill already has in it language which is sufficient to accomplish the purpose. We have the assurance of the Administrator that he is going to carry it out. I hope the Senate will reject the amendment.

Mr. LODGE. Mr. President, is there one more minute left, or has the time expired?

The VICE PRESIDENT. The Senator from Texas has three more minutes.

Mr. CONNALLY. I yield the Senator from Massachusetts 2 minutes.

Mr. LODGE. Mr. President, I cannot lay my hand on the statement at the moment, but in the hearings there is complete factual evidence to show that insofar as the oil business abroad is concerned, the little oil man is not interested at all. In fact, we took testimony from the representatives of the independent petroleum producers, all the little oil men throughout the country, who objected because they did not share any of this business. This is not a little business amendment. This is a big oil company amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Nebraska [Mr. WHERRY].

Mr. WHERRY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from Connecticut [Mr. BENTON] is detained on official business at the White House.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Mississippi [Mr. EASTLAND] is detained on official business.

The Senator from Louisiana [Mr. LONG] and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Montana [Mr. MURRAY] is absent because of illness in his family.

The Senator from Maryland [Mr. O'CONOR] and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Iowa [Mr. GILLETTE] is paired on this vote with the Senator from Maryland [Mr. O'CONOR]. If present and voting, the Senator from Iowa would vote "yea," and the Senator from Maryland would vote "nay."

I announce further that if present and voting, the Senator from Connecticut [Mr. BENTON], the Senator from Kentucky [Mr. CHAPMAN], the Senator from California [Mr. DOWNEY], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Florida [Mr. PEPPER], and the Senator from Kentucky [Mr. WITHERS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate and is paired with the Senator from Michigan [Mr. VANDENBERG], who is necessarily absent. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Michigan would vote "nay."

The Senator from Iowa [Mr. HICKENLOOPER] and the Senator from North Dakota [Mr. LANGER] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is absent by leave of the Senate and if present and voting would vote "nay."

The Senator from Utah [Mr. WATKINS] is absent by leave of the Senate on official business.

The Senator from Vermont [Mr. FLANDERS], who is absent by leave of the Senate, is paired with the Senator from Oregon [Mr. CORDON], who is detained on official business. If present and voting, the Senator from Vermont would vote "nay," and the Senator from Oregon would vote "yea."

The Senator from New Hampshire [Mr. TOBEY] and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

The result was announced—yeas 21, nays 52, as follows:

YEAS—21

Brewster	Ferguson	Martin
Bricker	Gurney	Millikin
Bridges	Jenner	Mundt
Butler	Kem	Schoeppel
Darby	Knowland	Taft
Donnell	McCarthy	Wherry
Ecton	Malone	Wiley

NAYS—52

Aiken	Humphrey	Maybank
Anderson	Hunt	Myers
Byrd	Ives	Neely
Cain	Johnson, Colo.	O'Mahoney
Connally	Johnson, Tex.	Robertson
Douglas	Johnston, S. C.	Russell
Dworshak	Kefauver	Saltonstall
Ellender	Kerr	Smith, Maine
Frear	Kilgore	Smith, N. J.
Fulbright	Leahy	Sparkman
George	Lehman	Stennis
Graham	Lodge	Taylor
Green	Lucas	Thomas, Utah
Hayden	McClellan	Thye
Hendrickson	McFarland	Tydings
Hill	McKellar	Williams
Hoey	McMahon	
Holland	Magnuson	

NOT VOTING—23

Benton	Gillette	Pepper
Capehart	Hickenlooper	Thomas, Okla.
Chapman	Langer	Tobey
Chavez	Long	Vandenberg
Cordon	Mccarran	Watkins
Downey	Morse	Withers
Eastland	Murray	Young
Flanders	O'Conor	

So Mr. WHERRY's amendment was rejected.

Mr. BRIDGES. Mr. President, I send to the desk an amendment and ask that it be stated.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 2, between lines 16 and 17, it is proposed to insert the following:

(b) Section 111 is further amended by adding at the end thereof a new subsection as follows:

"(d) In providing for the procurement of commodities under authority of this title, the Administrator shall take such reasonable and practicable steps as may be necessary to assure that such commodities or the contain-

ers thereof (including inner containers as well as outer packaging) are plainly, indelibly, and appropriately labeled by the supplier thereof in such manner as to indicate, by emblem and wording in the language of the recipient country, that the commodities have been supplied by the United States for European recovery. No payment shall be made by the Administrator under letters of commitment or other financial arrangements made with respect to the procurement of commodities under this title except upon receipt of an affidavit of the supplier, whether within or without the United States, that the requirements of this subsection have been complied with in the case of such commodities. The Administrator shall immediately commence negotiations with the several participating countries with a view to the inclusion in the respective bilateral agreements entered into with such countries in accordance with section 115 (b) of this title of provisions designed to insure the continuation of such labeling within each such country, of bulk raw materials including coal, grain, petroleum, oil, lubricants, fibers packaged in bales, and metal and lumber-mill products of a semifinished nature."

Mr. BRIDGES. Mr. President, this is the so-called "labeling" amendment. It was offered to the ECA bill, last year and was defeated by a few votes. The wording of last year has been changed so as to insert the words "reasonable and practicable." There cannot be the objection leveled at the amendment which was urged last year, when it was said, "We cannot do this because we are dealing with coal." One Senator said, "We cannot label each piece of coal and we cannot label each kernel of corn." Of course, such never was intended. So this mandatory labeling provision is amended to read "where reasonable and practicable."

Mr. President, we have had the background of our experience with UNRRA and of many other foreign aid programs under which the United States gave of her substance to the people of other countries. We gave money. We gave commodities, some of which were given to the people of other countries at a sacrifice to our people. We gave them scarce materials. In no instance did we receive proper recognition, nor was there a spirit of good will shown by reason of the program we carried out.

Today we are spending tens of millions of dollars, through the Voice of America and by other propaganda means, to create good will in Europe. All the labeling amendment would require is that it shall be mandatory where reasonable and practicable that the products which we are giving away shall be labeled. Thus it will be known to the people in the recipient countries that the products are contributed by the United States of America. I do not see how any Senator who has taken the oath of office in the United States Senate can vote against a measure which will require the labeling of these products, the cost of which the people of America are paying. We are giving these products in connection with a good-will program. I think it is fundamental that this requirement for labeling be put into effect.

I now yield 1 minute to the Senator from Washington [Mr. CAIN].

The VICE PRESIDENT. The Senator from Washington is recognized for 1 minute.

Mr. CAIN. Mr. President, the junior Senator from Washington wishes to associate himself with the views just expressed by the Senator from New Hampshire, and to add an observation in his own right. Adoption of the amendment will recognize and provide some relief for the disappointment shared by so many of us in America over the sad fact that too many Europeans are unaware of the nature and size and cost of the steps taken by America to aid recovery in western Europe. I believe the average American will support the amendment as being sensible, reasonable, and workable. The people of Europe ought to know that the people of America are really the ones who pay the bill which makes the Marshall plan possible. The pending amendment, if agreed to, will help to bring about this worth-while objective. Too many Europeans think the Marshall plan is merely a series of complicated maneuvers—

The VICE PRESIDENT. The time of the Senator from Washington has expired.

Mr. CAIN. Mr. President, may I ask the Senator from New Hampshire for 15 seconds?

Mr. BRIDGES. I yield the Senator from Washington a half minute.

The VICE PRESIDENT. The Senator from Washington is recognized for half a minute.

Mr. CAIN. Mr. President, I appreciate the Senator's courtesy.

Too many Europeans think the Marshall plan is merely a series of complicated maneuvers between national governments. If commodities carry an American label, a greater number of Europeans will become conscious and appreciative of the willingness of the average American to help the average Europeans in their period of temporary need. I can think of no sound reason why the amendment should not prevail.

Mr. BRIDGES. Mr. President, I yield to the Senator from Kansas [Mr. SCHOEPEL] a minute and a half.

The VICE PRESIDENT. The Senator from Kansas is recognized for a minute and a half.

Mr. SCHOEPEL. Mr. President, I desire to associate myself with the distinguished Senator who has just spoken, and with the Senator from New Hampshire respecting his amendment. I recall that last year when a similar amendment was voted upon, it was defeated by only a few votes. The other day on the Senate floor, and a few weeks ago on the Senate floor, the distinguished junior Senator from Connecticut [Mr. BENTON] made an eloquent plea that the United States should advertise its wares and show to the people back of the iron curtain just what America is doing. The amendment offers such an opportunity. We are an advertising nation. Our Nation is proud of the commodities its people produce. I can see no justifiable reason for any American to have any hesitancy, even though it would cost us money, to label the products which are sent from the United States, we should be proud of those products.

I am happy to vote for the amendment.

Mr. BRIDGES. Mr. President, I yield 1 minute to the Senator from South Dakota [Mr. MUNDT].

The VICE PRESIDENT. The Senator from South Dakota is recognized for 1 minute.

Mr. MUNDT. I think it should be pointed out that one very important argument in behalf of the labeling amendment is the fact that the people who receive these goods in Europe have to pay for them. They purchase them, and a great many of the people purchasing this American lend-lease material now have no way in the world of learning that the material they are getting comes to them because of the lend-lease program of this country. I certainly hope that no member of the Foreign Relations Committee will rise and oppose this important program, which is in complete harmony with the whole Voice of America concept, with the whole program with which we are all so vitally concerned, that is of having the American ideal and the American purpose represented honestly and appropriately and adequately abroad. This amendment should be adopted.

Mr. BRIDGES. Mr. President, I yield 1 minute to the junior Senator from Michigan.

The VICE PRESIDENT. The Senator from Michigan is recognized for 1 minute.

Mr. FERGUSON. I simply wish to speak from my personal observations in the European-aid countries. It has been my observation that the people there who are not connected with the Government do not have knowledge of the aid which is being given to them. This amendment affords a method to correct that situation. By adopting this amendment the Senate will make possible a method of conveying to the common people of Europe the idea that we are furnishing this aid directly to the people, that we are not doing it for materialistic purposes or reasons in connection with their governments, but we are doing it to aid the people of Europe themselves. I hope the Senate will adopt the amendment so the people of Europe may have a full understanding of what we are doing for them.

Mr. BRIDGES. Mr. President, I yield 1 minute to the Senator from Maine [Mr. BREWSTER].

The VICE PRESIDENT. The Senator from Maine is recognized for 1 minute.

Mr. BREWSTER. Mr. President, I should like to point out that in the case of foreign goods coming into this country they must be labeled. By the amendment we are only asking the people whom we are benefiting in Europe to accept the same provisions which we apply in the case of goods brought into this country. So I think "Made in U. S. A." and "Furnished by U. S. A." are entirely proper labels to put upon the goods which we assist in supplying.

Mr. BRIDGES. Mr. President, I now yield 2 minutes to the Senator from Nebraska [Mr. WHERRY].

The VICE PRESIDENT. The Senator from Nebraska is recognized for 2 minutes.

Mr. WHERRY. Mr. President, I agree with the Senator from New Hampshire

[Mr. BRIDGES] and other Senators who have spoken in behalf of the amendment. I believe it to be a good amendment. I know the argument will be advanced that it is a costly amendment, that labeling provided under its terms cannot be done in the case of bulk products, such as coal and wheat; that the cost of labeling will be too high.

First of all, I wish to cite an experience I had in Austria when I was there checking up what became of the food which went there through UNRRA. I was told by one of our high-flight, top generals, that the first trainload of food which came into the territory occupied by us in Austria, into Vienna, came by railroad; that pictures of Premier Stalin appeared all over the railroad cars, intimating that the food had come from the East, from Russia, that it had not come from its actual source, the United States of America.

It may be that every grain of wheat and every piece of coal cannot be labeled. I know that argument will be made. But I believe we must make clear to the recipients where the products come from. Those who receive the products should know from whom they come. If it is worth while to broadcast over the Voice of America that we are giving aid to Europeans, it is worth while to label products which are sent by us to European people under the ECA program wherever it is possible and feasible to do so.

Mr. CONNALLY. Mr. President, I yield 9 minutes to the Senator from Virginia [Mr. ROBERTSON].

The VICE PRESIDENT. The Senator from Virginia is recognized for 9 minutes.

Mr. ROBERTSON. Mr. President, I am in full sympathy with the objectives of the amendment, but I am forced to disapprove of the plan proposed by it. I hope the amendment will not be adopted.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD section 201.13 of ECA regulation No. 1, indicating what are the present marking requirements, and how they are now being carried out.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

SEC. 201.13. Marketing requirements: Commodities furnished under the act will be stamped, tagged, stenciled, or labeled with with the official ECA Emblem, bearing the text "For European Recovery, Supplied by the United States of America" translated into the language of the recipient country; samples of the Emblem, and translations, may be obtained from ECA, Washington, D. C.

If it is not practicable to mark the commodities themselves in such manner, the containers in which the commodities are packaged will be so marked. The shipping containers, whether boxes, cases, barrels, drums, hogsheads or of other types, will also bear the official ECA Emblem. The size of the ECA Emblem may vary depending upon the size of the commodity, package, or shipping container to be marked. In addition, the shipping containers will be stamped, branded, stenciled or labeled as follows:

ECA

(Procurement Authorization No.)

(Participating country)

(Shipper's marks)

The procurement authorization number and name of the participating country shall be in characters at least equal in height to the shipper's marks. The height of the ECA Emblem on the shipping container should, whenever possible, be at least twice the height of the lettering used in the shipper's marks.

Any raw materials (including coal, grain, and petroleum, oil and lubricants) not shipped in containers; fibers packaged in bales; and metal and lumber mill products of a semifinished nature which are not packaged or crated are excepted from these marking requirements. If compliance with the provisions of this section is found to be impracticable with respect to other commodities, the participating country will promptly request ECA, Washington, D. C., for an exemption from the requirements of this section.

Mr. ROBERTSON. Mr. President, we are advised by the ECA Administrator that he is doing all within his power at the present time to mark our goods and let the recipients know where they are coming from. He believes we are accomplishing a pretty good job. But he advises us, first, that if we adopt an amendment of the kind now proposed it will disrupt the standard method of marking. Second, he calls attention to the fact that we could not label coal and wheat and other bulk products of that kind. Third, the amendment calls on the ECA Administrator to reexamine and amend bilateral agreements. That is within the function of the State Department, and not that of the ECA.

He also calls attention to the fact that it often happens that ECA wants to buy some products which were manufactured for our domestic market. Maybe there is a surplus of such products, maybe the producers are willing to give a close price in order to have the products move and go abroad. But under the pending amendment ECA could not buy them, and so the producer in this country would be hurt, and the recipient nations would be unable to secure articles that may be available at low prices.

The distinguished Senator from Michigan referred to his interest in marketing. I want to ask him how successfully the Post Toasties manufactured in his State would be marketed if the packages had to be marked both on the inside and on the outside with such labels. However, under this amendment unless the boxes of Post Toasties are marked with such labels on both the inside and the outside, they could not be shipped overseas under this program. I do not think the Senator from Michigan would enjoy that situation.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. ROBERTSON. I will yield in 8 minutes. First, there are some other matters to which I wish to refer.

Mr. FERGUSON. Very well.

Mr. ROBERTSON. Mr. President, I am happy to inform the Senate that the ECA believes that the participating countries are now fully cooperating with it in letting their people know, from the standpoint of the marketing of these products, where they come from. In the language of Mr. Hoffman, this amendment "would cause administrative burdens, delays, and expenses which would substantially impede the operation of the European recovery program without appreciably increasing the publicity which is now being given to United States contributions."

Mr. President, I wish now to turn to a different subject. I regretted very much that I missed participating in the yeand-nay vote on the first amendment voted on today, that calling for a \$1,000,000,000 reduction in the amount of the proposed ECA authorization. I happened to be in the cloakrooms at the time, where I was so absorbed in preparing an amendment on the bank-holding-company bill that I did not hear the bell ring to announce the vote.

However, I oppose both the amendment calling for a \$1,000,000,000 reduction and the amendment calling for a \$500,000,000 reduction.

After the Foreign Relations Committee has submitted a report favoring the full amount as now carried in the bill, I think that in the absence of any personal knowledge on my own behalf I should not vote to make a reduction in the amount of the authorization, especially in view of the fact that I have the privilege of sitting in the Appropriations Committee, and that last year in that committee we went more fully into the needs of the ECA program than did the Foreign Relations Committee, and I hope we can do so again.

In any event, every Member of the Senate has the privilege, when the appropriation bill comes before the Senate, of voting for any amendments which he sees fit to support.

Certainly I am as much interested in economy as is any other Member of the Senate. I do not wish to vote to include in this program anything it is not necessary to include in it.

However, Mr. President, in recent months we have heard much discussion about the loss of China and about who was responsible for the loss of China: I do not know who was responsible for the loss of China, and I do not know whether we could have saved China. I do know that that loss was a serious one. I also know that we in the Congress made the deliberate decision—and the same decision was reached by the State Department—that our first obligation and our primary defense against the tide of communism was in western Europe.

Mr. President, at this point I wish to mention a subject about which I feel very deeply, and it is this: In my opinion we are not going to save western Europe unless we save Germany. On one side of the Brandenburg Gate, willy-nilly, the Germans have gone communistic. On

the other side of that gate the Germans are making a fight for the principles of self-government and for a so-called democracy. Even though it is not exactly like ours, it certainly is not like communism.

I had an interesting conference last week with the Lord Mayor of Bremen. He told me that he could see no reason, and neither could the other Germans of western Germany, why they could not manufacture ships, at least, and sell them to the nations which are willing to buy ships from them. He said:

We can give employment to at least 10,000 men, in Bremen alone, to make ships for Sweden and other Scandinavian countries and for South Africa who now are offering us the money for such ships. We need no help or no materials from anyone. All we need is the permission to go to work.

Mr. President, at the London Conference that matter should be strongly urged by our State Department. Why should we permit such opposition action to be taken by Great Britain or France or any other country which does not want to see Germany reestablished and is willing to have Germany remain on our necks for the next 50 years, which does not want to see a German merchant marine established, which does not want to see the German shipyards compete with its shipyards, and takes that position at our expense, when we are pouring out such vast sums of money for the relief of the western European countries?

I wish that more of us had heard the speech of my distinguished desk mate and colleague, the junior Senator from Mississippi [Mr. STENNIS], one of the ablest and finest Members of this body. I was with him in Greece. I went out to see the undernourished and under-sized olive trees from which the Greeks were picking the small olives, enough to produce perhaps \$5 worth of olive oil from 28 olive trees, which were all the particular farmer had. He said that as he understood the Marshall plan, it was to enable us to get control of his olive trees. Of course, Mr. President, we would not have his olive trees if they were offered to us; even if they could be transported to the United States, we would not want them.

The Senator from Mississippi said—and I agree with him—that we are not going to be through with this problem in 1952; we are not going to be through with it then in Germany or in Austria or in Greece.

Mr. President, here is a chance for us to save some money, by persuading our allies in western Europe to agree that the shipbuilding plants of western Germany may resume operation—our allies who either are so afraid of a reconstructed Germany or are so jealous of the ability of the Germans in western Germany to compete with them, that they want to dismantle the German plants.

Thank goodness, the Petersberg agreement last November stopped the dismantling program. However, apparently these allies of ours do not want the Germans to get back on their feet.

Mr. President, we need a reconstructed Germany. Germany is essential to the industry of western Europe, and she can be one of our most valuable allies.

I welcome this opportunity to voice my hope that at the London Conference the representatives of the State Department will take a firm stand in favor of the rehabilitation of Germany—not from a military standpoint, but from an economic standpoint—so that eventually we shall be relieved of the terrible burden which now rests upon our taxpayers—a burden which I feel we could not safely avoid in the first place because of the threats of communism to our own national security.

The VICE PRESIDENT. The time of the Senator from Virginia has expired.

Mr. ROBERTSON. Mr. President, now I yield to the Senator from Michigan [Mr. FERGUSON].

The VICE PRESIDENT. The time of the Senator from Virginia has expired, and he does not have remaining any time which he can yield to any other Senator.

Mr. CONNALLY. Mr. President, I very much hope the Senate will reject this amendment. Of course we have wished to make it known to the people of Europe that these goods are coming from the United States. However, the Administrator says that the difficulties and the expense of operating in accordance with the terms of the amendment now proposed would be interminable and would create an almost impossible situation. He says the difficulties which would be caused by the amendment would be almost impossible to overcome.

The amendment would require the proposed labeling to appear both on the inside and on the outside of the packages. No doubt the labels would have to be printed in all the languages of Europe.

So I hope the Senate will reject the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from New Hampshire [Mr. BRIDGES], for himself and the Senator from Nebraska [Mr. WHERRY].

Mr. BRIDGES. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN] and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Nevada [Mr. McCARRAN] are absent by leave of the Senate on official business.

The Senator from Connecticut [Mr. BENTON] is detained on official business at the White House.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Louisiana [Mr. LONG] and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Montana [Mr. MURRAY] is absent because of illness in his family.

The Senator from Alabama [Mr. SPARKMAN] is detained on official business.

The Senator from Maryland [Mr. O'CONOR] and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Nevada [Mr. McCARRAN] is paired on this vote with the Senator from Kentucky [Mr. WITHERS]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Kentucky would vote "nay."

I announce further that if present and voting, the Senator from Connecticut [Mr. BENTON], the Senator from Kentucky [Mr. CHAPMAN], the Senator from New Mexico [Mr. CHAVEZ], the Senator from California [Mr. DOWNEY], the Senator from Montana [Mr. MURRAY], the Senator from Maryland [Mr. O'CONOR], the Senator from Florida [Mr. PEPPER], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Oklahoma [Mr. THOMAS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate and is paired with the Senator from Michigan [Mr. VANDENBERG], who is necessarily absent. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Michigan would vote "nay."

The Senator from Iowa [Mr. HICKENLOOPER] and the Senator from North Dakota [Mr. LANGER] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is absent by leave of the Senate and if present and voting would vote "nay."

The Senator from Utah [Mr. WATKINS] is absent by leave of the Senate on official business.

The Senator from Vermont [Mr. FLANDERS] is absent by leave of the Senate and if present and voting would vote "nay."

The result was announced—yeas 37, nays 39, as follows:

YEAS—37

Aiken	Ives	Russell
Brewster	Jenner	Saltonstall
Bricker	Johnson, Colo.	Schoeppel
Bridges	Johnston, S. C.	Smith, Maine
Butler	Kem	Taft
Byrd	Knowland	Thye
Cain	Lodge	Tobey
Darby	McCarthy	Wherry
Dworshak	McClellan	Wiley
Eaton	Malone	Williams
Ferguson	Martin	Young
Gurney	Millikin	
Hendrickson	Mundt	

NAYS—39

Anderson	Hill	McKellar
Connally	Hoey	McMahon
Cordon	Holland	Magnuson
Donnell	Humphrey	Maybank
Douglas	Hunt	Myers
Eastland	Johnson, Tex.	Neely
Ellender	Kefauver	O'Mahoney
Frear	Kerr	Robertson
Fulbright	Kilgore	Smith, N. J.
George	Leahy	Stennis
Graham	Lehman	Taylor
Green	Lucas	Thomas, Utah
Hayden	McFarland	Tydings

NOT VOTING—20

Benton	Hickenlooper	Pepper
Capehart	Langer	Sparkman
Chapman	Long	Thomas, Okla.
Chavez	McCarran	Vandenberg
Downey	Morse	Watkins
Flanders	Murray	Withers
Gillette	O'Conor	

So the amendment offered by Mr. BRIDGES, for himself and Mr. WHERRY, was rejected.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. MALONE. Mr. President, I wish to call up my amendment E, offered on the 26th of April.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 7, between lines 3 and 4, it is proposed to insert the following:

TERMINATION OF ASSISTANCE

SEC. . Section 118 of such act is amended by adding at the end thereof the following new sentence: "The Administrator shall terminate the provision of assistance under this title to any participating country (including the zones of occupation of Germany) if such country refuses to join, within 30 days after the date of enactment of the Economic Cooperation Act of 1950, in a concerted effort with the other participating countries (including the zones of occupation of Germany) to form a Federation of a United States of Europe, under a constitution which would vest in the federation all power relating to (1) tariffs, trade, and currency within and among such countries or states and between such countries or states and countries which are not members of the federation; and (2) the defense of the federation."

A UNITED STATES OF EUROPE

Mr. MALONE. Mr. President, this amendment would require each participating country to agree it will join in a concerted effort with the participating countries to form a united states of Europe similar to the United States of America.

The pending amendment makes further aid under the ECA dependent on the willingness of each of the OEEC countries to join, within 30 days after the passage of the pending act, in a concerted effort to form the united states of Europe. All efforts of the ECA to break down the isolationist and nationalistic trade barriers within the European realm have been of little avail. Exchange controls like import and export licensing regulations, bilateral trade treaties, and other barriers to the free flow of trade cannot properly be eliminated without the establishment of the united states

of Europe. Any hope that we may have to strengthen European resistance against Communist aggression is unfounded and will only lull us into a false sense of security. The only salvation of European and perhaps western civilization lies in a complete negation of all the historic feuds and enmities of the European nations.

The United States, in giving billions of dollars of aid to the European countries, may well force such conditions upon the recipients of our largess. It is really no more than the conditions a banker may attach to a loan. The United States of Europe can be born if we lead the way. We cannot expect all Europe to take that historic step without necessary inducement and an assurance that such a step will not only be sanctioned, but actively supported by the United States. This is the opportunity to bring about a most necessary alliance.

Mr. President, to avoid chaos in Germany and ultimate economic failure in all of Europe there must be a United States of Europe, of which Germany is a part. Only within the context of European unity is there the opportunity to direct the economic, political, and spiritual forces of Germany and other European countries into healthy and peaceful channels.

Prompt action is needed because today the west has an opportunity to unite for defense, Germany is in a formative stage, the idea of unity has a strong hold on the minds of the people, and, lastly, the United States of America would assist the United States of Europe in getting established, as a condition of further aid.

With a United States of Europe, Germany would no longer be the problem she is at this time. We are now torn between allowing Germany to become strong industrially, with the danger that she may join Russia and, through that union, seek to dominate the world, or to turn her into a harmless agrarian state with our endless financial support and with the always present danger that a frustrated Germany would ultimately join Communist Russia anyway, since

Russia is offering her industrial independence.

Russia is holding out to Germany the opportunity to produce the processed and manufactured goods necessary for Russia, to a large extent, and also furnish Communist China with such supplies—it will be a great temptation to a Germany now being subjected to the stupid insane policy of turning them into an agrarian state.

Europe could become a strong nation, no longer subject to rivalries, distrust, and suspicions. We could deal with Europe as one nation. This nation could deal with a United States of Europe as with Russia or China, through treaties, and not contribute to the expense of maintaining a separate government within each of those small countries.

Each of these small countries maintains a king, a dictator, or a president, together with a full set of officials and hangers on, including the deposed kings and dictators. The King of England draws an annual salary of approximately \$1,500,000. This was of no concern to the junior Senator from Nevada until such funds became a part of our budget. A United States of Europe would ultimately end such foolishness.

Mr. President, each separate country of the 16 ECA countries has made a separate treaty with Russia and with the iron-curtain countries, and they are furnishing them enough goods to make a start toward world war III. They are furnishing the goods necessary to consolidate their gains in eastern Europe and Communist China. That is done through the 96 trade treaties which the ECA nations have made with Russia and the iron-curtain countries, selling everything from monkey wrenches aid locomotives to ball bearings and tool steel, electrical equipment, and freight cars.

In that connection, Mr. President, I ask unanimous consent to place in the RECORD, at this point in my remarks, a list of such 96 treaties.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

List of most recent trade agreements between OEEC countries and countries of eastern Europe

[NOTE.—Insofar as possible the effective date, the date of signature (in parentheses), and the expiration date are noted under "Period"]

Agreement partners	Period	Special provisions
Austria-Bulgaria.....	Dec. 17, 1948, to Dec. 31, 1949; supplemental July 7, 1949.....	
Austria-Czechoslovakia.....	July 1 (July 15), 1949, to June 30, 1950.....	
Austria-Hungary.....	Sept. 1 (Sept. 13), 1949, to Aug. 31, 1950.....	
Austria-Poland.....	July 15 (July 5), 1949, to July 31, 1950.....	
Austria-Yugoslavia.....	Oct. 25 (Nov. 12), 1949, to Oct. 24, 1950.....	
Belgium-Luxemburg-Bulgaria.....	Apr. 21, 1947, to Apr. 21, 1948.....	
Belgium-Luxemburg-Czechoslovakia.....	Oct. 1 (Nov. 30), 1949, to Sept. 30, 1950.....	
Belgium-Luxemburg-Finland ¹	Nov. 6 (Dec. 16), 1948, to Nov. 5, 1949; extended to May 5, 1950.....	
Belgium-Luxemburg-Hungary.....	Feb. 18 (Feb. 18), 1949, to Feb. 17, 1950.....	
Belgium-Luxemburg-Poland ¹	Apr. 13, 1950, to April 1951.....	
Belgium-Luxemburg-Rumania.....	Sept. 3, 1948, to Sept. 3, 1949.....	
Belgium-Luxemburg-Yugoslavia.....	Sept. 11, 1948, to September 1949.....	
Belgium-Luxemburg-U. S. S. R.....	January (Feb. 18), 1948 to 1949.....	
Belgium-Luxemburg-Germany (Soviet zone).....	Nov. 10, 1947, to Nov. 9, 1948.....	
Denmark-Bulgaria.....	May 9, 1947, to May 9, 1948.....	
Denmark-Czechoslovakia ²	Dec. 1 (Dec. 17), 1949, to Nov. 30, 1950.....	
Denmark-Finland ¹	May 1 (Mar. 22), 1949, to Apr. 30, 1950; supplemental Jan. 14, 1950.....	
Denmark-Hungary.....	Mar. 1 (Feb. 24), 1950, to Feb. 28, 1951.....	
Denmark-Poland.....	Oct. 1 (Dec. 7), 1949, to Sept. 30, 1950.....	
Denmark-Rumania.....	Aug. 8, 1949.....	
Denmark-Yugoslavia.....	Apr. 1 (Apr. 8), 1949, to Mar. 31, 1950.....	
Denmark-U. S. S. R.....	July 1 (July 8), 1948, to Dec. 31, 1949.....	
Denmark-Germany (Soviet zone).....	Jan. 1, 1949 (Dec. 20, 1948), to Dec. 31, 1949.....	
France-Bulgaria.....	June 15, (June 10), 1947, to June 1, 1948.....	
France-Czechoslovakia ¹	Aug. 1 (Aug. 6), 1948, to Aug. 1, 1949; supplemental March 1949; extended to Mar. 31, 1950.....	
		Soviet deliveries scheduled for 1948. Belgium deliveries scheduled for 1948-49.

Footnotes at end of table.

List of most recent trade agreements between OEEC countries and countries of eastern Europe—Continued

Agreement partners	Period	Special provisions
France-Finland.....	May 1 (May 20), 1949, to Apr. 30, 1950.....	
France-Hungary ¹	Nov. 1 (Dec. 2), 1949, to Oct. 30, 1950.....	
France-Poland.....	Jan. 1, 1949 (Dec. 29, 1948), to Dec. 31, 1949.....	Investment agreement, Mar. 19, 1948, to 1952.
France-Rumania.....	July 15 (July 6), 1946, to completion.....	
France-Yugoslavia.....	May 21, 1949, to May 21, 1950.....	
Creece-Czechoslovakia ¹	Aug. 1, 1948, to Aug. 1, 1949.....	August 1947 agreement reported to have been automatically renewed for 1 year.
Creece-Finland.....	Mar. 24, 1949— indefinite period.....	
Iceland-Czechoslovakia.....	Mar. 1 (Feb. 16), 1949, to Apr. 30, 1950.....	
Iceland-Finland.....	June 1 (May 29), 1949, to June 30, 1950.....	
Iceland-Poland.....	Jan. 1, 1950 (Nov. 18, 1949), to Dec. 31, 1950.....	
Iceland-U. S. S. R.....	No renewal of 1946 agreement.....	
Italy-Bulgaria.....	November 1948 to November 1949.....	
Italy-Czechoslovakia.....	October 1948 to July 1949.....	Barter deals within framework of agreement of July 2, 1947.
Italy-Finland.....	Nov. 1, 1949— indefinite.....	
Italy-Hungary ¹	Jan. 1 (Feb. 9) to Dec. 31, 1950.....	
Italy-Poland.....	July 1 (July 15) 1949, to June 30, 1952.....	Investment agreements, Nov. 1, 1949 (Jan. 23, 1950) to Nov. 1, 1952.
Italy-Yugoslavia.....	Aug. 4, 1949, to Aug. 3, 1950.....	Investment agreement, Nov. 28, 1947, to November 1952.
Italy-U. S. S. R.....	Dec. 11, 1948, to Dec. 31, 1949.....	Investment agreement, December 1948 to December 1951.
Italy-Germany (Soviet zone).....	June 1949 to completion.....	Interim agreement.
Netherlands-Bulgaria ¹	Jan. 1, 1950, to Dec. 31, 1950.....	
Netherlands-Czechoslovakia.....	May 10 (May 10), 1949, to Apr. 30, 1950.....	
Netherlands-Finland.....	June 1, 1949, to May 31, 1950.....	
Netherlands-Hungary.....	Jan. 1, 1949 (Dec. 20, 1948), to Dec. 31, 1949; supplemental: Sept. 23, 1949.....	
Netherlands-Poland ¹	(Mar. 22, 1950) Dec. 31, 1950.....	
Netherlands-Rumania.....	Feb. 16, 1948, preliminary agreement.....	Efforts for new agreement unsuccessful, February 1949.
Netherlands-Yugoslavia.....	Nov. 1 (Nov. 7), 1949, to Nov. 1, 1950.....	Investment agreement, Feb. 1, 1948, to January 1951.
Netherlands-U. S. S. R.....	June 10 (July 2), 1948, to 1953.....	Investment agreement.
Netherlands-Germany (Soviet zone).....	July 30, 1949, to June 30, 1950.....	
Norway-Czechoslovakia.....	Mar. 1 (Mar. 30), 1949, to Feb. 28, 1950; supplemental July 16, 1949.....	
Norway-Finland.....	Nov. 1 (Sept. 30), 1949, to Oct. 31, 1950.....	
Norway-Hungary.....	Nov. 4, 1947, to Aug. 31, 1949; extended to Dec. 31, 1949.....	
Norway-Poland.....	Jan. 1, 1950 (Dec. 21, 1949), to Dec. 31, 1950.....	
Norway-Yugoslavia.....	Apr. 30 (Apr. 2), 1949, to Apr. 30, 1950.....	
Norway-U. S. S. R.....	Jan. 1 (Jan. 10), 1949, to Dec. 31, 1949.....	
Norway-Germany.....	Jan. 1, 1949, to Dec. 31, 1949.....	
Portugal-Finland ¹	Jan. 1 (Jan. 12), 1950, to Dec. 31, 1950.....	
Sweden-Bulgaria.....	Oct. (Sept. 22), 1947, to Dec. 1948; extended to Dec. 31, 1949.....	
Sweden-Czechoslovakia ¹	Feb. 1 (Mar. 30), 1950, to Jan. 31, 1951.....	
Sweden-Finland.....	Apr. 1 (Mar. 29), 1950, to Mar. 31, 1951.....	
Sweden-Hungary ¹	Dec. 1 (Nov. 30), 1949, to Nov. 30, 1950.....	Agreement reported suspended.
Sweden-Poland ¹	Oct. 1 (Oct. 29), 1949, to Oct. 31, 1950.....	Investment agreement, Mar. 19, 1947 to 1954.
Sweden-Yugoslavia.....	Apr. 15 (Mar. 22), 1948, to Apr. 15, 1949; supplemental Jan. 2, 1950.....	Investment agreement, Apr. 15 (Apr. 12), 1947, to Apr. 15, 1954.
Sweden-U. S. S. R.....	Jan. 1, (Apr. 2), 1949, to Dec. 31, 1949.....	Investment and credit agreement, October 1946 to Dec. 31, 1951.
Sweden-Germany (Soviet zone).....	July 1 (July 19), 1949, to June 30, 1950.....	
Switzerland-Bulgaria.....	Jan. 1, 1949 (Nov. 9, 1948), to Dec. 31, 1949.....	
Switzerland-Czechoslovakia.....	Jan. 1, 1950 (Dec. 22, 1949), to Dec. 31, 1950.....	
Switzerland-Finland ¹	Sept. 1 (Aug. 21), 1948, to Feb. 28, 1950; extended to Aug. 31, 1950.....	
Switzerland-Hungary.....	Oct. 1 (Oct. 22), 1948, to Sept. 30, 1949.....	
Switzerland-Poland.....	July 1 (June 26), 1949, to 1954.....	Investment agreement.
Switzerland-Rumania.....	March 4, 1947, to March 1950.....	
Switzerland-Yugoslavia ¹	Apr. 1, 1950.....	Investment agreement, October 1948-53: annual quotas.
Switzerland-U. S. S. R.....	Apr. 1 (Mar. 17), 1948, to Apr. 1949; extended to December 1949.....	Investment schedules, Apr. 1, 1948 to 1951.
Switzerland-Germany (Soviet zone).....	July 20 (July 20), 1947, to July 20, 1948.....	
Turkey-Czechoslovakia.....	July 1 (July 9), 1949, to June 30, 1950.....	
Turkey-Finland ¹	June 20 (June 12), 1948, to June 1, 1949.....	No quotas scheduled.
Turkey-Hungary.....	June 1 (May 12), 1949, to June 1, 1950.....	
Turkey-Poland.....	Aug. 1 (July 18), 1948, to July 31, 1949; extended to July 31, 1950.....	
Turkey-Yugoslavia ²	Jan. 5, 1950, to June 30, 1951.....	
United Kingdom-Czechoslovakia.....	Sept. 28 (Sept. 28), 1949, to June 30, 1950.....	
United Kingdom-Finland ¹	Mar. 13, 1950.....	
United Kingdom-Hungary.....	Aug. 1 (Aug. 9), 1947, to July 31, 1950.....	
United Kingdom-Poland.....	Jan. 14, 1949, to Dec. 31, 1953, annual quotas.....	Investment agreement, not all goods have annual quotas.
United Kingdom-Yugoslavia.....	Dec. 26, 1949, to 1954.....	
United Kingdom-U. S. S. R.....	Dec. 27, 1947, to 1951.....	Investment agreement, U. S. S. R. deliveries February to September 1948, United Kingdom deliveries, 1948-51.
Germany (Trizone)-Bulgaria.....	Oct. 4, 1947, to Dec. 31, 1947; extended to Dec. 31, 1949.....	
Germany (Trizone)-Czechoslovakia.....	Dec. 3 (Oct. 1), 1948, to Sept. 30, 1949; protocols supplementing and extending agreement to Sept. 30, 1950; Mar. 16, 1949, to Oct. 1, 1949.....	
Germany (Trizone)-Finland ¹	Jan. 1, 1950 (Dec. 17, 1949), to Dec. 31, 1950.....	
Germany (Trizone)-Hungary.....	Oct. 1 (Oct. 20), 1949, to Sept. 30, 1950.....	
Germany (Trizone)-Poland.....	July 5, 1949, to June 30, 1950.....	
Germany (Trizone)-Yugoslavia.....	Jan. to Dec. 31, 1950.....	
Germany (Trizone)-Germany (Soviet zone).....	Oct. 8, 1949, to June 30, 1950.....	

¹ Indicates new agreement, extension, or other change in status of agreement since preparation of DRE-IP-EER-64, Jan. 16, 1950.² Change due to new information on agreement previously included.

Mr. CAIN. Mr. President, will the Senator yield for a question?

Mr. MALONE. I shall be happy to yield to the Senator from Washington.

Mr. CAIN. I hope my distinguished colleague from Nevada will permit me to say that in the considered view of the junior Senator from Washington, Europe is foredoomed in every conceivable way if it does not agree to federate. I am not an authority as to how such federation can best be secured. I should like to ask the Senator from Nevada

what the meaning of the language in the Senator's amendment is, beginning on line 6, reading as follows:

If such country refuses to join, within 30 days after the date of the enactment of the Economic Cooperation Act of 1950, in a concerted effort with the other participating countries—

What is the meaning of that language?

Mr. MALONE. I would say, in answer to the question of the Senator from Washington, that it would be impossible to force a union immediately, but they

could at least show a concerted effort immediately to do what the Administrator of the ECA says he is trying to get them to do, but in which he is making no progress.

Mr. CONNALLY. Mr. President, I yield 5 minutes to the Senator from Arkansas [Mr. FULBRIGHT].

The VICE PRESIDENT. The Senator from Arkansas is recognized for 5 minutes.

Mr. FULBRIGHT. Mr. President, I should first like to say to the Senator

from Nevada that I think he is aware of the fact that I sponsored amendments to the original ECA Act last year. Prior to that time, the Senator from Utah [Mr. THOMAS] and I introduced a resolution. That has been more than three years ago.

I endorse the idea of a European federation, and I am thoroughly in accord with the Senator's argument with regard to the matter. I would hope to prevail upon our State Department to promote such a movement. However, I do not think this is the proper way to achieve it. I think it is too arbitrary to require it as a condition of aid. In fact, I do not think there is anything effective that can be done until our own Department of State is brought around to the idea that it is a good thing.

The Senator will recall that in the hearings before the Committee on Foreign Relations, earlier this year, the Secretary of State stated quite definitely that he did not think the peoples of Europe or the governments of Europe were ready for the move. I disagree with that, purely as a matter of judgment. I would hope that the Secretary of State would agree that it is a timely move. In fact, I think a much better time was 2 years ago.

Mr. MALONE. Mr. President, will Senator yield?

Mr. FULBRIGHT. For a brief question.

Mr. MALONE. Does the Senator from Arkansas believe that unless there is some reward held out for a concerted effort on the part of the nations of Europe to form a federation, it is unlikely to come about?

Mr. FULBRIGHT. I would say that that is what I had in mind. It was in the form of a reward, for encouragement. In fact, the amendment which I offered last year was in that form. But I did not make it a condition precedent to aid that they should, within 30 days, join in such a confederation. I think it would be impossible for them to agree to that. Even though they are inclined to favor and would like to achieve such a confederation, our own Government has never endorsed or approved it. I do not think we can require them to do something which our own Department of State has not yet accepted as a good idea. I profoundly regret that it has not accepted it, but I cannot jump from that and say that European countries must do it within 30 days. I think that would be entirely too harsh a requirement. It cannot be met, and it would cause resentment on their part.

I must admit that I think the Senator is entirely correct about the importance of it. I think it should have been part of the policy in the original ECA Act. I think it is a great mistake that it was not done. I think that by this time we would have made some progress and would have provided real enthusiasm for the project.

While I am supporting the idea, so far as my own hope for achieving real accord in the situation in Europe is concerned, I am much less sure of that today than I had hoped I would be. We have bought time, and I hope that be-

fore long the light may strike our State Department.

Furthermore, I want to say, Mr. President, that Mr. Hoffman came around to the view, last September, that there should be an effective campaign carried on. I think he has done everything he can do to persuade the people and the Secretary of State that such a confederation is necessary.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. FULBRIGHT. I yield.

Mr. MALONE. Is it not a fact that Mr. McCloy, the director of our policy and operations in Germany at this time, stated a few weeks ago that unless there is such a union of European states nothing can really be accomplished?

Mr. FULBRIGHT. I think that is correct.

Mr. MALONE. I hope that statement, together with what Mr. Hoffman has said, will come to the notice of the Department of State, and that that Department will adopt it as a policy.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. FULBRIGHT. Mr. President, may I have one more minute, please?

Mr. CONNALLY. I yield one more minute to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I think the idea should have the backing of the Department of State.

I do not think the Senate should adopt the amendment offered by the Senator from Nevada in its present form, although, at the same time, I think the Senate should consider very seriously the question of ways and means to bring about a federation of the European nations. It is very much in line with the resolution recently introduced by the junior Senator from Connecticut with regard to the Atlantic community. The whole idea is to find ways and means by which the power and influence of the western European nations may be better coordinated and made more effective in the building up of western civilization in its struggle with communism.

Mr. DONNELL. Will the Senator yield for a question?

The VICE PRESIDENT. The Senator's time has again expired.

Mr. CONNALLY. I yield 2 minutes to the Senator from Utah.

Mr. THOMAS of Utah. I am in favor of a federation of Europe, and have been for a long time. I believe as thoroughly as anyone that we shall not have peace and the right kind of integration until such a step is taken. However, Mr. President, a federation cannot come from without, and it cannot come by force.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. THOMAS of Utah. It cannot be brought about by forcing a situation. What must be done is everlastingly to hold before Europe the promise that federation will bring their own salvation. When they once become convinced of that, federation will come about. However, until they do become convinced of it, it will not come about.

I yield to the Senator from Missouri.

Mr. DONNELL. Does not the Senator think that there is little propriety

in our country attempting to tell the nations of Europe what kind of government they should have?

Mr. THOMAS of Utah. It is absolutely contrary to the spirit of international law and to the spirit of independent states. We cannot impose our wills on them without destroying theirs. That is not the way to bring peace to the world.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE].

The amendment was rejected.

Mr. KEM. Mr. President, I send to the desk an amendment and ask that it be stated.

The VICE PRESIDENT. The Secretary will state the amendment.

The CHIEF CLERK. On page 7, between lines 3 and 4, it is proposed to insert the following:

TERMINATION OF ASSISTANCE

SEC. 107. Section 118 of such act is amended by adding at the end thereof the following new sentence: "The Administrator shall terminate the provisions of assistance under this title to any participating country if the government of such country, or any agency or subdivision thereof, shall, after the date of enactment of the Economic Cooperation Act of 1950, acquire or operate, in whole or in part any basic industry thereof, other than industries the acquisition of which was completed prior to the date of enactment of such act."

Mr. KEM. Members of the Senate are familiar with this amendment. It was offered last year to the ECA authorization bill and also to the ECA appropriation bill. Therefore I shall not detain the Senate long in discussing it. The purpose of the amendment is not to forbid any European country to do anything it has in mind to do. It simply says that if a country continues to socialize or nationalize basic industry it cannot be done with money of the American people. There is no attempt made to unscramble any eggs. So far as the amendment is concerned, what they have done is so much water over the dam. The amendment simply says: "From this time on you cannot use the money of the American taxpayers as a slush fund for experiments in socialism."

The Senator from Illinois [Mr. LUCAS], in referring to the argument that was made sometime ago by me regarding this amendment, expressed some surprise that I had said so much about England and not very much about the other Marshall-plan countries. I should like to invite the attention of the able Senator from Illinois to the fact that the amendment does not apply to England alone. It applies to any Marshall-plan country which continues to socialize or nationalize basic industries.

In the second place, I should like to say to the Senator from Illinois—and I am sorry that he is not on the floor—that the reason I directed my attention in the discussion to England is that England by all odds is the largest beneficiary under the Marshall plan. Let us look at the allotments. I have before me the cumulative list to March 15, 1950. United Kingdom, \$2,417,000,000. The Senator from Illinois mentioned par-

ticularly the Scandinavian countries. Let us see what they received. Denmark, \$197,000,000. Norway, \$182,000,000. Sweden, \$88,000,000.

I do not have before me the census figures, but to relieve the Senator from Illinois from any concern about the motives of the Senator from Missouri in this matter, I venture to say that there are many more people of English and Scottish descent resident in Missouri than descendants of all the Scandinavian peoples put together. If that fact had any effect on the position of the Senator from Missouri, it certainly would not have led him to discuss the situation in England and Scotland.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. KEM. I am glad to yield to the Senator from New Hampshire.

Mr. BRIDGES. Would the adoption of the Senator's amendment affect industries which have been socialized or nationalized in the past, or would it apply only from the date of its adoption?

Mr. KEM. It looks entirely to the future. It makes no effort to unscramble any eggs. Since the amendment has been before the Senate, a very important fact has taken place. The British Socialist Government has continued its lease on life with American dollars. It seems clear that only the vast array of gifts from the American people has enabled the present Government of England to come through another election and to impose on the British people further and additional experiments in socialism.

There is one more fact in that connection to which I wish to refer, and that is that there is no disposition whatever on the part of the Government of Great Britain to abandon the Socialist program. The nationalization of steel takes effect on January 1. Prime Minister Attlee has been asked whether the Government had any intention of abandoning that. He said, "Any statute on the statute books will be enforced." In other words, the British are going right ahead with that program. The great British Government-owned cartel will hang like the sword of Damocles over so many producers in this country in so many varied fields of activity.

The only argument against the amendment which has any force at all is that we would be interfering with the internal politics or economy of a foreign country. I wish to say a few words about that. In the first place, the Administrator of the ECA never has hesitated to impose regulations, requirements, and restrictions on the beneficiaries of American aid.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. FERGUSON. Is not one of the purposes of ECA to keep the various nations from going communistic, and is not a further purpose of ECA, if not the real purpose, to bring about such a climate in the participating countries that they will not adopt communism? Therefore, are we not already attempting to interfere in the internal management of these various nations?

Mr. KEM. Mr. Hoffman has done that, and he has not hesitated to say that he has done it in the past and intends to do it in the future. Under those circumstances, how can it be argued with any sincerity that the Congress should not do something which its agents, Mr. Hoffman and the other officials of ECA, are themselves doing?

Furthermore, the State Department has done the same thing. A few days ago I read a letter from Mr. Henry F. Grady, the American Minister to Greece to the Prime Minister of Greece, in which Mr. Grady set forth in great detail exactly what America would expect Greece to do in connection with its internal constitutional structure and in connection with its economy if the Greek people were to continue to enjoy ECA aid.

I also read a letter from the Honorable Dean Acheson, Secretary of State, addressed to the Government of Korea, in which he laid down the law to Korea in no uncertain terms. He told them that if they did not discontinue certain practices, political and economic, aid from America would be discontinued.

Mr. KNOWLAND. Mr. President, will the Senator from Missouri yield?

Mr. KEM. I yield to the Senator from California.

Mr. KNOWLAND. Is there not this additional fact—and I think the Senator has clarified his amendment—that in times past apparently there was a tendency in amendments proposed to interfere in the internal affairs of countries by dealing with situations where the countries had already socialized industry? I understand the Senator's amendment does not do that. It seems to me the Senator may be on sound ground. If anyone feels that the competitive system is more apt to function better than any program of socialization he should support this amendment. This is even more true if one is convinced that more socialization is going to be detrimental to the economy of the country. As I understand the Senator from Missouri, he does not say in the amendment that the countries cannot go ahead and socialize if they care to do so. He merely says that they cannot do it, directly or indirectly, with funds furnished by the United States from taxes levied upon the free-enterprise system. If they feel that they can close the dollar gap by completely socializing, they are at perfect liberty to do so. The amendment only prevents the use of American dollars for this additional socializing process. Is that correct?

Mr. KEM. The Senator is exactly correct. I invite the attention of the able Senator from California to the fact that Mr. Hoffman in his appearance last year before the Committee on Appropriations, of which the Senator from California is now a member, said that in his judgment socialism slows up the productive process.

Mr. KNOWLAND. Will the Senator yield for one more brief question?

Mr. KEM. I yield.

Mr. KNOWLAND. Is it not a fact that in Great Britain one of the most efficient industries has been the steel in-

dustry, which is not socialized? I am sure I have read in British papers that even many of the British union people in the steel industry have been very much opposed to the socialization of that industry, because they think there is a better opportunity for both the British workingman, as well as for the others, in keeping the industry from being socialized.

Mr. KEM. I think that is entirely correct, and I thank the Senator from California for his contribution.

Mr. President, it seems to me that the American dollars we have sent to the participating European countries which are socialized have served to cushion the people there from the severe privations which would have inevitably accompanied the socialistic schemes upon which they had entered. The British Government has nationalized or socialized 10 basic industries.

The VICE PRESIDENT. The time of the Senator from Missouri has expired.

Mr. KEM. Mr. President, I hope the amendment will be agreed to.

Mr. CONNALLY. Mr. President, I do not care to argue this question. It has been voted upon before in connection with the other Kem amendments, and I do not think the Senate would care for argument on it. I hope the Senate will reject the amendment and let us go on with something more constructive.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. KEM].

Mr. KEM. I ask for the yeas and nays. The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Nevada [Mr. McCARRAN] are absent by leave of the Senate on official business.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Colorado [Mr. JOHNSON] and the Senator from Maryland [Mr. TYDINGS] are detained on official business.

The Senator from Louisiana [Mr. LONG] and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Montana [Mr. MURRAY] is absent because of illness in his family.

The Senator from Maryland [Mr. O'CONOR] and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Nevada [Mr. McCARRAN] is paired on this vote with the Senator from Kentucky [Mr. WITHERS]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Kentucky would vote "nay."

I announce further that if present and voting, the Senator from Kentucky [Mr. CHAPMAN], the Senator from New Mexico [Mr. CHAVEZ], the Senator from California [Mr. DOWNEY], the Senator from

Iowa [Mr. GILLETTE], the Senator from Colorado [Mr. JOHNSON], the Senator from Montana [Mr. MURRAY], the Senator from Maryland [Mr. O'CONOR], the Senator from Florida [Mr. PEPPER], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Maryland [Mr. TYDINGS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate and is paired with the Senator from Michigan [Mr. VANDENBERG], who is necessarily absent. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Michigan would vote "nay."

The Senator from Iowa [Mr. HICKENLOOPER] and the Senator from North Dakota [Mr. LANGER] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is absent by leave of the Senate, and if present and voting, would vote "nay."

The Senator from Utah [Mr. WATKINS] is absent by leave of the Senate on official business.

The Senator from Vermont [Mr. FLANDERS] is absent by leave of the Senate, and if present and voting, would vote "nay."

The Senator from Ohio [Mr. BRICKER], the Senator from Wisconsin [Mr. McCARTHY], the Senator from Kansas [Mr. SCHOEPPPEL], and the Senator from New Hampshire [Mr. TOBEY] are detained on official business.

The result was announced—yeas 17, nays 55, as follows:

YEAS—17

Brewster	Eaton	Martin
Bridges	Ferguson	Mundt
Butler	Jenner	Wherry
Byrd	Kem	Williams
Darby	Knowland	Young
Dworshak	Malone	

NAYS—55

Alken	Hoey	Maybank
Anderson	Holland	Millikin
Benton	Humphrey	Myers
Cain	Hunt	Neely
Connally	Ives	O'Mahoney
Cordon	Johnson, Tex.	Robertson
Donnell	Johnston, S. C.	Russell
Douglas	Kefauver	Saltonstall
Eastland	Kerr	Smith, Maine
Ellender	Kilgore	Smith, N. J.
Frear	Leahy	Sparkman
Fulbright	Lehman	Stennis
George	Lodge	Taft
Graham	Lucas	Taylor
Green	McClellan	Thomas, Utah
Gurney	McFarland	Thye
Hayden	McKellar	Wiley
Hendrickson	McMahon	
Hill	Magnuson	

NOT VOTING—24

Bricker	Johnson, Colo.	Pepper
Capehart	Langer	Schoeppel
Chapman	Long	Thomas, Okla.
Chavez	McCarran	Tobey
Downey	McCarthy	Tydings
Flanders	Morse	Vandenberg
Gillette	Murray	Watkins
Hickenlooper	O'Connor	Withers

So Mr. KEM's amendment was rejected.

Mr. BRIDGES. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER (Mr. GEORGE in the Chair). The amendment will be stated.

The CHIEF CLERK. On page 4, line 16, it is proposed to strike out "subsection" and insert in lieu thereof "subsections."

On page 6, it is proposed to strike out the quotation marks at the end of line 5.

On page 6, between lines 5 and 6, it is proposed to insert the following:

(1) No funds authorized for the purposes of this title shall be used to provide assistance to any nation, or to pay the salary of any individual, engaged, subsequent to the date of enactment of the Foreign Assistance Act of 1950, in destroying, restricting, or limiting operations of the peacetime industrial potential of any area, people, or nation which may be receiving assistance under this act.

Mr. BRIDGES. Mr. President, the purpose of this amendment is to stop the further dismantling of plants capable of producing peacetime goods in Germany. If any blind, stupid foreign policy has been pursued by our country over a long period of time, it is the dismantling program in Germany. The American taxpayers through their Government are paying very substantial sums each year to help maintain the self-sufficiency of Germany. With few exceptions, every plant which is dismantled makes it more difficult for Germany to become self-sufficient.

Mr. EASTLAND. Mr. President, will the Senator yield for a question?

Mr. BRIDGES. I am glad to yield.

Mr. EASTLAND. The amendment applies only to peacetime industries, does it not?

Mr. BRIDGES. Absolutely, yes. This dismantling program had its inception under the old Morgenthau plan, which certainly represented a blind, stupid program, and which since has been so recognized by most people.

There was some reason for dismantling and transferring various plants which were declared to be in excess of Germany's needs, to some of the Allied countries which had suffered as the result of German aggression in the last war. But, to me, there seems to be very little excuse for dismantling or destroying plants, or removing them to Russia and to the satellite countries.

Mr. EASTLAND. Mr. President, will the Senator yield for a question?

Mr. BRIDGES. I yield.

Mr. EASTLAND. Does the Senator realize that Great Britain is wantonly destroying peacetime industries which will compete with her, because she knows that a Socialist economy cannot compete with private industry, and that by that destruction in Germany and also by what she is attempting to put over in Japan by sending trade missions there, she is piling billions of dollars on the shoulders of the American taxpayers?

Mr. BRIDGES. The Senator states exactly what is happening.

But in spite of protests which have been made in this country, in spite of various conferences and meetings which have been held on the subject, dismantling continues. I remember, in the fall of 1947, meeting with a representative of the State Department in New York, before members of the Appropriations Committee of the Senate left for an inspection of Germany and other European countries. We were told by this individual that dismantling had stopped. In a week's time we saw with our own eyes that it continued.

For instance, one of the scarce items, at that period in Germany and in other countries of Europe, was soap. Soap was rationed. The monthly ration was a little piece about as big as one finds in a hotel in the United States, somewhat blown up with air. Only through ration cards was such soap given to patients in hospitals, other invalids, or nursing mothers.

Mr. President, we have carried the dismantling program too far. I hold in my hand a list of commodities we have furnished under ECA to Germany during the fiscal year 1948-49. The list comprises articles which could be manufactured by some of the plants which have been or are in the process of being destroyed.

When the war ended, together with Russia, Great Britain, and France, we divided Germany into four zones. The Russians were given eastern Germany, the breadbasket of Germany. Great Britain, France, and the United States took the industrial sections of Germany. That division of Germany into zones caused a serious economic upheaval in Germany. If Germany is ever to be on a self-sufficient basis she must be allowed to manufacture not only the products which her own people need but products in sufficient excess so she can go into the world markets and exchange them for food products.

The distinguished Senator from Virginia [Mr. ROBERTSON] earlier today made an impassioned plea for the economic rehabilitation of Germany.

Mr. ROBERTSON. Mr. President, will the Senator yield for a question?

Mr. BRIDGES. I yield.

Mr. ROBERTSON. I am in thorough sympathy with what the Senator wants to do, but what bothers me is whether the problem is one which relates to ECA, and whether a provision respecting it should be placed in an ECA bill, or if it should be handled, through the State Department, with Great Britain and France in the forthcoming conference on the very issue of the rehabilitation of Germany.

Mr. BRIDGES. I do not know how it can be handled unless it is taken care of in a bill providing aid for Europe.

Mr. EASTLAND. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. EASTLAND. The British are destroying peacetime industries. They are now destroying the harbor of Hamburg. How can such things be prevented except through an amendment to the ECA legislation providing that no funds shall be authorized for destroying, restricting, or limiting peacetime industries? How anyone who is interested in the ECA program can oppose the amendment is beyond my comprehension. Adoption of the amendment would result in decreasing the amount of money necessary for us to expend in Germany and other countries of Europe.

Mr. BRIDGES. So far as dismantling is concerned, I have not approved all of the program which has been carried out to date. I could see reasonable justification for the removal of some plants to countries allied with us which suffered destruction of their own plants during

the war. The amendment, however, in no way affects what has been done in the past. The amendment looks only to the future, to the period subsequent to the enactment of the act. If we continue to pour out millions of American dollars in order to maintain German economy on a reasonable basis, then in justice to Germany as well as to the American taxpayer, let us take this step to strike the shackles off Germany. Then Germany can begin, in an effective way, to help herself, and in turn be of great benefit to the American taxpayers.

I have here on my desk pictures showing the dismantling which is going on at this very moment.

I also have before me a picture showing hundreds of German workers protesting the dismantling program.

Mr. President, as the Senator from Virginia has said, this is a difficult problem; but we have to start to work on it somewhere.

We have discussed this matter time and time again, but the buck has been passed from one agency and from one department to another, to our organization in Germany, to the ECA, to the State Department, and around and about.

Mr. President, this amendment proposes a definite step in the right direction, an end to this buck passing.

So far as I am concerned, I am interested in seeing how the Senate will act in regard to this matter. We have had some very interesting issues handed to us today in the Senate. When a majority of the Senate voted against the proper labeling of American goods going to Europe under this program—doing so by a vote of 39 to 37—the majority gave us quite an issue. I will enjoy talking with the people in our country about this issue.

If we are going to permit a continuation of the dismantling program, thus saddling more millions of dollars on the backs of American taxpayers, certainly this is the time to talk about it.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. BRIDGES. I yield.

Mr. WHERRY. Is the Senator aware of the fact that a continuous argument is being made by the ECA Administrator to the effect that dismantling is about over, and that nothing much in the way of dismantling is contemplated in the coming year, whereas the fact is that in an executive session of the Appropriations Committee it was developed that a document which the junior Senator from Nebraska had received shows the exact status of different installations in Germany and reveals that plant after plant is still being dismantled?

Mr. President, if the Senator will permit me to do so at this point, I should like to request unanimous consent to have printed in the Record, as a part of my remarks, an exhibit comprising a formal British order for the destruction of certain German plants.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. WHERRY. Mr. President, let me ask unanimous consent that I may sub-

mit that order for printing at this point in the Record.

The PRESIDING OFFICER. Is there objection?

There being no objection, the order was ordered to be printed in the Record, as follows:

DISARMAMENT GROUP,
LAND COMMISSIONER'S OFFICE,
Hannover, Baor 5, February 27, 1950.
MINISTRY OF ECONOMICS,
Herr Ing. Kiehle,
4, Hinnebergerstrasse, Hannover.

REICHSWERKE

The above plant has been reviewed and as a result it has been decided that the buildings and foundations of buildings will be treated as follows, provided the use to which the site is to be put is approved.

(a) Buildings to be permanently retained: 102, 104, 106, to 112, 201 (2 Bldgs.), 202, (2 Bldgs.), 203 to 206, 207 (2 structures), 208 (2 structures), 209 to 216, 217 to 236, 247, 253 (destroy foundations adjoining), 306, 308 (building only, destroy tank foundations), 313 A, 315, 316 to 332, 333 B, 338, 342, 344, 348, 403, 405, 407, 409, 414 to 420 512, 601, 602, 603, 606, 607, 609 (destroy pill box inside) 701 to 724, 750, 751, 756, 773, 802, 803, 805 901 to 905.

(b) Buildings to be retained subject to modification: 246, 248 to 252, 254, 304, 304 A, 305, 305 A, 306 A, 339, 345, 404, 406, 408, 501, 507, 510, 510 A, 608 A, 609, 753 to 755, 762, 764, 766, 804.

(c) Buildings to be destroyed: 216 A, (DB 4964), 239 to 241, 6 harbour bunkers between buildings 235 and 260 A, 260 A, 262, 263, 264 (2 Bldgs.) 265 (2 Bldgs.), 267, 268 (2 structures), 269 (incl. 4 chimneys adjoining), 270, 301, 301 A, 302, 302 A, 303, 303 A, 314 (DB 4962), 340, 346, 347, 402, 403 A, 410 to 413, 501 A, 501 B, 502 (DB 4969/1), 503 (DB 4969/2), 509, 511, 514, 604, 605 (DB 4963), 609 A, 752, 752 A, 758 to 761, 763, 767 (3 structures), 768 (3 structures), 769 (3 structures), 771.

(d) Buildings to be removed and foundations destroyed: 401, 504.

(e) Foundations to be destroyed: 237, 238, 242 to 245, adjoining 253 and 254, 255 to 261, 261 A, 266 (2 structures), 307, 307 A, 308 and 308 A (tank foundations), 309, 310 to 312, 309 A to 312 A, 313, 333 (but retain crane runway, 334, 337 (but retain crane runway), 341, 343, 508, 608, 611, 757, 765, 772, 801.

(f) Buildings and foundations to be modified if plant removed: 101, 103, 105.

(g) Buildings already removed or destroyed: 113, 271, 315 A, 349, 513, 602 A, 610, 770.

The retention of roads, railways and other services will be considered later.

The details of obnoxious features in the various buildings which are for modification will be sent to you in due course. When you have received these you will be asked to prepare and submit a detailed scheme for the use of the Plant.

It is pointed out that the above decisions have been taken by the Regional Demilitarisation Committee and the Land Commissioner and that no question of the future use of buildings and foundations shown above for destruction will be entertained.

J. LEE,
Secretary, Regional Demilitarisation
Committee, Land Niedersachsen.

Mr. CONNALLY. Mr. President, I very much hope the Senate will reject the amendment. It is not the way to handle this matter.

Mr. McCloy is abroad now and is taking all the steps he can take to rectify the situation.

If we adopt this amendment or other amendments of this sort, we shall simply hinder and hamper and hogwash and hog-tie this program.

Therefore, I hope the Senate will reject the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from New Hampshire [Mr. BRIDGES], for himself, the Senator from Nebraska [Mr. WHERRY], and the Senator from Mississippi [Mr. EASTLAND].

Mr. BRIDGES. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Nevada [Mr. McCARRAN] are absent by leave of the Senate on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is necessarily absent.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Virginia [Mr. BYRD] is detained on official business.

The Senator from Louisiana [Mr. LONG] and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Montana [Mr. MURRAY] is absent because of illness in his family.

The Senator from Maryland [Mr. O'CONNOR] and the Senator from Florida [Mr. PEPPER] are absent on public business.

I announce further that if present and voting, the Senator from Montana [Mr. MURRAY], the Senator from Maryland [Mr. O'CONNOR], the Senator from Florida [Mr. PEPPER], and the Senator from Oklahoma [Mr. THOMAS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate, and is paired with the Senator from Michigan [Mr. VANDENBERG], who is necessarily absent. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Michigan would vote "nay."

The Senator from Iowa [Mr. HICKENLOOPER] and the Senator from North Dakota [Mr. LANGER] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is absent by leave of the Senate. If present and voting, he would vote "nay."

The Senator from Utah [Mr. WATKINS] is absent by leave of the Senate on official business.

The Senator from Vermont [Mr. FLANDERS] is absent by leave of the Senate. If present and voting, he would vote "nay."

The junior Senator from Kansas [Mr. DARBY], the senior Senator from Kansas [Mr. SCHOEPPEL], and the Senator

from North Dakota [Mr. YOUNG] are detained on official business.

The result was announced—yeas 27, nays 44, as follows:

YEAS—27

Brewster	Frear	Martin
Bricker	Gurney	Mundt
Bridges	Jenner	Russell
Butler	Kem	Stennis
Cain	Knowland	Taft
Douglas	McCarthy	Thye
Dworshak	McClellan	Wherry
Eastland	McKellar	Wiley
Ecton	Malone	Williams

NAYS—44

Alken	Holland	Magnuson
Anderson	Humphrey	Maybank
Connally	Hunt	Millikin
Cordon	Ives	Myers
Donnell	Johnson, Colo.	Neely
Ellender	Johnson, Tex.	Robertson
Ferguson	Johnston, S. C.	Saltonstall
Fulbright	Kefauver	Smith, Maine
George	Kerr	Smith, N. J.
Graham	Kilgore	Sparkman
Green	Leahy	Taylor
Hayden	Lehman	Thomas, Utah
Hendrickson	Lodge	Tobey
Hill	Lucas	Tydings
Hoey	McFarland	

NOT VOTING—25

Benton	Hickenlooper	Pepper
Byrd	Langer	Schoeppel
Capehart	Long	Thomas, Okla.
Chapman	McCarran	Vandenberg
Chavez	McMahon	Watkins
Darby	Morse	Withers
Downey	Murray	Young
Flanders	O'Connor	
Gillette	O'Mahoney	

So the amendment offered by Mr. BRIDGES, on behalf of himself, Mr. WHERRY, and Mr. EASTLAND, was rejected.

Mr. CONNALLY. Mr. President, for the Committee on Foreign Relations, I offer a committee amendment, which I send to the desk.

The PRESIDING OFFICER. Is it the wish of the Senator from Texas that the amendment be read, or that it be printed in the RECORD?

Mr. CONNALLY. I think it had better be read, because I want it considered immediately.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. At the end of the bill, it is proposed to insert the following new title:

TITLE V

SEC. 501: That this title may be cited as the "Act for International Development."

SEC. 502. It is declared to be the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions, by encouraging the exchange of technical knowledge and skills.

SEC. 503. Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations and the Organization of American States and their related organizations, and to other international organizations, for technical cooperation programs carried on by them which will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis.

SEC. 504. The President is authorized to undertake and administer bilateral technical cooperation programs carried on by any United States Government agency and, in so doing—

(a) to coordinate and direct existing and new technical cooperation programs;

(b) to seek the participation of private agencies and persons to the greatest extent practicable;

(c) to make and perform contracts or agreements with, and make advances and grants to, appropriate persons, corporations, or other bodies of persons, or to State, local, or foreign governments for technical cooperation programs: *Provided*, That with respect to contracts or agreements which entail commitments for the expenditure of funds appropriated pursuant to the authority of this title, such contracts or agreements, within the limits of annual appropriations or contract authorizations hereafter made available, may not run beyond June 30, 1952;

(d) to provide for printing and binding outside the continental limits of the United States, without regard to section 11 of the Act of March 1, 1919 (44 U. S. C. 111).

SEC. 505. In carrying out the programs authorized in section 4, the President shall make assistance available only where he determines that the country being assisted pays a fair share of the cost of the program; provides all necessary information concerning such program and gives it full publicity; seeks the greatest possible coordination of its technical assistance programs; and cooperates with other participating countries in the mutual exchange of technical knowledge and skills.

SEC. 506. The President is authorized to prescribe such rules and regulations as may be necessary and proper to carry out this title, and to exercise any power or authority conferred on him, through the Secretary of State or through any other officer or employee of the United States Government.

SEC. 507. In order to carry out the purposes of this title—

(a) the President shall, by and with the advice and consent of the Senate, appoint one person who, under the direction of the President or such person as he may designate pursuant to section 7 to exercise the powers conferred on him by this title, shall be responsible for planning, implementing, and managing the programs herein authorized. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum;

(b) such additional civilian personnel, including attorneys, may be employed without regard to subsection (a) of section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as amended, as may be necessary to carry out the policies and purposes of this title. Experts and consultants or organizations thereof may be employed as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), and individuals so employed may be compensated at a rate not in excess of \$75 per diem.

(c) persons employed for duty outside the continental limits of the United States and employees of the United States Government assigned for such duty shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999) as amended, together with allowances and benefits which shall not exceed those established thereunder, and may be appointed to any class in the Foreign Service Reserve or Staff in accordance with the provisions of such Act;

(d) alien clerks and employees employed for the purpose of performing functions under this title shall be employed in accordance with the provisions of the Foreign Service Act of 1946, as amended;

(e) officers and employees of the United States Government may be detailed to offices or positions to which no compensation is attached with any foreign government or foreign government agency or with any international organization: *Provided*, That while so detailed any such person shall be considered, for the purpose of preserving his privileges,

rights, seniority, or other benefits, an officer or employee of the United States Government and of the United States Government agency from which detailed and shall receive therefrom his regular compensation, which shall be reimbursed to such agency from funds available under this title: *Provided further*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

SEC. 508. In order to carry out the provisions of this title, there shall be made available such funds as are hereafter authorized and appropriated from time to time for the purposes of this title: *Provided, however*, That for the purpose of carrying out this title through June 30, 1951, there is hereby authorized to be appropriated a sum not to exceed \$45,000,000, including any sums appropriated to carry on the activities of the Institute of Inter-American Affairs, and technical cooperation programs as defined in section 10 herein, under the United States Information and Educational Exchange Act of 1948 (62 Stat. 6). Activities provided for under this title may be carried on under such appropriations or under authority granted in appropriations acts to enter into contracts pending enactment of such appropriations. The President may allocate to any United States Government agency any part of any appropriation available for carrying out the purposes of this title. Such funds shall be available for obligation and expenditure for the purposes of this title in accordance with authority granted hereunder or under authority governing the activities of the Government agencies to which such funds are allocated.

SEC. 509. The President shall transmit to the Congress an annual report of operations under this title.

SEC. 510. As used in this title, the term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas.

SEC. 511. All authority granted in this title shall expire on June 30, 1955, unless extended by act of Congress.

Mr. MILLIKIN. Mr. President, on behalf of the senior Senator from Massachusetts [Mr. SALTONSTALL] and the junior Senator from Colorado, I send to the desk and ask to have read a substitute to the amendment proposed by the Senator from Texas, and call it up for action. I believe it would be well to have it read.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to insert at the end of the bill the following new title:

TITLE V

Whereas there are presently before Congress proposals for stimulating an atmosphere for capital investment in and providing technical assistance for underdeveloped areas of the world, such as Africa, the Near and Far East, and Central and South America; and

Whereas it is contended that Congress has already enacted laws dealing with various phases of these proposals such as: Public Law 643 of the Eightieth Congress, authorizing membership in the World Health Organization; Public Law 863 of the Eightieth Congress, providing for acceptance of the constitution of the International Labor Organization; Public Law 565 of the Seventy-ninth Congress, authorizing membership in the United Nations Educational, Scientific, and Cultural Organization; Public Law 174 of the Seventy-ninth Congress, authorizing membership in the Food and Agriculture

Organization; Public Law 402 of the Eightieth Congress, the United States Information and Educational Exchange Act of 1948; Public Law 584 of the Seventy-ninth Congress, authorizing student exchange with foreign countries; Public Law 369 of the Eightieth Congress creating the Institute of Inter-American Affairs; Public Law 173 of the Seventy-ninth Congress, establishing the Export-Import Bank; Public Law 171 of the Seventy-ninth Congress, providing for United States participation in the International Monetary Fund and International Bank for Reconstruction and Development, and others; and

Whereas many colleges and universities, religious organizations, business firms, and private agencies, such as the Rockefeller Foundation, the Near East Foundation, the Institute of International Education, and others are presently engaged in some types of technical assistance to various foreign nations; and

Whereas the magnitude and important nature of these proposals and their relationship to existing legislation, activities, and programs demand intensive study and evaluation prior to congressional action:

ESTABLISHMENT OF COMMISSION

SEC. 501. There is therefore created a bipartisan commission for the purpose of making a study of such proposals, existing legislation, activities, and programs intended to stimulate capital investment in and technical assistance for underdeveloped areas of the world.

MEMBERSHIP OF THE COMMISSION

SEC. 502. (a) Number and appointment: The commission shall be composed of 24 members as follows:

(1) Eight appointed by the President of the United States, four from the executive branch of the Government and four from private life;

(2) Eight appointed by the Vice President, four from the Senate and four from private life; and

(3) Eight appointed by the Speaker of the House of Representatives, four from the House of Representatives and four from private life.

(b) (1) Political affiliation: Of each class of four members mentioned in subsection (a), not more than two members shall be from each of the two major political parties.

(2) In selecting the Republican representatives from the Senate and from the House, the Vice President and Speaker of the House are respectfully requested to give due consideration to the recommendations of the minority leader of the Senate and House, respectively.

(c) Vacancies: Any vacancy in the commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

ORGANIZATION OF THE COMMISSION

SEC. 503. The commission shall elect a chairman and a vice chairman from among its members.

QUORUM

SEC. 504. Thirteen members of the commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 505. (a) Members of Congress: Members of Congress who are members of the commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the commission.

(b) Members from the executive branch: The members of the commission who are in the executive branch of the Government shall each receive the compensation which

he would receive if he were not a member of the commission, plus such additional compensation, if any (notwithstanding section 6 of the act of May 10, 1916, as amended; 39 Stat. 582; 5 U. S. C. 58), as is necessary to make his aggregate salary \$12,500; and they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the commission.

(c) Members from private life: The members from private life shall each receive \$50 per diem when engaged in the performance of duties vested in the commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 506. The commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil-service laws and the Classification Act of 1949.

EXPENSES OF THE COMMISSION

SEC. 507. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this act.

EXPIRATION OF THE COMMISSION

SEC. 508. Ninety days after the submission to the Congress of the report provided for in section 509 (b), the commission shall cease to exist.

DUTIES OF THE COMMISSION

SEC. 509. (a) Investigation: The commission shall make a comprehensive study of the proposals and existing legislation, activities, and programs of the type described in section 501.

(b) Within sixty days after the Eighty-second Congress is convened and organized, the commission shall make a report of its findings and recommendations to the Congress with attention to the relationship between the commission's recommendations and the peace, security, and solvency of the United States.

POWERS OF THE COMMISSION

SEC. 510. (a) Hearings and sessions: The commission, or any member thereof, may, for the purpose of carrying out the provisions of this act, hold such hearings and sit and act at such times and places, and take such testimony, as the commission may deem advisable. Any member of the commission may administer oaths or affirmations to witnesses appearing before the commission or before such member.

(b) Obtaining official data: The commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this act; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the commission, upon request made by the chairman or vice chairman or by a majority of the commission.

Mr. MILLIKIN. Mr. President, the distinguished senior Senator from Massachusetts [Mr. SALTONSTALL] and the junior Senator from Colorado approach the subject of the point 4 program from somewhat different viewpoints, but both of us believe that the amendment which has been offered by the distinguished senior Senator from Texas [Mr. CONNALLY], to which we have offered a substitute, is the beginning of a point 4 program; or, if it is not that, it is simply a duplication of existing programs.

We, therefore, believe, on the theory that it is, in fact, an opening step to a point 4 program, that the subject is of such paramount interest that it should be submitted to complete study and investigation by a special commission having authority and prestige, such as has the Hoover Commission.

We have proposed a commission which is bipartisan. We hope it will be a commission which can assemble the facts in connection with the subject, which, so far, has been almost completely unexplored.

The Secretary of State, when he appeared before the Foreign Relations Committee, said that this is an underlying move for the full point 4 program. He said it is of overriding importance and that it occupies a place of equality with the other three points of the President's 4-point program. If that be true, we should not be approaching the subject in this glancing side-door way. If it is not true, then, Mr. President, because various aspects of the intended functions of the bill are already covered by existing legislation, such as the Smith-Mundt Act, the Fulbright Act, and a half dozen others which have been described, and it is covered by activities of private organizations, by the Export-Import Bank, the United Nations, there is no point in including a new program of that kind in what we hope is a bill looking to the approaching end of the ECA program.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I have only a few minutes remaining of the 10 which have been allotted, but I yield for a brief question.

Mr. McCARTHY. I wonder if the Senator is aware of the fact that Mr. Budenz testified a few days ago that the head of the technical staff under the point 4 program was a Communist—

Mr. MILLIKIN. If the Senator will allow me to interrupt him, I have only 5 minutes of the 10 allotted minutes, and I certainly do not intend to get into a Budenz discussion in this debate.

The PRESIDING OFFICER. The Senator from Colorado declines to yield further.

Mr. MILLIKIN. Mr. President, since, under the State Department's theory, this is a measure of overriding importance, then it is something which affects and has a fateful influence on the whole future of this country.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. MILLIKIN. I do not want to yield, because I have only a few minutes left out of my 5 of the 10 allotted to us.

The PRESIDING OFFICER. The Senator from Colorado declines to yield.

Mr. MILLIKIN. The testimony before the Foreign Relations Committee showed that every member of that committee present at the hearings expressed extreme skepticism as to the wisdom of bringing this into the ECA legislation. We need go no further than to consider that testimony. There is no emergent need for this program under its present guise. As I said before, the Smith-Mundt bill has in it everything necessary to carry on the program which

is proposed. In addition, there is the Fulbright bill and there is the program of the United Nations. There is no logical reason for going into it at all at this time.

Before it should be gone into, by reason of its importance, it should receive the finest type of study, and we should have the benefit of the best type of recommendations that can be obtained.

Mr. President, I now yield to the distinguished senior Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President—

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield for a moment.

Mr. CONNALLY. This amendment is offered as a substitute. I want to have that made clear.

Mr. SALTONSTALL. The amendment is offered by the junior Senator from Colorado and myself as a substitute for the amendment offered by the Senator from Texas as to point 4.

I am in favor of the principles of the point-4 program. It consists, so far as the Government is concerned, in creating a favorable atmosphere so that private investors and business enterprises may go into other countries and help build up their trade so that they can trade with us. We in the United States want to continue to go ahead. We want to be able to trade to a greater degree with other nations of the world.

There are many difficulties involved in creating such a favorable atmosphere. How many employees can be taken into the other countries? How shall their families live? How can the money be gotten out? How can the goods be gotten in? All those questions arise. It takes time, it takes study to resolve them.

The House bill provides in some detail for such an atmosphere, but the amendment offered by the Senator from Texas [Mr. CONNALLY] provides nothing on that score at all. For the purpose of providing technical aid it creates a new division in the State Department, the director of which is to have a salary of \$15,000 a year. As the Senator from Colorado has said, we are providing technical aid in South America through the Institute of Inter-American Affairs. We have other operating enterprises throughout the world. We have the Smith-Mundt bill and the Fulbright bill. If we do what the Senator from Texas proposes to do under his amendment, we would permit the Government of the United States to give technical aid anywhere in the world without any restrictions. It would be done as part of this ECA program.

Mr. President, at the present time we are spending \$65,000,000 for technical assistance throughout the world. We are spending \$27,000,000 more in contributions to the budgets of international organizations, exclusive of technical assistance. We are spending a million and a half dollars for missions to international organizations. That makes a total of approximately \$94,000,000. The study proposed by the amendment would not interfere with any of

the present government technical programs. It would permit the one in South America to go ahead. It would permit operations under the Smith-Mundt to continue. Under present legislation the amendment might or might not permit assistance to areas around China. There is some question about that. However, I believe that that can be taken care of in other ways.

Mr. President, if the Connally amendment is to be adopted, it seems to me we ought to provide for it a separate authorization. We ought to consider and discuss how far we wish to go with technical aid throughout the world, and not tie it to a plan which is going to stop in 2 years in Europe.

This is a long-range undertaking. Primarily it is an undertaking for private enterprise, for our citizens as private individuals, stimulated through a favorable atmosphere created by the Federal Government, and not merely a technical-assistance program, which may last over many years, carried out entirely with Government funds collected from American taxpayers. We should not create a new division in the State Department for such a purpose. There is reason for it if we go the whole way and create a favorable atmosphere for the point four program in the broad conception of the word.

I hope the amendment may be substituted for the Connally amendment.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. MUNDT. I think the Senator from Massachusetts has correctly pointed out the nature of the Connally amendment. It should be defeated. We shall set up an administrative monstrosity if it is adopted. Since it provides just one more agency and activity for doing precisely what can now be done under the Smith-Mundt Act. At the present time there are provisions for a loyalty check and for an advisory commission, as well in the Smith-Mundt Act. Secondly, we would have a confusion and duplication of authority, plus the fact that all public personnel would rather operate under the proposed Connally amendment, which provides salaries as high as \$1,800 a month at \$75 per diem fees, while there are no such lush jobs for those rendering the same service under Public Law 402, the Smith-Mundt Act.

Mr. CONNALLY. Mr. President, I yield 8 minutes to the Senator from Connecticut.

Mr. McMAHON. Mr. President, one of the earliest recollections I have of my service in the Senate is that when I first came here, one afternoon the Senate by voice vote appropriated \$19,000,000 for the prosecution of the war. Today the United States is engaged in a war which is commonly called a cold war. I believe the program proposed by the Senator from Texas is a very fit complement to the ECA program and to the military-assistance pact. It is true that the line which divides the world in many places is a geographical line. However, that line also runs through the minds of men. We can talk about economic strength and military strength,

but unless there is a passionate conviction in the minds of men that they are willing to fight and die for freedom, freedom's cause is lost. The inspiration for that fight must come from the United States of America, or it will not come from anywhere. We are going to provide it and we are going to save the world, or we are going to lose it and lose ourselves. Mr. President, no money we could spend would do more for the safety and security of civilization at this moment than would be done by our saying to the world that we hope to bring to them a higher standard of living. Of the 2,000,000,000 people on the face of the world, two-thirds of them will go to bed tonight with empty stomachs.

The sum of money involved in this amendment is not very great when compared to the \$16,000,000,000 we are spending on our Military Establishment. I dare say that what is here proposed will do more to bring hope and bring a new standard to our friends than anything else we can do. It is calculated to give technical assistance to them; not to buy things, not to buy materials, but to give of our skills. The giving of those skills will result in a better standard of living, as it has in South America, where the program, although relatively new, has produced really tremendous results.

Something has been said about the fact that this program should be delayed, that we have plenty of time, that a new study should be made, and that, in view of the fact that we have other programs which are working in this field, we should delay the program until the rather grandiose commission which is now proposed can make a survey over the course of a couple of years. But, Mr. President, this project will not wait that long. It is marching faster than the sponsors of the substitute apparently realize. We have a number of programs, it is true, and in this bill provision is made for the coordination of this expanded program in the State Department.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. McMAHON. I have only a short time, but I am glad to yield to the Senator.

Mr. MILLIKIN. My suggestion now is that the existing program covers the same field that is covered by this amendment. I suggest again that under this amendment, after there is set up a new organization for doing the same things, now under way under existing law that at the end of 5 years, the new effort will be chopped off, and where will that leave the people who are going to bed hungry at night?

Mr. CONNALLY. Mr. President, if we already have the existing organization, as has been stated, why does the Senator want a commission of rubbernecks going around studying this matter for 2 or 3 years?

Mr. McMAHON. Of course, Mr. President, the answer given by the Senator from Texas is, as usual, to the point. The programs which already exist are to be continued and coordinated under the Administrator appointed under the proposed point 5. It is a move to co-

ordinate that program; it is a move to extend it; it is a move to strengthen the moral position of America before the world. Without that moral position we may have all the guns, we may have all the economic strength, we may have all the talk, anyone may desire, but everything will tumble before the onslaught of the wave called communism which is sweeping over the earth.

Mr. President, this is the time to build with this program among the masses in India and in Pakistan and the other undeveloped sections of the earth, and if we build there, and start now, and start under this program, we will be doing a great service for the United States and the world.

Many thoughtful Americans are aware, Mr. President, that the worldwide struggle between freedom and totalitarianism is being decided in part at least in the human mind. Voices, my own included, have been raised, here in the Senate and elsewhere, urging that our Government take positive, constructive steps that will appeal to the peoples of the world and kindle their enthusiasm for the common cause of freedom. It is not enough to be against communism. To win the cold war we must be for something—something that the masses of people throughout the world also are for.

The bill for which I speak is such a measure. It serves notice that we do not intend to defend freedom with arms alone, but that we place our reliance on the enduring values created in the minds and spirits of free men. It means that we are prepared to demonstrate and to share with aspiring people the material and spiritual benefits derived from a free society. The purpose of this legislation is to prove to millions of people that a free society can deliver the goods in the form of increased productivity and a decent standard of living and at the same time exalt the individual, not enslave him. It is based on the assumption that when these truths are manifest to the millions who inhabit the underdeveloped areas and when they learn that they too have a recognizable stake in the preservation of freedom and democracy, then they will join wholeheartedly in the fight against communism.

Mr. CONNALLY. Mr. President, how much time have I?

The PRESIDING OFFICER. Four minutes.

Mr. CONNALLY. I yield 2 minutes to the Senator from New Jersey [Mr. SMITH].

Mr. SMITH of New Jersey. Mr. President, I wish to point out that when this matter came up in the Committee on Foreign Relations we definitely did not adopt the point 4 program presented by the Secretary of State. We said that we were not prepared to do that, and attach any such long-range program to the ECA program. Therefore we merely saved the exchange of technical knowledge and skills as provided in the amendment. We provided further that contracts or agreements made under the amendment may not run beyond June 30, 1952. Thus it becomes co-extensive with the ECA.

The purpose in adopting the amendment was to continue the technical knowledge and skills we were providing in connection with ECA, and so far as I am concerned, if the committee—Connally—amendment can be agreed to, I am perfectly willing to support the amendment offered by the Senator from Colorado and the Senator from Massachusetts for a full study of this whole subject, after the ECA is wound up. I think that is in line with what the Senior Senator from Michigan [Mr. VANDENBERG] suggested in his letter to Mr. Hoffman, where he recommended that we should have a special nonpartisan committee set up to study what we will do with the whole situation after 1952.

I do not think there is any inconsistency in adopting the Connally amendment, and going ahead with the Saltonstall-Millikin amendment to set up the investigating committee. I think both should be done if we are to have a complete picture.

I emphasize again, that the Connally amendment, which is the committee amendment, will expire, so far as contracts are concerned, in 1952, when the ECA expires, and the whole program provided for in the amendment will expire in 1955.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CONNALLY. Mr. President, I do not care to keep the Senate more than a moment. The amendment I have offered was different from the House provision. The House provision envisions a long program, covering lots of territory, and in the Committee on Foreign Relations we trimmed off everything except the technical aid, the technical assistance.

The truth of the matter is, however, that there are several who are in favor of this scheme in order that they can push foreign investments. If one will read the amendment offered by the Senator from Colorado, he will find he brings in the question of foreign investments, seeking to induce Americans to take their money into foreign countries and invest it. Then, when they get their money invested, they will come back and ask the Government to guarantee their foreign investments.

Mr. SALTONSTALL and Mr. MILLIKIN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Texas yield, and, if so, to whom?

Mr. CONNALLY. I yield first to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, there is no provision anywhere providing for guaranteeing foreign investments. The Export-Import Bank states that under a bill which is before the Committee on Banking and Currency, there will be guaranties against expropriation and convertibility of currency, but there is no guaranty of profits or anything else.

Mr. CONNALLY. I am sorry, I cannot yield further, I have but a few minutes.

If the authors of the substitute amendment did not have something of that kind in their minds, why did they put into the amendment a clause that the

question of foreign investments must be studied? When those who may be affected get their foreign investments, they will come back here and ask the Government of the United States to guarantee them.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. CONNALLY. I ask the Senate to reject the substitute and adopt my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Colorado [Mr. MILLIKIN] on behalf of himself and the Senator from Massachusetts [Mr. SALTONSTALL].

Mr. MILLIKIN. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Louisiana [Mr. LONG] and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Montana [Mr. MURRAY] is absent because of illness in his family.

The Senator from Wyoming [Mr. O'MAHONEY] is necessarily absent.

The Senator from Maryland [Mr. O'CONOR] and the Senator from Florida [Mr. PEPPER] are absent on public business.

I announce further that if present and voting, the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], the Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY], the Senator from Maryland [Mr. O'CONOR], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Florida [Mr. PEPPER], and the Senator from Oklahoma [Mr. THOMAS], would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate and is paired with the Senator from Michigan [Mr. VANDENBERG], who is necessarily absent. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Michigan would vote "nay."

The Senator from Oregon [Mr. MORSE] is absent by leave of the Senate and is paired with the Senator from Utah [Mr. WATKINS], who is absent by leave of the Senate on official business. If present and voting, the Senator from Oregon would vote "nay," and the Senator from Utah would vote "yea."

The Senator from Iowa [Mr. HICKENLOOPER] and the Senator from North Da-

kota [Mr. LANGER] are absent by leave of the Senate.

The junior Senator from Kansas [Mr. DARBY] and the senior Senator from Kansas [Mr. SCHOEPP] are detained on official business.

The Senator from Vermont [Mr. FLANDERS] is absent by leave of the Senate, and, if present and voting, would vote "yea."

The result was announced—yeas 33, nays 41, as follows:

YEAS—33

Brewster	Gurney	Mundt
Bricker	Hunt	Robertson
Bridges	Ives	Russell
Butler	Jenner	Saltonstall
Byrd	Johnson, Colo.	Smith, Maine
Cain	Kem	Taft
Cordon	Knowland	Thye
Donnell	McCarthy	Tooley
Dworschak	Malone	Wherry
Eaton	Martin	Williams
Ferguson	Millikin	Young

NAYS—41

Aiken	Hill	McFarland
Anderson	Hoey	McMahon
Benton	Holland	Magnuson
Connally	Humphrey	Maybank
Douglas	Johnson, Tex.	Myers
Eastland	Johnston, S. C.	Neely
Ellender	Kefauver	Smith, N. J.
Frear	Kerr	Sparkman
Fulbright	Kilgore	Stennis
George	Leahy	Taylor
Graham	Lehman	Thomas, Utah
Green	Lodge	Tydings
Hayden	Lucas	Wiley
Hendrickson	McClellan	

NOT VOTING—22

Capehart	Langer	Pepper
Chapman	Long	Schoeppel
Chavez	McCarran	Thomas, Okla.
Darby	McKellar	Vandenberg
Downey	Morse	Watkins
Flanders	Murray	Withers
Gillette	O'Connor	
Hickenlooper	O'Mahoney	

So the amendment offered by Mr. MILLIKIN, on behalf of himself and Mr. SALTONSTALL, was rejected.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Texas [Mr. CONNALLY] to insert at the end of the bill a new title, title V.

Mr. DONNELL and other Senators asked for the yeas and nays.

Mr. RUSSELL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. RUSSELL. Is the amendment offered by the Senator from Texas the pending question?

The PRESIDING OFFICER. The amendment of the Senator from Texas is the pending question.

Mr. RUSSELL. I send forward an amendment to the amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 6, after line 18, it is proposed to insert the following:

SEC. 5C9. The advancement of technical assistance or the preparation of plans for projects as authorized under this title does not constitute any obligation whatsoever on the part of the Government of the United States to make any loans or grants for the execution or construction of any project or for the completion of any program devised under this title. The President or the person administering this title under his direction

shall give written notice to each recipient of funds or beneficiary under this title that such assistance in planning or programing shall not be construed as an obligation on the part of the United States to make funds available for the construction or execution of any project.

Mr. CONNALLY. Mr. President, I have no objection to that amendment, and modify my amendment accordingly.

Mr. RUSSELL. I thank the Senator. The PRESIDING OFFICER. The question is on the amendment of the Senator from Texas, as modified.

Mr. TAFT. Mr. President, I appeal to the Senate not to vote another international program.

Mr. CONNALLY. Mr. President, I make the point of order that the time has expired.

Mr. TAFT. Mr. President, I ask time of the Senator from Colorado [Mr. MILLIKIN].

Mr. CONNALLY. The time has expired. The question is on agreeing to my amendment, as modified.

The PRESIDING OFFICER. The time on the substitute amendment offered by the Senator from Colorado [Mr. MILLIKIN] had expired, and a vote was taken on it. There are 20 minutes of time on the amendment of the Senator from Texas.

Mr. CONNALLY. Does the Chair rule that 10 minutes are permitted to each side on my amendment?

The PRESIDING OFFICER. Yes; 10 minutes to each side.

Mr. MILLIKIN. Mr. President, I yield 10 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 10 minutes.

Mr. TAFT. Mr. President, so far as I know during the present debate no intelligent presentation has been made of the reason for any program of the kind represented by the Connally amendment. I have been present day after day listening to the debate. The proposed new title, so far as I know, has never been elaborately explained, except as it was explained by the Senator from Colorado [Mr. MILLIKIN] last night when there was nobody present to hear him. Here we have a provision for a brand-new international program at a time when we ought to be stopping international programs and only finishing those which have already assumed a certain importance, to which we are committed.

The amendment opens up a new field for spreading money around the world for technical assistance. Technical assistance is the kind that private organizations have been giving throughout all our history. We have provided engineers, we have provided all kinds of technicians throughout the world whenever there was any possibility of a project being a sound economical project. We have done that at all times. We are prepared to do it now. If projects are sound there are plenty of big American companies prepared to send their experts to assist in their development.

As I read the proposed program, that is not what it provides for. It provides for all kinds of welfare services for the people of the world, of health services of every conceivable kind, of welfare service

which is not adequately performed at home. If we are going to provide welfare services I will say I have been interested in seeing to it that such services are more elaborately provided for the people of the United States. But as one reads the program and the report it seems to me they show that it would simply be opening up a kind of wide-open distribution of all kinds of aid to all kinds of people anywhere in the world whom the President might desire to help. Under it it is proposed that \$45,000,000 more of the American taxpayers' money be spread around the world in places where there is no particular demand for it. It is simply an idea summoned out of someone's mind of some other way the Government money can be spent, of some other way the United States can go around the world and assume to interfere with the affairs of other people and try to improve the standards of living of other people.

Mr. President, this Nation is wholly incapable of improving the standards of living of the peoples of India and China. That is beyond our capacity. We cannot do it. We are already spending \$6,000,000,000 more than we are able to obtain in taxes; \$6,000,000,000 more than the President says can possibly economically be imposed on the people of the United States and retain a sound economic system at home.

Why on earth should we go out all over the world undertaking to pass out different kinds of relief and different kinds of American dollars throughout the world?

Mr. President, I am in favor of finishing up the ECA. I am in favor of finishing up the International Children's Fund. I am in favor of cooperating with other nations. I think it is reasonable to present to Congress specific projects which are economically sound, which can help the rest of the world and help us, the kind of projects the Export-Import Bank is considering.

I supported the Export-Import Bank loan to Brazil for the development of a steel mill in Brazil, for the benefit of Brazil and, I think, in the long run for our benefit.

Mr. President, I assume the proposed aid under the amendment would go to at least 50 countries throughout the world. I do not favor the spreading out of America's money for the purpose of advising the peoples of those countries how to operate their departments of health and how to operate their departments of education. Those interested in education have said that all the money proposed to be spent under the amendment should be spent for educational purposes. In the long run only the peoples of other countries can solve their own housing problems and their problems of health and education.

Why on earth should we undertake to enter upon this brand new program? It seems to me to be inconsistent with practically everything the best thought in the United States has advocated. So far as I can see there has been no substantial or persuasive argument made in favor of any such program. This is merely a kind of a tag end, anyway, to the other idea. The other idea was

that we should spread money all over the world actually to bring about improvements in undeveloped countries and help them develop their economy. That has been dropped out. That is not popular enough. Instead of that we are going to take the tag end of that program and hand out money for relief, for health, for education, and for all sorts of purposes and things, and particularly advice, which we think we are so well capable of giving—and we are not. By the way, we have not done too well in our own country. We are simply asked here at the end of the consideration of the bill to distribute under another program \$45,000,000 of the American taxpayers' money.

Mr. MILLIKIN. Mr. President, to the point that this field is already covered, I should like to read briefly from the Smith-Mundt bill. I read from section 2 of the bill:

Sec. 2. The Congress hereby declares that the objectives of this act are to enable the Government of the United States to promote a better understanding of the United States in other countries, and to increase mutual understanding between the people of the United States and the people of other countries. Among the means to be used in achieving these objectives are—

(1) an information service to disseminate abroad information about the United States, its people, and policies promulgated by the Congress, the President, the Secretary of State, and other responsible officials of Government having to do with matters affecting foreign affairs;

(2) an educational exchange service to cooperate with other nations in—

(a) the interchange of persons, knowledge, and skills;

(b) the rendering of technical and other services;

(c) the interchange of developments in the field of education, the arts, and sciences.

The Fulbright bill allows for the exchange of students.

Mr. KNOWLAND. Mr. President, will the Senator yield at this point for a brief question?

Mr. MILLIKIN. I yield.

Mr. KNOWLAND. Is the Senator from Colorado familiar with the fact that on page 9 of the bill as reported by the committee, under the amendment proposed to title IV of the China Aid Act of 1948, by extending that to the general area of China there will be \$44,000,000 available for economic assistance, even without this point 4 program, so that for any emergency assistance in that area of the world the funds will be provided without the title V assistance?

Mr. MILLIKIN. I appreciate the Senator's contribution.

Mr. President, I should like to add that about the only novel feature which is provided by this measure over the Smith-Mundt bill is the provision for a coordinator. That simply means that there will be a new job for some person to coordinate activities which are operating with success according to the testimony presented before the committee.

However, there is another feature of this measure, namely, that all the authority granted in this title is proposed to expire on June 30, 1955. There will be a great many new technicians employed under the provisions of this meas-

ure, although there already is a shortage in the supply of such technicians. Those technicians will, if employed to do the work proposed to be done under this measure, give up their homes and go abroad and will get settled there, and will start to give technical assistance; but then within 5 years they will be called back to the United States.

What good will that do to the conduct of foreign affairs? What good will any of the steps proposed by this amendment do?

There are already a number of efficient agencies which are working on the job, not only agencies of our Government—and probably half a dozen or a dozen of our Government's own agencies are mentioned in this measure—but probably there are 50 or 75 private agencies working on this job all over the world.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. SALTONSTALL. Is it not true that the so-called Connally amendment was taken from the House bill, which went a great deal further than this amendment does; and is it not also true that the attempt made by means of this amendment is to do what was done by the Smith-Mundt bill?

Mr. MILLIKIN. I reply that the amendment is a condensed version of the House bill, providing exactly the same powers, word for word, that were provided in the House bill.

Mr. KNOWLAND. Mr. President, will the Senator yield further?

Mr. MILLIKIN. I yield.

Mr. KNOWLAND. The Senator from Colorado no doubt is familiar with the fact that under the title IV program in the ECA Act, when carried on in the program known as the joint Chinese rural rehabilitation program, it is my judgment that under the provisions of the bill as reported by the committee, so far as it relates to the general area of China, which would cover neighboring countries, that type of program could be carried on without the adoption of this title IV proposal?

Mr. MILLIKIN. Exactly. I should like to add that Great Britain has its own technical-assistance program for its colonies and dependencies; Belgium has the same thing; France has the same thing. I believe that Holland has a similar program.

Mr. President, I invite the attention of Senators to the fact that this amendment would give the President great, broad, blank-check powers to make contributions to the United Nations, whereas it is intended by the Charter of the United Nations that those programs shall be submitted to the Congress and shall receive the approval of Congress before they are put into effect.

I think the amendment proposes a very radical change in the conception of this country's relations to the United Nations, insofar as that provision is concerned.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. LEHMAN. The Senator from California outlined certain things which

we could do in China. Certainly the need for work in China is very evident. However, after all, China is not the only area of the world which requires assistance. India, North Africa, Indonesia, and many other parts of the world can be helped inexpensively, without our making any commitments. We can raise the standards of living there by giving technical assistance and technical guidance to those people. By doing so, not only can we raise their standard of living and develop a more stable society there, but we can raise our own trading possibilities with those countries.

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

The Senator from Texas is recognized.

Mr. CONNALLY. Mr. President—

Mr. McMAHON. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield 2 minutes to the Senator from Connecticut.

Mr. McMAHON. Mr. President, I do not know what kind of balance sheet we can draw in contrast to the statements which have been made in opposition to the adoption of this amendment. However, I should like to call attention to the fact that under title V it is proposed to provide public health doctors and sanitary engineers to show people who live under deplorable conditions of disease and filth how to practice elementary sanitation, install safe water supplies, and practice effective health measures that we take for granted. We propose to provide consultants in the field of education to help other people bring down illiteracy rates, which in some countries are as high as 90 percent. We propose to provide experienced administrators to help train necessary personnel for the new, understaffed governments now learning to operate public services for the first time.

Mr. President, how do we know we can do those things? I assume that all of us agree that they are worth while. We know that they can be done effectively, with benefit to ourselves and to other countries, because we are doing those things now on a modest scale in various areas of the world. Some of the most spectacular examples are found in the field of health.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. McMAHON. I yield.

Mr. HOLLAND. On page 2 of the printed amendment, in lines 17 to 21, I note the following provision:

(c) to make and perform contracts or agreements with, and make advances and grants to, appropriate persons, corporations, or other bodies of persons, or to State, local, or foreign governments for technical cooperation programs.

Under that provision, apparently both local and State governments both in foreign countries and in the United States would be eligible to accept the benefits of this provision. Is that correct?

Mr. McMAHON. I believe that is correct.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. McMAHON. I yield.

Mr. HOLLAND. Does the Senator from Connecticut mean to say to the Senate that this amendment proposes to launch an additional and a new local and American welfare program, in addition to an international program?

Mr. McMAHON. No; I misunderstood the Senator's question. That provision of the amendment refers to foreign countries and their State and local subdivisions.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. McMAHON. Mr. President, will the Senator from Texas yield one more minute to me?

Mr. CONNALLY. Yes; I yield an additional minute to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 1 minute additional.

Mr. McMAHON. Mr. President, let us consider, in this connection, the field of malaria, for instance. Malaria has been an immemorial enemy of man. It affects 300,000,000 people every year, and kills 3,000,000 of them. It is predominantly a rural disease; and by disabling millions of agricultural workers, it seriously limits the production of food crops.

Malaria has been a scourge of Greece since the days of Hippocrates. In 1942 there were at least 2,000,000 cases of malaria in Greece. In 1946 the UNRRA launched a large-scale antimalaria campaign there, with DDT spraying and the draining of swamps. The program has been continued by ECA. By 1948, the number of malaria cases had been reduced to about 50,000, with an estimated saving of 30,000 to 60,000 man-days of work a year. This is equivalent to adding 100,000 to 200,000 workers a year to the labor force, without the addition of more mouths to feed.

Mr. President, that is an indication of what this program is designed to do.

I insist that by means of this proposal we will do more to stop the march of communism in those areas than we will do by means of any amount of money we may appropriate in connection with other provisions. Under this proposal, in connection with the ECA, we shall do more, dollar for dollar, in making progress along those lines than we can do in any other way in these countries.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. CONNALLY. Mr. President, does the Senator from New Jersey want some time?

Mr. SMITH of New Jersey. No.

Mr. CONNALLY. I yield 2 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 2 minutes.

Mr. HUMPHREY. Mr. President, I merely want to make one or two observations. I have listened to the presentations by the Senator from Colorado and the Senator from Massachusetts, in which it has been said that this program is not needed because we already have this kind of program in operation. Then

I listened to the Senator from Ohio saying that we are opening up an entirely new field of activity under this program. There seems to be some conflict. I think it would be well, for the understanding of the Senate, if those who are in opposition to title V would come to some agreement as to whether we are opening up an entirely new field, or whether we have in operation already a program such as this.

I also heard the comment made that there has been no intelligent presentation made as to the need of this program. Having some sense of personal pride, I should like to refer the Senator from Ohio to the remarks as of yesterday, as recorded in the CONGRESSIONAL RECORD, in which I tried to make some presentation of the need for title V.

One further observation: There has been at least one remark, possibly two, made by the Senator from Ohio, that this program would be entering upon a broad, new welfare-service enterprise. I think it should be made crystal-clear that this program is limited specifically to an outstanding surplus this Nation has. It is limited to the exchange of technical assistance, technical personnel and skill and scientific knowledge, and I think the Senator from Connecticut has surely stated the case in the affirmative. He has stated that what we are doing under this program, if enacted, is not to offer a hand-out, it is not to offer charity, but it is to offer our knowledge, to offer our scientific information, to work with countries, other than China, countries such as Indonesia, Pakistan, India, Burma, and Siam, the countries of South America, and the countries of Africa, to help them help themselves, but to offer our scientists to work with their scientists, to offer our educators to work with their educators. It is a help program of self-help.

The PRESIDING OFFICER. The time of the Senator for Minnesota has expired.

Mr. CONNALLY. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. Three minutes.

Mr. CONNALLY. We need an arithmetician as well as a Parliamentarian. Mr. President, I hope very much that the Senate will adopt this amendment. It was very carefully studied and considered in the Committee on Foreign Relations, in view of the provisions in the House bill which were trimmed down to the very bone.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. McKELLAR. If there was a man in America who wanted to go along with the Democratic Party, that man is myself. But I do not know where we are going. Where are we going to get the money? How much is this going to cost, when it goes into operation?

Mr. CONNALLY. Thirty-five million dollars.

Mr. McKELLAR. That is \$35,000,000 for plans for the present year; but, when we make the further plans—

Mr. CONNALLY. We are going to get the money out of the Appropriations

Committee; that is where we are going to get it. [Laughter.]

Mr. McKELLAR. For that reason, I am not going to vote for this amendment, under the circumstances. I have gone the limit.

Mr. CONNALLY. I am sorry if I offended the Senator.

Mr. McKELLAR. The Senator has not offended me, but I am merely replying to his statement. I am opposed to the amendment, and I shall oppose it in the Appropriations Committee.

Mr. CONNALLY. The Senator will probably kill it, if he opposes it in the Appropriations Committee.

Mr. McKELLAR. I shall do my best, I assure the Senator. I think we are going wild, we are going mad, and I do not intend to go along with any such process.

Mr. CONNALLY. We shall certainly miss the Senator. [Laughter.]

Mr. McKELLAR. The Senator may miss me, but I am going to keep my record straight. I am not going along on this thing.

Mr. CONNALLY. The Senator has a very fine and splendid record, and I hope he will keep it untarnished and unblemished, legislatively, socially, and otherwise. [Laughter.]

Mr. McKELLAR rose.

Mr. CONNALLY. Mr. President, I cannot yield further, but the Senators who have been speaking, including the Senator from Colorado—if I may have his attention—the Senator from Massachusetts, and the Senator from Ohio, all want to say that we already have all these things, making references to the Smith-Mundt bill. I have heard of the Smith-Mundt bill. Of course, we have it. But do we need nothing more? The substitute amendment provided for the appointment of a commission consisting of 24 people—24 distinguished, outstanding people, who were to find out what we already have. If we need a mechanism like that, where are we going, I ask the Senator from Tennessee? If it would take a new Hoover Commission—I hope it might be better than the last Hoover Commission. The Senator from Tennessee is entirely correct. But to find out what we need, Mr. President, we have already some of the features of this program in operation, and \$10,000,000 is available.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CONNALLY. I am very glad my time has expired, and that all the time has expired. My friends are ready for a vote.

Mr. McKELLAR. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. MUNDT. Mr. President, I offer the amendment, which I send to the desk to the pending amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 6, following line 20, it is proposed to insert a new section, as follows:

LOYALTY CHECK ON PERSONNEL

SEC. 511. No citizen or resident of the United States, whether or not now in the employ of the Government, may be employed or assigned to duties by the Government un-

der this act until such individual has been investigated by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State.

And to renumber the sections.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota to the amendment of the Senator from Texas.

Mr. CONNALLY. Mr. President, I hope we will not confuse the situation. We have plenty of investigations now.

Mr. MUNDT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MUNDT. Am I correct in believing that I have 5 or 10 minutes in which to discuss the amendment?

The PRESIDING OFFICER. The Senator has 5 or 10 minutes.

Mr. MUNDT. I shall not take 10 minutes. This is a very simple amendment. It would simply write into the Connally amendment precisely the identical protective language which was written into the Smith-Mundt bill and in other ECA and foreign-aid legislation. I hope the chairman of the committee will accept it. The absence of this language from the Connally amendment comprises the major difference between existing law—the Smith-Mundt Act—and the so-called Connally amendment.

Mr. CONNALLY. I will take it to conference.

Mr. MUNDT. If the Senator agrees to it, my speech is over.

Mr. CONNALLY. I shall be very glad to take the amendment to conference.

Mr. MUNDT. Very well.

Mr. CONNALLY. I do not know what will happen to it after it goes to conference.

Mr. MUNDT. On that basis, I think perhaps we should have a vote, if the Senator is going to take it to conference so he can show the conferees the extent of the Senate's support.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota to the amendment of the Senator from Texas.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas [Mr. CONNALLY], as amended.

Mr. MCKELLAR. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Nevada [Mr. MCCARRAN] are absent by leave of the Senate on official business.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Louisiana [Mr. LONG] and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Montana [Mr. MURRAY] is absent because of illness in his family.

The Senator from Colorado [Mr. JOHNSON], the Senator from South Carolina [Mr. MAYBANK], and the Senator from Wyoming [Mr. O'MAHONEY] are necessarily absent.

The Senator from Maryland [Mr. O'CONNOR] and the Senator from Florida [Mr. PEPPER] are absent on public business.

I announce further that if present and voting, the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], the Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Colorado [Mr. JOHNSON], the Senator from Louisiana [Mr. LONG], the Senator from South Carolina [Mr. MAYBANK], the Senator from Montana [Mr. MURRAY], the Senator from Maryland [Mr. O'CONNOR], the Senator from Florida [Mr. PEPPER], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Oklahoma [Mr. THOMAS], would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate and is paired with the Senator from Michigan [Mr. VANDENBERG] who is necessarily absent. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Michigan would vote "yea."

The Senator from Oregon [Mr. MORSE] is absent by leave of the Senate and is paired with the Senator from Utah [Mr. WATKINS] who is absent by leave of the Senate on official business. If present and voting, the Senator from Oregon would vote "yea," and the Senator from Utah would vote "nay."

The Senator from Iowa [Mr. HICKENLOOPER] and the Senator from North Dakota [Mr. LANGER] are absent by leave of the Senate.

The junior Senator from Kansas [Mr. DARBY] and the senior Senator from Kansas [Mr. SCHOEPEL] are detained on official business.

The Senator from Vermont [Mr. FLANDERS] is absent by leave of the Senate, and if present and voting, would vote "yea."

The result was announced—yeas 37, nays 36, as follows:

YEAS—37

Alken	Humphrey	Magnuson
Anderson	Hunt	Myers
Benton	Ives	Neely
Connally	Johnson, Tex.	Smith, Maine
Douglas	Kefauver	Smith, N. J.
Ellender	Kerr	Sparkman
Frear	Kilgore	Taylor
Fulbright	Leahy	Thomas, Utah
Graham	Lehman	Tobey
Green	Lodge	Tydings
Hayden	Lucas	Wiley
Hendrickson	McFarland	
Hill	McMahon	

NAYS—36

Brewster	George	Martin
Bricker	Gurney	Millikin
Bridges	Hoey	Mundt
Butler	Holland	Robertson
Byrd	Jenner	Russell
Cain	Johnston, S. C.	Saltonstall
Cordon	Kem	Stennis
Donnell	Knowland	Taft
Dworschak	McCarthy	Thye
Eastland	McClellan	Wherry
Ecton	McKellar	Williams
Ferguson	Malone	Young

NOT VOTING—23

Capehart	Johnson, Colo.	O'Mahoney
Chapman	Langer	Pepper
Chavez	Long	Schoeppel
Darby	McCarran	Thomas, Okla.
Downey	Maybank	Vandenberg
Flanders	Morse	Watkins
Gillette	Murray	Withers
Hickenlooper	O'Connor	

So Mr. CONNALLY's amendment, as amended, was agreed to.

Mr. CONNALLY. Mr. President, I offer the amendment which I send to the desk and ask to have stated. It is in the nature of a clarification.

The VICE PRESIDENT. The Secretary will state the amendment.

The CHIEF CLERK. It is proposed, on page 4, line 20, before "employees," to insert "officers and."

On page 4, line 21, to strike out "shall" and insert a comma, followed by "may."

On page 4, lines 24 and 25, to strike out "together with" and insert "may receive."

On page 4, line 25, to strike out "it shall."

On page 5, line 1, to strike out "exceed" and insert "in excess of."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Texas.

The amendment was agreed to.

Mr. CONNALLY. Mr. President, I send to the desk another amendment relating to China, and ask to have it stated.

The VICE PRESIDENT. The Secretary will state the amendment.

The CHIEF CLERK. On page 9, line 18, it is proposed to strike out the period and insert the following: "Provided further, That not more than 10 percent of such funds (including the \$50,000,000 mentioned in the foregoing proviso) shall be available for relief on humanitarian grounds, through the American Red Cross, or other voluntary relief agencies, in any place in China suffering from the effects of natural calamity, under such safeguards as the President shall direct to assure nondiscriminatory distribution according to need and appropriate publicity as to source and scope of the assistance being furnished by the United States."

Mr. CONNALLY. Mr. President, there is now in the relief funds which were voted for China some time ago \$94,000,000 unexpended. The purpose of this amendment is simply to make available, if the President so desires, as much as 10 percent of that sum, which would be approximately \$9,000,000, for humanitarian aid in China because of the famine and misery prevailing there. It would be administered through the American Red Cross or any other voluntary organization.

That is all I have to say regarding the amendment.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. KNOWLAND. I join with the able Senator from Texas in supporting this amendment. It will take from the funds which are already available not to exceed 10 percent which can be used, as the Senator from Texas has pointed out, for the humanitarian purpose of relieving famine sufferers, and to be supervised by American voluntary relief organizations. I think it is a good and a

humanitarian amendment, and should be adopted.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Texas [Mr. CONNALLY].

The amendment was agreed to.

Mr. MILLIKIN. Mr. President, on behalf of the senior Senator from Massachusetts [Mr. SALTONSTALL] and myself, I send to the desk and ask to have stated an amendment.

The VICE PRESIDENT. That amendment was read earlier. Does the Senator want it read again?

Mr. MILLIKIN. I would suggest that it be not read again.

The VICE PRESIDENT. Without objection, it will be printed in the RECORD.

The amendment is as follows:

Amendment intended to be proposed by Mr. MILLIKIN (for himself and Mr. SALTONSTALL) to the bill (S. 3304) to amend the Economic Cooperation Act of 1948, as amended, viz: At the end of the bill insert the following new title:

"TITLE VI

"Whereas there are presently before Congress proposals for stimulating an atmosphere for capital investment in and providing technical assistance for underdeveloped areas of the world, such as Africa, the Near and Far East, and Central and South America; and

"Whereas it is contended that Congress has already enacted laws dealing with various phases of these proposals such as: Public Law 643 of the Eightieth Congress, authorizing membership in the World Health Organization; Public Law 863 of the Eightieth Congress, providing for acceptance of the constitution of the International Labor Organization; Public Law 565 of the Seventy-ninth Congress, authorizing membership in the United Nations Educational, Scientific and Cultural Organization; Public Law 174 of the Seventy-ninth Congress, authorizing membership in the Food and Agriculture Organization; Public Law 402 of the Eightieth Congress, the United States Information and Educational Exchange Act of 1948; Public Law 584 of the Seventy-ninth Congress, authorizing student exchange with foreign countries; Public Law 369 of the Eightieth Congress creating the Institute of Inter-American Affairs; Public Law 173 of the Seventy-ninth Congress, establishing the Export-Import Bank; Public Law 171 of the Seventy-ninth Congress, providing for United States participation in the International Monetary Fund and International Bank for Reconstruction and Development, and others; and

"Whereas many colleges and universities, religious organizations, business firms, and private agencies, such as the Rockefeller Foundation, the Near East Foundation, the Institute of International Education, and others are presently engaged in some types of technical assistance to various foreign nations; and

"Whereas the magnitude and important nature of these proposals and their relationship to existing legislation, activities, and programs demand intensive study and evaluation prior to congressional action:

"ESTABLISHMENT OF COMMISSION

"SEC. 501. There is therefore created a bipartisan commission for the purpose of making a study of such proposals, existing legislation, activities, and programs intended to stimulate capital investment in and technical assistance for underdeveloped areas of the world.

"MEMBERSHIP OF THE COMMISSION

"SEC. 502. (a) Number and appointment: The commission shall be composed of 24 members as follows:

"(1) Eight appointed by the President of the United States, four from the executive branch of the Government and four from private life;

"(2) Eight appointed by the Vice President, four from the Senate and four from private life; and

"(3) Eight appointed by the Speaker of the House of Representatives, four from the House of Representatives and four from private life.

"(b) (1) Political affiliation: Of each class of four members mentioned in subsection (a), not more than two members shall be from each of the two major political parties.

"(2) In selecting the Republican representatives from the Senate and from the House, the Vice President and Speaker of the House are respectfully requested to give due consideration to the recommendations of the minority leader of the Senate and House, respectively.

"(c) Vacancies: Any vacancy in the commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

"ORGANIZATION OF THE COMMISSION

"SEC. 503. The commission shall elect a chairman and a vice chairman from among its members.

"QUORUM

"SEC. 504. Thirteen members of the commission shall constitute a quorum.

"COMPENSATION OF MEMBERS OF THE COMMISSION

"SEC. 505. (a) Members of Congress: Members of Congress who are members of the commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the commission.

"(b) Members from the executive branch: The members of the commission who are in the executive branch of the Government shall each receive the compensation which he would receive if he were not a member of the commission, plus such additional compensation, if any (notwithstanding section 6 of the act of May 10, 1916, as amended; 39 Stat. 582; 5 U. S. C. 58), as is necessary to make his aggregate salary \$12,500; and they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the commission.

"(c) Members from the private life: The members from private life shall each receive \$50 per diem when engaged in the performance of duties vested in the commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

"STAFF OF THE COMMISSION

"SEC. 506. The commission shall have power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil-service laws and the Classification Act of 1949.

"EXPENSES OF THE COMMISSION

"SEC. 507. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this act.

"EXPIRATION OF THE COMMISSION

"SEC. 508. Ninety days after the submission to the Congress of the report provided for in section 509 (b), the commission shall cease to exist.

"DUTIES OF THE COMMISSION

"SEC. 509. (a) Investigation: The commission shall make a comprehensive study of the proposals and existing legislation, activities, and programs of the type described in section 501.

"(b) Within 60 days after the Eighty-second Congress is convened and organized, the commission shall make a report of its findings and recommendations to the Congress with attention to the relationship between the commission's recommendations and the peace, security, and solvency of the United States.

"POWERS OF THE COMMISSION

"SEC. 510. (a) Hearings and sessions: The commission, or any member thereof, may, for the purpose of carrying out the provisions of this act, hold such hearings and sit and act at such times and places, and take such testimony, as the commission may deem advisable. Any member of the commission may administer oaths or affirmations to witnesses appearing before the commission or before such member.

"(b) Obtaining official data: The commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this act; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the commission, upon request made by the chairman or vice chairman or by a majority of the commission."

Mr. MILLIKIN. It is the same amendment which was offered as a substitute to the Connally amendment, except that it has been conformed, it will be noted, so that it reads "Title VI." It would add a new title to the bill, and I ask unanimous consent that if this amendment is adopted, the section numbers may be conformed accordingly.

Mr. President, so that Senators may realize the attitude of the State Department with respect to what we are doing here, I should like to read briefly from the testimony given Secretary Acheson before the committee. He said:

The proposed measure which is now being considered as an amendment to ECA legislation is the underlying legislative authority for carrying out a program to assist the people of undeveloped areas of the world in their efforts to develop their economic resources. It is an integral part of the general program outlined by the President as a basis for assuring peace and personal freedom in the world. This program contains four interrelated courses of action.

The Secretary describes the other three. Then he goes on to say:

The fourth course is the program which you are now considering.

Therefore, in the State Department view—and they would carry out these laws—we are introducing the first step to point 4. As I said yesterday if this is an isolated measure, if it has no relation to point 4, if it has no more than a 5 year life, we are writing prescriptions for people with no drug store available. I think we must consider this further realistic fact. The State Department will consider the result of these studies and observations which are authorized

as a preliminary basis for the rest of point 4.

The distinguished Senator from Michigan [Mr. VANDENBERG], in writing to Mr. Hoffman, suggested that before we go into these far-reaching plans that we have a study committee similar to that which presided the ECA program. I hope that the Commission we are proposing would reach the prestige of a Hoover Commission. The committee would be in a position, without interfering with anything that has been done here today to examine all the existing laws on the subject, examine into the private activities on the subject, examine into the Mundt bill, the Fulbright bill, and the Connally amendment. We would get a study started which would come back in time for us to legislate, if we should decide to legislate, before the ECA program is ended in 1952. If it should be decided that there should be some kind of carry-on program, we would be equipped with the facts upon which we could reach our decision. I earnestly urge that we may now approve the amendment, because there is no conflict in it with anything that is in the bill.

Mr. CONNALLY. Mr. President, I make a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. The point is that the fact that it is called a substitute at one time and a new amendment at another time, does not change the fact that the Senate has already voted on it. It is identically the same amendment. There is not one "i" dotted, not one "t" crossed, not one period, not one comma in this amendment that is different from anything contained in the previous amendment. It is identically the same proposition. It is not in order.

The VICE PRESIDENT. Under the precedents of the Senate, the point of order is overruled. Previously the amendment was offered as a substitute for the amendment of the Senator from Texas. The situation now presented is that it is presented as an independent amendment.

Mr. CONNALLY. Mr. President, I claim the floor.

Mr. MILLIKIN. Mr. President, may I be advised as to the present parliamentary situation?

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Colorado.

Mr. MILLIKIN. I still have some time, I believe.

The VICE PRESIDENT. Yes.

Mr. MILLIKIN. How much time do I have, please?

The VICE PRESIDENT. One more minute.

Mr. MILLIKIN. I yield 1 minute to the distinguished senior Senator from Massachusetts.

The VICE PRESIDENT. The Chair is advised that the Senator has 3 minutes.

Mr. SALTONSTALL. I hope that the distinguished chairman of the Foreign Relations Committee will accept the amendment and take it to conference. I am heartily in sympathy with the point 4 program as the President outlined it in his state of the Union mes-

sage. What we have adopted in the Connally amendment is a very small section of that whole program. The program is not for 2 years or 5 years, but for the next 25 or 50 years, and it is the basis on which our country has gone ahead and the basis on which we want to keep it going ahead. We want to make the world a better place in which citizens can trade, and thereby better the lot of many people throughout the world. It is a great program, with many problems involved. It deserves the careful study of the best brains of our country, and on a nonpartisan basis.

Mr. MILLIKIN. I yield the remainder of my time to the junior Senator from Massachusetts.

Mr. LODGE. Mr. President, I voted in favor of the Connally amendment because I think no one can build as much good will toward America as American doctors and American engineers. As time goes on these countries can be prosperous, but I feel that more is required than technical assistance and that the amendment for which we have voted this afternoon is not enough to carry out a long-range program. There must be private enterprise. A very far-reaching undertaking is involved. We need the best brains we can get. The amendment which we voted merely confines itself to one small facet of this whole subject. I think the amendment of the Senator from Colorado and of my colleague from Massachusetts is extremely well thought out and can lead to good results. I hope the amendment will be adopted. I shall vote for it.

Mr. CONNALLY. Mr. President, I am reminded of the gentleman who became so excited that he rushed out, got on his horse, and rode off in all directions. The sponsors of the bill do not even agree among themselves. The Senator from Massachusetts is in good faith. He is for the program, for expanding the program, and for studying it over a period of years. The Senator from Colorado is not for that. He is for barely enough to sort of smell around and investigate a little with a commission of 24 investigators to find out something that he does not want to do at all. The Senator from Colorado is not for either one of these plans in their broad aspects on a long-range basis. He is not for that. The object of the commission is to slow down the program and to tire everyone out. The object is to have points of no quorum made in the commission. Slow them up. Call it off. He would not kill anyone. He would merely cut all their veins and arteries and let them bleed. If they had no more sense than to bleed to death, that would be their own fault.

I hope the Senate will vote down this amendment. Under my amendment this question will be studied all the time. It will be under trial. It will be under investigation. We shall find out what is being done. We are already finding out what is being done. \$10,000,000 is being expended in Latin America. We have proven a great many valuable things under that program.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SALTONSTALL. I respectfully point out to the Senator from Texas, for whom I have the highest regard, that there are many divergent points of view in this country. There may be points of view in one State which are against the idea of a business enterprise spreading outside this country. On the other hand, there may be business interests in another State which want to spread out their industries in another land and to strengthen them there. All those divergent points of view are capable of study and of being worked out.

If the President's program as set forth in the state of the Union message in January means anything, it does not cover only technical aid. That is all right so far as it goes, and in its way, but the program must be much broader than that. The amendment of the Senator from Texas merely provides for technical aid without any means of studying this big program which will mean so much to the private citizens of the United States for years to come.

Mr. CONNALLY. I thank the Senator from Massachusetts for that question. It is a piercing question. [Laughter.]

Mr. SALTONSTALL. Will the Senator yield?

Mr. CONNALLY. It is a question right on the point. It is a question which just went through the mind of the Senator from Texas and went on out the rear. [Laughter.]

Mr. SALTONSTALL. Will the Senator yield for another question?

Mr. CONNALLY. I yield.

Mr. SALTONSTALL. I would simply say that my question to the Senator was just as good as when he said the horses were going in opposite directions. My question was a statement, and not a question. It was going in one direction.

Mr. CONNALLY. I thank the Senator.

Mr. President, I realize that we have many things to learn, but the Senate is capable of finding them out. If we are not, we ought to go home. We ought not to ask the people to put us on the pay roll if we are not capable of determining a question of this kind. It does not require 24 people, 24 tax eaters, to tell how to administer a little, simple program similar to the one we are already administering. We are administering a similar program in Latin America. We are sending only \$10,000,000 there, but we are generating movements which are going to be valuable to the people of Latin America, and to the people of the United States as well.

Mr. President, I hope the Senate will vote down the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. MILLIKIN] for himself and the Senator from Massachusetts [Mr. SALTONSTALL].

Mr. MILLIKIN. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], and the Senator

from Nevada [Mr. McCARRAN] are absent by leave of the Senate on official business.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Colorado [Mr. JOHNSON], the Senator from West Virginia [Mr. KILGORE], the Senator from South Carolina [Mr. MAYBANK], and the the Senator from Wyoming [Mr. O'MAHONEY] are necessarily absent.

The Senator from Louisiana [Mr. LONG] and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Montana [Mr. MURRAY] is absent because of illness in his family.

The Senator from Maryland [Mr. O'CONOR] and the Senator from Florida [Mr. PEPPER] are absent on public business.

I announce further that, if present and voting, the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], the Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from West Virginia [Mr. KILGORE], the Senator from South Carolina [Mr. MAYBANK], the Senator from Montana [Mr. MURRAY], the Senator from Louisiana [Mr. LONG], the Senator from Maryland [Mr. O'CONOR], the Senator from Florida [Mr. PEPPER], the Senator from Wyoming [Mr. O'MAHONEY], the the Senator from Oklahoma [Mr. THOMAS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate and is paired with the Senator from Michigan [Mr. VANDENBERG], who is necessarily absent. If present and voting, the Senator from Indiana would vote "nay" and the Senator from Michigan would vote "yea."

The Senator from Iowa [Mr. HICKENLOOPER] and the Senator from North Dakota [Mr. LANGER] are absent by leave of the Senate.

The Senator from Oregon [Mr. MORSE] is absent by leave of the Senate, and if present and voting, would vote "yea."

The Senator from Utah [Mr. WATKINS] is absent by leave of the Senate on official business. If present and voting, the Senator from Utah would vote "yea."

The Senator from Vermont [Mr. FLANDERS] is absent by leave of the Senate, and if present and voting, would vote "yea."

The junior Senator from Kansas [Mr. DARBY] and the senior Senator from Kansas [Mr. SCHOEPP] are detained on official business.

The result was announced—yeas 32, nays 39, as follows:

YEAS—32

Aiken	Gurney	Mundt
Bricker	Hendrickson	Saltonstall
Bridges	Hunt	Smith, Maine
Butler	Ives	Smith, N. J.
Cain	Kefauver	Taft
Cordon	Knowland	Thye
Donnell	Lodge	Tobey
Douglas	McCarthy	Wherry
Dworshak	Malone	Wiley
Eaton	Martin	Young
Ferguson	Millikin	

NAYS—39

Anderson	Hoey	McKellar
Benton	Holland	McMahon
Byrd	Humphrey	Magnuson
Connally	Jenner	Myers
Eastland	Johnson, Tex.	Neely
Ellender	Johnston, S. C.	Robertson
Frear	Kem	Russell
Fulbright	Kerr	Sparkman
George	Leahy	Stennis
Graham	Lehman	Taylor
Green	Lucas	Thomas, Utah
Hayden	McClellan	Tydings
Hill	McFarland	Williams

NOT VOTING—25

Brewster	Johnson, Colo.	O'Mahoney
Capehart	Kilgore	Pepper
Chapman	Langer	Schoeppel
Chavez	Long	Thomas, Okla.
Darby	McCarran	Vandenberg
Downey	Maybank	Watkins
Flanders	Morse	Withers
Gillette	Murray	
Hickenlooper	O'Connor	

So the amendment offered by Mr. MILLIKIN on behalf of himself and Mr. SALTONSTALL was rejected.

Mr. TAFT. Mr. President, on behalf of the Senator from Illinois [Mr. DOUGLAS], the Senator from Connecticut [Mr. BENTON], the Senator from New Jersey [Mr. SMITH], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from New Hampshire [Mr. TOBEY], the Senator from Wisconsin [Mr. WILEY], the Senator from Pennsylvania [Mr. MARTIN], the Senator from New Jersey [Mr. HENDRICKSON], the Senator from Maine [Mr. BREWSTER], the Senator from Alabama [Mr. SPARKMAN], the Senator from Connecticut [Mr. McMAHON], the Senator from New York [Mr. LEHMAN], the Senator from Oklahoma [Mr. THOMAS], the Senator from Pennsylvania [Mr. MYERS], the Senator from Florida [Mr. PEPPER], the Senator from Iowa [Mr. GILLETTE], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Utah [Mr. THOMAS], and myself, I offer an amendment which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed to add a new title at the end of the bill, as follows:

TITLE VI

INTERNATIONAL CHILDREN'S EMERGENCY FUND

SEC. 501. In order to enable the President through June 30, 1951, to carry out the purpose of the International Children's Emergency Fund Assistance Act of 1948 (title II of the Foreign Assistance Act of 1948), the date "1950," wherever it appears in such act, is hereby amended to read "1. 51."

AVAILABILITY OF APPROPRIATIONS

SEC. 502. Funds appropriated by the second paragraph of title I of the Foreign Aid Appropriation Act, 1949, shall remain available through June 30, 1951.

The VICE PRESIDENT. Does the Senator offer this as an amendment to title V?

Mr. TAFT. I offer it to come at the end of the bill.

The VICE PRESIDENT. It will be title VI.

Mr. CONNALLY. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield to the Senator from Texas.

Mr. CONNALLY. I will take the amendment to conference.

Mr. TAFT. I am perfectly willing to have the Senator take the amendment to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio for himself and other Senators.

The amendment was agreed to.

Mr. ELLENDER. Mr. President, I call up my amendment lettered A, dated 5-1-50, and ask to have it stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, after line 6, it is proposed to insert a new subsection (c) to section 104, reading as follows:

(c) Section 112 (1) of such act is amended by adding thereto the following sentence:

"A bulk purchase within the meaning of this subsection does not include the purchase of commodities customarily sold in containers or packaged form."

Mr. CONNALLY. Mr. President, I agree to take that amendment to conference—not necessarily with a return ticket.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

The amendment was agreed to.

Mr. ELLENDER. Mr. President, I am grateful to the distinguished Senator from Texas [Mr. CONNALLY]. The amendment has the effect of restoring the interpretation first placed by the ECA Administrator on the meaning of the phrase "purchase in bulk of any commodities," as will appear from the letter dated August 4, 1948, to the Administrator of ECA, from Frank L. Yates, Acting Comptroller General of the United States, which I ask unanimous consent to place in the RECORD at this point in my remarks.

The VICE PRESIDENT. There being no objection, it is so ordered.

The letter is as follows:

COMPTROLLER GENERAL OF THE
UNITED STATES,

Washington, August 4, 1948.

The ADMINISTRATOR,
Economic Cooperation Administration.

MY DEAR MR. HOFFMAN: Reference is made to letter of July 21, 1948, from the Acting Administrator, requesting to be advised whether certain interpretations placed by the Economic Cooperation Administration on section 202 of the Foreign Aid Appropriation Act, 1949, Public Law 793, approved June 28, 1948, are correct.

Section 202 of the Foreign Aid Appropriation Act, supra, provides as follows:

"No funds made available under the authority of this act shall be used for [the purchase in bulk of any commodities] (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to act of July 1, 1941 (55 Stat. 498), as amended), at prices higher than the [market price prevailing in the United States at the time of the purchase] adjusted for [differences in the cost of transportation to destination], quality, and terms of payment: *Provided*, That no funds available under this act shall be used for the purchase of wool other than from existing stocks owned by the Commodity Credit Corporation, unless or until such stocks are exhausted."

Specifically, you request my opinion as to the correctness of the interpretation placed

by your agency on the words in brackets in the above-quoted language.

It is stated to be the view of your Agency that the phrase "purchase in bulk of any commodities" means the purchase, for movement as bulk cargo in ocean vessels, tank cars, and similar methods of transportation, of commodities and raw materials, such as coal, grain, oil, sulphur, ore, pig iron, pulpwood, etc., but that it does not cover the purchase of manufactured goods such as steel pipe, copper sheet, lumber, nor commodities customarily sold in containers or packaged form, such as flour in sacks, raw cotton in bales, mercury in flasks, or petroleum products in cans or drums.

The foreign aid appropriation bill as passed by the House of Representatives provided in section 202 that—

"No funds * * * shall be used by any procurement agency of the United States Government for the purchase of any commodities * * * at prices higher than the market price prevailing in the United States at the time of the purchase."

The said language was deleted by the Senate Committee on Appropriations in its consideration of the measure, and the reasons therefor are stated at page 15 of Senate Report No. 1626 as follows:

"4. The committee has removed a House provision that banned the purchase of commodities for the program at prices higher than those prevailing in the United States. Although the Senate committee is entirely sympathetic with the intent of the House, it considers the House provision to be unworkable. Language has been written in this report to instruct the Administrator to act in accord with the House intent."

The language referred to is found at page 11 of the report where it is stated to be the belief of the committee that no funds should be used to purchase commodities, except under limited special circumstances, at more than the current market price in the United States, making adjustments for differences in cost of transportation to destination, quality, and terms of payment. It is stated further that, while some deviations from this general price policy will occur, the Administrator is expected to limit strictly material deviations therefrom and to consider flagrant or constant violation thereof as reason to terminate assistance to the country involved, as provided for by section 118 of the Economic Cooperation Act of 1948, Public Law 472, approved April 3, 1948. The language now contained in section 202 of the Foreign Aid Appropriation Act was inserted by the committee of conference between the House and Senate on the bill, and it is stated by the managers on the part of the House at page 9 of the conference Report (House Rept. No. 2440) that such action "restores provision of the House establishing price limitations on commodities purchased with funds provided for in the act."

From the foregoing, it is apparent that the prohibition in section 202 was intended as a general price limitation policy to prevent extravagant spending of money appropriated by the act. Nowhere in the hearings, reports, or debates on the bill is it suggested that the applicability of section 202 was intended to be determined by the type of commodities purchased. If, as seems evident, the purpose of the section was to establish a price limitation, the criterion for determining its applicability properly should be based on the quantity of goods purchased rather than on their character. In view of the foregoing, I am of the opinion that the restrictions of section 202 are applicable to purchases in large quantities of all commodities.

With respect to the maximum price specified by section 202, namely, "the market price prevailing in the United States," it is stated to be the view of your agency that the said price is any price which is within the limits of the quoted prices in the United

States at which the commodity is available for export in sufficient quantity on the day as of which the purchase price is established, or, in the absence of such quoted prices, the price at which the commodity is available in the United States for export in sufficient quantity on such day. It is stated further that section 202 is deemed to be inapplicable in cases where the commodity is not available for export from the United States in grades and quantities required. The foregoing interpretation as to what constitutes the market price prevailing appears to be consonant with the purpose and language of section 202, and, in my opinion, is correct.

The phrase "at the time of the purchase" is interpreted by your agency to mean the day as of which the purchase price, or the method for determining the price, is established between the buyer and the seller. In the case of United States Government procurement, it is stated that the time of purchase is considered to be the time the Government department or agency buys from the private seller, rather than the day as of which the Economic Cooperation Administration procures the commodities from or transfers funds to the Government procurement agency. Also, it is stated that, in the case of purchases made by a Government procurement agency over a period of time, the weighted average price of the purchases made by the Government procurement agency will be taken as the price at which the Economic Cooperation Administration procures. You are advised that the administrative interpretation of the language in question appears to be correct.

The provision in section 202 for adjustment in the prevailing United States market price for differences in the cost of transportation to destination is interpreted by your Agency as requiring a comparison between the cost of the commodity, where purchased, plus the cost of transportation to ultimate destination, and the market price in the United States plus the cost of transportation from the United States to the same destination. I am of the opinion that the administrative interpretation of this part of the section is correct.

There was transmitted with the aforesaid letter a draft of a regulation which your Agency proposes to issue in connection with the administration of section 202, which, inter alia, requires (1) the supplier to furnish a certificate, in the case of purchases in bulk, that "to the best of his information and belief, the purchase price is no higher than the market price * * * prevailing in the United States at the time of the purchase," and (2) provides for full reimbursement by participating countries of any improper or unauthorized payments upon demand by the administrator. The letter requests a ruling as to whether compliance with the proposed procedure will be sufficient to relieve from any liability for violation of section 202, (a) those suppliers who have acted in good faith and have been paid either by the Economic Cooperation Administration or by a bank, (b) the banks which make payments against reimbursement by the ECA, and (c) the disbursing officers of the Economic Cooperation Administration.

It is recognized that in making certificates of compliance with section 202 of the act, it might be impossible in many instances—especially in the case of some foreign suppliers—for suppliers to determine accurately the market price prevailing in the United States at the time of purchase. However, in order to assure that suppliers will act in good faith in fixing their purchase prices with relation to prevailing market prices in the United States, it is felt that the regulation proposed should require a certification by the supplier that, on the basis of information obtained from such sources as are available to him, the purchase price, to the best

of his knowledge and belief, is no higher than the market price prevailing in the United States at the time of the purchase, adjusted for differences in the cost of transportation to destination, quality and terms of payment. Hence, you are advised that, if the proposed certificate be modified accordingly, this Office will accept the same as sufficient to relieve suppliers, banks, and certifying or disbursing officers of the Economic Cooperation Administration from liability from violations of section 202 of the act in absence of fraud or bad faith otherwise on their part. In such connection it is noted that the proposed regulations submitted with the aforesaid recognize that, in administering the act, it is the duty of your Administration to take such steps as may be taken administratively to insure compliance with said section 202.

Respectfully,

FRANK L. YATES,
Acting Comptroller General
of the United States.

Mr. ELLENDER. Mr. President, I do not wish to detain the Senate, and I ask unanimous consent that an explanation of the amendment be incorporated in the body of the RECORD following my remarks.

The VICE PRESIDENT. Without objection it is so ordered.

The explanation is as follows:

EXPLANATION OF SENATOR ELLENDER'S AMENDMENT

Mr. ELLENDER. Cotton is not a bulk commodity. Each bale is tagged with an individual number at the gin and is again tagged at the compress. It retains its individual entity until after arrival at the cotton mill. It is generally shipped from this country in units of 100 bales with a four-letter mark, yet the tags are retained as is evidenced by the fact that in the case of claims on items such as false-packs, the bale number is generally given when the claim is made.

In a letter dated July 21, 1948 from the Acting Administrator of the Economic Cooperation Administration to the Comptroller General it was stated that ECA did not consider bulk commodities would include the purchase of manufactured goods such as steel pipe, copper sheet, lumber nor commodities customarily sold in containers, or packaged form, such as flour in sacks, raw cotton in bales, mercury in flasks, or petroleum products in cans or drums.

The Comptroller General, in a letter dated August 4, 1948 addressed to the Administrator of ECA, ruled that the restrictions as to price limitations, based on section 202, are applicable to purchases in large quantities of all commodities, quoting section 202 in support of his decision.

Section 202 of the Foreign Aid Appropriation Act is in part as follows:

"No funds made available under the authority of this Act shall be used for the purchase in bulk of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to act of July 1, 1941 (55 Stat. 498), as amended), at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment."

In further support of his decision he stated:

"The foreign-aid appropriation bill as passed by the House of Representatives provided in section 202 that—

"No funds * * * shall be used by any procurement agency of the United States Government for the purchase of any commodities * * * at prices higher than the market price prevailing in the United States at the time of the purchase * * *"

"The said language was deleted by the Senate Committee on Appropriations in its consideration of the measure, and the reasons therefor are stated at page 15 of Senate Report No. 1626 as follows:

"4. The committee has removed a House provision that banned the purchase of commodities for the program at prices higher than those prevailing in the United States. Although the Senate committee is entirely sympathetic with the intent of the House, it considers the House provision to be unworkable. Language has been written in this report to instruct the Administrator to act in accord with the House intent."

ECA in following the decision of the Comptroller General as to the price limitations on all commodities has adopted rules and procedures pertaining to cotton which have proved to be unworkable, as the Senate committee stated.

Rules and procedures are as follows:

1. Statement of sales price and execution of beneficiary certificate certifying that the sale price is no higher than the market price prevailing in the United States at time of purchase, adjusted for differences in the costs of transportation, quality, and terms of payment.

There is no objection on the part of exporters to this requirement.

2. Requirement that all cotton exported to ERP countries, be sampled and forwarded to the PMA governmental classing office in Memphis, Tenn. The percentage of bales sampled varies with the size of the shipment. For lots of 100 bales or over, 1 out of every 10 bales must be sampled.

It has been the custom for many years, recognized by the trade, sellers and buyers, that 100 percent of a shipment be arbitrated if there is a difference of opinion as to the quality.

3. The PMA Classing Office in Memphis is required to class the samples of all the shipments and report its findings to ECA.

PMA classers are not permitted to value cotton but must class it against established standards for grade and color. Differences between grades and staples are very wide. Strict low middling is worth from 375 points, or \$18.75 per bale to 425 points, or \$21.25 per bale under the next higher grade, middling. Many well-known descriptions of the trade, better than strict low middling, but not equal to middling, will sell freely at from 75 points, or \$3.75 per bale to 150 points, or \$7.50 per bale under the value of middling. PMA under its regulations must class this cotton as strict low middling with differences ranging from \$18.75 per bale to \$21.25 per bale.

If through ECA rules intermediate grades cannot be sold and shipped to ERP countries without the serious probability of substantial claims eventually being made to the ERP countries, a serious loss will be experienced by cotton producers. It is not good salesmanship for the exporters, and it is not to the advantage of the cotton producers to make sales with the realization that ECA will in all probability make claims to the purchasing mill's government, which in turn will take the claim up with the cotton mill.

For example: Middling Leaf, Strict Low Middling color is currently worth approximately 150 points under the value of Middling. Under the regulations governing PMA classers they have no choice; they must class cotton of such a description as Strict Low Middling or approximately 375 points under the value of Middling, a value of 225 points, or \$11.25 per bale, under the current market value of the quality sold. If ECA follows through on its formula it will eventually eliminate the sale of intermediate grades to ERP countries, which would eventually mean that the farmer would be severely penalized in the sale of such qualities.

4. Upon receipt of the PMA report on the classification ECA values the cotton on the basis of the published differences for grades.

It makes no allowances for cotton better than the class sold, but does take a full allowance on cotton classed at a lower grade than the quality sold.

While there are no rules requiring an offset for bales in the shipment of a better quality than the description sold, many foreign mills consider the value of the cotton as a whole offsetting some of the lower grades against some of the better grades.

5. In arriving at a market price in the United States ECA uses the cotton quotations of the 10 designated spot markets as published daily by the United States Department of Agriculture. These quotations are prepared by committees of cotton men at each of the 10 designated spot markets. This quotation sheet states: "Quotations are for mixed lots, equal to the official standards, uncompressed, in public warehouses."

The quotations are supposed to represent the average values being paid by the cotton shipper to the farmer for various grades and staples. These quotations do not fairly represent and are not intended to represent the sale value of cotton to cotton mills in the United States. The Department of Agriculture does issue quotations on the sale value of cotton in Southeastern mills, but ECA objects to the use of this sales quotation sheet on the basis that the information is secured from cotton shippers which may not be dependable and that the quotations are not sufficiently broad.

6. After arriving at the PMA class, based upon 10 percent of the shipment, and after taking at the buying market value as above mentioned, ECA then allows inadequate expense of handling and 40 points overhead cost and profit. If the sale price is higher than the value of the cotton as classed by PMA, plus the estimated cost of handling and shipping as compared with the quoted buying market value, a claim is then made against the shipment.

ECA's estimate of the handling cost is some \$5 per bale lower than the average handling cost. Its allowance of 40 points to cover overhead, cost, and profit, approximately 1½ percent of the sale price, borders on the ridiculous. It is estimated that the overhead cost of the average firm in the handling of cotton is 30 points, which upon ECA's formula, would allow the shipper 10 points or 50 cents per bale profit on an investment of approximately \$150 to \$175 per bale.

The formula, in effect, provides that the estimated 50 cents per bale profit must take care of any losses on sales made. It is believed that every exporter at times experiences substantial losses on certain sales.

Under the ECA formula, with the restrictions placed on PMA classers, compared with the customary purchase and sale of intermediate grades, with the use of a buying rather than a selling value and with the allowance of inadequate cost, overhead, and profit, claims probably will be made on a large percentage of the cotton shipped.

ECA representatives in most, if not all, ERP countries have been quite active in questioning the quality of cotton being received as compared with the quality of cotton purchased and have repeatedly warned the cotton mills in ERP countries, as well as their governments, that claims will be made by ECA on shipments, which, based on its formula, indicate that the purchase price was higher than prices in the United States.

The Raw Cotton Commission of England, a governmental agency handling all of the cotton exported to England, was recently advised by an ECA representative that a certain shipment was not up to the quality sold and that Raw Cotton Commission would have to make a claim against the shipper of some \$1,100 and remit to ECA, or that amount would have to be collected from the English Government. The claim of approximately \$1,100 was based upon PMA class. The Raw Cotton Commission had classed the cotton

upon its arrival, and based upon its class, had previously made a claim for some \$90 which was paid by the shipper. The difference between PMA's class and RCC's class was more than \$5 per bale.

A mill owner in Holland, as well as the Cotton Control of the French Government have been approached by ECA representatives in the same way as was the Raw Cotton Commission of England although in each case the quality in question had been accepted as satisfactory by the buyer.

The buying of cotton by foreign mills and the selling of cotton by American exporters has been mutually and satisfactorily worked out for generations. All export cotton is sold subject to arbitration by recognized arbitration committees. Each bale is sampled upon its arrival at the port or at the mill. If the quality of the cotton received by the mill is, in its opinion, not up to the quality sold, the mill has the right to make an amicable settlement or to demand an arbitration. If the arbitration results are not satisfactory to the buyer or the seller, either has the right to appeal the decision of the arbitration committee to an established appeal committee.

ECA, despite the regulations PMA classers must work under, considers it a court of the last resort for the exporters, for the foreign governments, and for the individual foreign mill.

There probably is no commodity business more competitive than the cotton business. There are more than 150 American cotton exporters who are actively competing for business throughout the world. With the exception of fraud or collusion, which, if any, is nominal, the competitive price at which cotton is purchased in ERP countries is a proper safeguard as to ECA grants for cotton.

It should be remembered that no cotton mill in ERP countries is receiving a grant from ECA. They must pay to their governments their currency to cover the value of the cotton at the exchange rates for dollars fixed by their country. There is no reason why cotton mills in ERP countries should now deviate from their long-established policy in force since they commenced buying American grown cotton at the lowest possible competitive price, quality considered.

When ECA make a claim against any shipment, which through its formula it finds the price paid was higher than the market value in the United States, it requires the recipient country to reimburse ECA for the amount of the claim. When ECA receives a credit in dollars for the amount of the claim it promptly again credits the cotton fund of the recipient government with the amount involved. From this it would seem that the only result of cotton being considered as subject to the bulk commodity price limitation is irritation, suspicion, and ill-will which must eventually react against the use of American grown cotton and will prove detrimental to the farmer.

The cotton exporters have no ulterior motive in suggesting the amendment. The Comptroller General in his letter of August 4, 1948 states:

"It is recognized that in making certificates of compliance with section 202 of the act, it might be impossible in many instances—especially in the case of some foreign suppliers—for suppliers to determine accurately the market price prevailing in the United States at the time of purchase. However, in order to assure that suppliers will act in good faith in fixing their purchase prices with relation to prevailing market prices in the United States, it is felt that the regulation proposed should require a certification by the supplier that, on the basis of information obtained from such sources as are available to him, the purchase price, to the best of his knowledge and belief, is no higher than the market price prevailing in the United States at the time of the pur-

chase, adjusted for difference in the cost of transportation to destination, quality and terms of payment. Hence, you are advised that, if the proposed certificate be modified accordingly, this Office will accept the same as sufficient to relieve suppliers, banks, and certifying or disbursing officers of the ECA from liability from violations of section 202 of the act in absence of fraud or bad faith otherwise on their part."

All exporters are required to sign the beneficiary certificate.

LOAN TO FOREIGN COUNTRIES ON BUSINESS BASIS

Mr. MALONE. Mr. President, I call up my amendment lettered D, and ask that it be stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. —. (a) Notwithstanding any other provision of the Economic Cooperation Act of 1948, as amended, assistance rendered under such act to any participating country after the date of enactment of this act shall be on the basis of loans only; except that this subsection shall not apply to assistance rendered in the form of food or medicines for the relief of human suffering in a participating country if the Administrator finds, and the President approves such finding, that due to temporary conditions an emergency exists in such country which the Government thereof is unable to meet.

(b) All such loans shall be fully and adequately secured. The Administrator, under such terms and conditions as he shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by him as security for such loans. Such loans may be made directly upon promissory notes or by way of discount or rediscount of obligations tendered for the purpose, or otherwise, in such form and in such amount and at such interest or discount rates as the Administrator may approve. Each such loan may be made for a period not exceeding 3 years, and the Administrator may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond 10 years from the date upon which such loan was made originally. Such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

Mr. MALONE. Mr. President, this amendment would require each participating country to agree that any further aid from the United States would be loaned to private business through the World Bank, in line with RFC loans to private business in this country.

As long as the ECA will meet trade-balance deficits of the ECA nations by dollar grants, there is little chance that those deficits will ever be materially reduced or eliminated. If we pick up the check each time a balance is due, the European nations will only find their appetites increased. Having the ECA nations on an annual dole demoralizes them and effectively prevents the very thing the ECA is to accomplish: Increasing industrial efficiency and expansion of production.

Only by making them realize that dollars will ultimately have to be repaid and thus must be invested in enterprises which have the best chance of success, can we teach the ECA nations to

specialize in those fields of economic endeavor in which they have been outstanding in the past.

Mr. President, if we loan money on the basis of RFC rules and regulations to private business in this field it means that when applications are made for money those applying do not receive a check. Private business here does not receive a check when it applies for a certain amount of money from the RFC for the purpose of rehabilitation of business in times of stress. Instead, an economic expert or an engineer in that particular line is sent to the plant, a survey is made as to whether or not there is a place for such business, whether the market is available or whether the raw materials have been exhausted, or whether other factors such as transportation may prevent it becoming economically feasible even though the additional investment is made.

After the report is in and it has been determined to grant the loan, the applicant still does not receive the money. The applicant receives the money as it is needed to meet the pay roll and to buy supplies for the rehabilitation. Then the business is inspected from time to time after it is in operation, and the lending institution thus knows what is going on. Finally if the business is not self-supporting, it is liquidated.

By putting all further European aid on a flexible loan basis we shall find the requirements for dollars very greatly reduced and we will materially aid in a vigorous resurrection of private initiative and fiscal stability among the European nations.

The loans would not be extended on the principle of making money. The interest rate on those loans can be kept low, at the cost to the Government, of 2½ percent, or whatever it is. But the requirement for repayment will assure their use only for essential and worthwhile enterprises.

The acceptance of this amendment does not outlaw the granting of aid on a gift basis in those cases in which emergency conditions require assistance in the form of food and medicine. The amendment is designed to build Europe on a business basis, and will be a morale builder and a boost to free enterprise and the healthy economic expansion of European economy.

CONGRESS DOES NOT HAVE MONEY

The Congress does not have money. Before we can give anyone or any nation money we must first take it from the taxpayers of the Nation. We should respect the money we expend here in the same manner that a cashier respects a depositor's money when he is arranging loans. What we do practically always results in just another siphon being set up to siphon money out of the United States Treasury.

An article in the Washington Post of April 24 shows that in addition to the regular ECA aid it is proposed that further aid be given. Britain wants the United States to assume her war debt too, although already with the aid of the Marshall plan, Britain has been able to reduce her total debt by approximate-

ly 1,300,000,000 pounds out of a total indebtedness of 24,844,000,000 pounds. Much of that reduction has been accomplished through the use of Marshall plan counterpart funds. Counterpart funds are those funds that are paid into a special ECA account in each of the Marshall plan countries. The money is derived from the sale of the goods given to each nation by the United States. Five percent of those funds are withheld for the use of the United States, 95 percent may be used at the discretion of the ECA for capital investment and for the promotion of internal monetary and financial stability of the ECA countries. In Great Britain the majority of the counterpart funds have been used for debt reduction.

As part of Britain's debt, she has so-called sterling balances accruing to India and Pakistan and also to Egypt, Ceylon, Iraq, Brazil, and Uruguay. These debts to members of the sterling area totaled about \$9,300,000,000 in pounds sterling at the end of last year. By that time already \$1,800,000,000 in pounds sterling had been repaid since the war, largely to India. Without American aid the reduction of Britain's debt would have been impossible. While the United States is constantly increasing its national debt, we are actually using the taxpayer's money for the reduction of Britain's internal and external war debts. Although Great Britain in the past has not been too shy to repudiate war debts owed to the United States, she today clings to the highly moral principle of wanting to pay her World War II debts owed to sterling area countries. The reason, by paying off her debts to foreign nations, excluding the United States, she keeps the members of the sterling area in her control and, furthermore, has practically guaranteed overseas markets for her exports. A large part of her production is used for the payment of debts owed to members of the sterling area. Each year she permits her sterling area creditors to withdraw a certain amount of their holdings. This of course amounts to the same thing as trade discrimination, because a country will not fail to buy from Great Britain if these purchases amount to a repayment of Britain's war debt. By the end of 1947 Britain had released \$450,000,000 worth of sterling balances; in 1948 she released \$747,000,000 worth, and in 1949 \$610,000,000 worth. By the middle of this year India alone will have been repaid sterling credits amounting to \$650,000,000. It is largely the sterling balance that makes India Britain's best customer. Now Britain wants to send more of her exports to dollar and other hard currency markets and she asks the United States to purchase her sterling debts.

The guaranteed markets provided through the existence of the sterling balances are largely responsible for the continued inefficiency of the high cost British industrial machine. In those foreign markets which she continues to hold on to, competitive factors are not present. Through the payment of the sterling balances, made possible through American aid, she keeps her prices up,

is guaranteed export markets, keeps the sterling area together; reduces her war debts, and then asks us to assume the responsibility for the rest of those sterling balances.

Heretofore, we have paid for the maintenance of the sterling area with all its preferences and trade discriminations indirectly. Now we are asked to do it directly, and in addition to further help reduce Britain's internal debt. If we continue as we have in the past, the United States finally will pay almost the entire cost of World War II.

This amendment would stop the manipulation of the American taxpayers' money in such a way as finally to place the entire burden of the war expenditures upon their shoulders. By means of this amendment, foreign governments no longer could manipulate the money of our own taxpayers to further the socialistic schemes of such foreign governments.

Mr. THOMAS of Utah. Mr. President, I think this amendment should be rejected, and I trust that it will be rejected. It is completely out of harmony with the entire ECA program.

Moreover, Mr. President, the amendment would start a whole series of new undertakings on a loan basis, which might be entirely disastrous in connection with what we are trying to do in Europe. It could be very disastrous, once it was tried.

So I trust that the amendment will be rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Nevada [Mr. MALONE].

The amendment was rejected.

Mr. BRIDGES. Mr. President, on behalf of the distinguished Senator from Iowa [Mr. HICKENLOOPER] I offer and send to the desk an amendment which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 7, in line 3, it is proposed to strike out the quotation marks.

On page 7, after line 3, it is proposed to add the following:

(1) None of the local currencies required by subsection (b) (6) to be deposited in local currency accounts, shall be made available for expenditure by any recipient country as long as any dependent area of such country fails to comply with any treaty between the United States and the said dependent area.

On page , after line , it is proposed to add the following:

SEC. 107. Title I of such act is amended by the addition of a new section as follows:

"TREATIES

"126. The terms of any treaty to which the United States and any participating country are parties shall remain in full force and effect until superseded by a new treaty ratified by the Senate unless, prior thereto, it expires by its own terms."

Mr. BRIDGES. Mr. President, this is the so-called Moroccan amendment, which was before the Senate a year ago. At that time a great many promises were made in regard to what would be done.

This amendment relates to what apparently is a very decided injustice.

The report of the Foreign Relations Committee states, on page 22, that legislative remedy of American complaints in Morocco "was not necessary in view of the arrangements which ECA, the Department of Commerce, and the State Department have made with the French Government."

It is obvious that this decision was based on ECA's specific claims. These claims are not supported by any evidence in the report or by the evidence which I have before me. They are not supported by the State Department's representative, the United States consul general in Casablanca.

Mr. President, I wish to quote at this point from a letter dated April 28, 1950, received from the Secretary of the American Trade Association of Morocco:

I met Madame (that is the consul general) in the consulate the other day after having been in for the renewal of my passport and he said: "This import-export question is a hopeless case. You (meaning Americans in general) ought to get out while the getting out is good and save what's left of your shirts."

The writer of that letter is a veteran of our Air Forces, Mr. President. He helped to fight our war in North Africa; and when it was over he invested his savings and 4 years of hard work there to build up a legitimate export-import business and to establish a line of Greyhound busses which is an asset to Morocco. While the State Department is telling the Foreign Relations Committee about its equitable arrangements with the French Government, it is advising him to get out and save his shirt. There are more than 20 others in the same situation.

The Chief of the Africa Division of the Department of State has said that the French have flagrantly violated their latest agreement on Morocco and that our official protests have been brushed aside and ignored.

When the Moroccan abuses were debated on this floor on April 5 of last year, the distinguished chairman of the Foreign Relations Committee stated:

This is the function of the State Department. We want the State Department to handle these matters (CONGRESSIONAL RECORD, p. 3951).

He stated also:

We are sending a top man from Paris to Morocco who is on his way to investigate all these cases and if there is any discrimination or any violation of fundamental rights of Americans they will be corrected and corrected promptly (p. 3950).

But, Mr. President, they have not been corrected.

Four months later, on August 5, 1949, it was stated by the able Senator [Mr. MYERS] from Pennsylvania:

This group of businessmen should not come to Congress for relief * * * they can obtain this through the offices of the State Department.

And so it has gone.

None of those promises to correct abuses have been carried one.

So, Mr. President, this amendment is up again, proposed on behalf of the distinguished Senator from Iowa [Mr. HICKENLOOPER].

The same problem exists in spite of the promises which have been made in the past on this floor and by our executive agencies.

I now yield 2 minutes to the distinguished Senator from Massachusetts [Mr. SALTONSTALL].

The VICE PRESIDENT. The Senator from Massachusetts is recognized for 2 minutes.

Mr. SALTONSTALL. Mr. President, this situation came to my attention over a year ago. It came to my attention because it seemed unfair to our citizens who are in Morocco.

As Senators will recall, at the last session of Congress there was before us an amendment on the same subject.

I do not think for one moment that the pending amendment, in the form in which it now stands, is in satisfactory shape. I think it must be improved.

I hope the distinguished chairman of the Foreign Relations Committee will take the amendment to conference, because I think a great injustice is being done.

Yesterday I talked with two members of the State Department on this subject. This morning I received a letter from Jack McFall, Assistant Secretary, Department of State, and from his letter I wish to read three sentences:

However, recent protests by this Government against certain French proposals regarding the importation of raw sugar could not be successfully settled within the consultative group. It was, therefore, necessary for us to institute discussions with the French Foreign Office in Paris regarding the matter. The outcome of this latest development is by no means certain at the present time; however the Department is pursuing the matter vigorously.

Mr. President, this morning the Craig-Stanton Co., of New York, sent word that it had received a cablegram from Casablanca, stating that calls for bids in the "barter sugar deal" are being issued from Rabat "this morning"—in other words, today—in direct disregard of protests by the United States State Department.

One week ago—on Friday, April 28—the State Department made vigorous protests against this move through Paris, Tangier; and Rabat, based on the fact that it is in flagrant violation of the September 4 agreement. The protests have been ignored. The French authorities have replied only by announcing that the operation will be carried out as planned.

So, Mr. President, I hope the chairman of the Foreign Relations Committee will take this amendment to conference.

The language of the amendment must be improved, for the amendment is not now in satisfactory shape.

However, our citizens in Morocco have over the years been carrying on business against unfair competition. Their rights are being discriminated against with relation to a treaty between the United States and France in respect to Morocco.

I believe there is justice in their claim and in their position.

How this matter can be remedied is, of course, another question; but I hope the amendment will be adopted.

The VICE PRESIDENT. The Senator's time has expired.

Mr. BRIDGES. Mr. President, I yield 3 minutes to the Senator from Oregon [Mr. CORDON].

The VICE PRESIDENT. The Senator from Oregon is recognized for 3 minutes.

Mr. CORDON. Mr. President, the facts in this case are well known, and have been admitted. They have been admitted by the State Department time after time.

All that is sought in this case is simple justice and a requirement by the United States that its treaty be complied with.

Mr. Dean Acheson, when appearing before the Foreign Relations Committee in support of what is now title V of this measure, said that the policy in connection with this measure was to assist in getting domestic money into foreign investments.

I now quote from his statement:

When those treaties are made—

In other words, the treaties then proposed to be made—

we shall insist that other countries live up to their obligations just as we expect them to insist that we live up to ours. I think it is becoming increasingly clear in the world that you cannot expect investment without such assurances and that the penalty for nonprotection of investors comes by itself through lack of investment.

I have read that from page 7 of the hearings on the act for International Development.

I now refer to the testimony of Secretary Acheson on page 6 of those hearings, when he said that this bill, which is now Title V, recognizes the fact that investors must have confidence that their property will not be confiscated without fair compensation, that they can take the legitimate profits of their capital out of the country, and that they can have reasonable freedom to manage their own business, subject to local laws which apply to everyone equally. The philosophy, enunciated there by Dean Acheson, which he wants to apply in the future to new business investments in foreign countries, might well be made applicable to American investments now existing, particularly those existing in Morocco.

Mr. BRIDGES. Mr. President, I yield 1 minute to the Senator from New York [Mr. LEHMAN].

Mr. LEHMAN. Mr. President, I shall require only a minute. I desire to associate myself with the remarks made by the Senator from New Hampshire the Senator from Massachusetts and the Senator from Oregon. I have received a great many letters on this subject, as I am sure other Senators have, from American exporters and importers and other American businessmen. I very much hope the amendment will be taken to conference.

Mr. BRIDGES. Mr. President, I yield 1 minute to the Senator from Nevada [Mr. MALONE].

MOROCCO AMENDMENT ECA

Mr. MALONE. Mr. President, I want to associate myself with the senior Senator from New Hampshire in urging the adoption of this amendment. These

abuses are not new. They are practiced in every ECA nation to a greater or lesser extent and in different ways, through the manipulation of currency, through quotas and embargoes, and in every way that the United States can be diverted from the foreign-trade lanes, and to freeze out the very private industry that the amendment adopted this afternoon, proposed by the senior Senator from Texas, is supposed to establish. There is too much latitude furnished that ECA director, because there is nothing written into the bill that would prevent the continuation of this business.

PURPOSE OF MALONE AMENDMENTS

That was the purpose of the amendments offered this afternoon by the junior Senator from Nevada. I hope we make this an example, and, through the passage of this bill, have one nation tied down so that it cannot ruin the industry already established by citizens of the United States, who are already doing business there, while we are spending millions of dollars with the avowed purpose of trying to establish new business.

Mr. BRIDGES. Mr. President, I yield one-half minute to the Senator from Nebraska [Mr. WHERRY].

Mr. WHERRY. I should like to associate myself with the distinguished Senators who have spoken on this amendment. A large part of what I had to say yesterday afternoon had to do with this very point. This is another one of the discriminations against the American people. We buy supplies, which we cannot even ship out of the ports, because of the restrictions that are imposed. It should be made mandatory that there shall be no discrimination against Americans.

The VICE PRESIDENT. The Senator's time has expired.

Mr. CONNALLY. Mr. President, the Committee on Foreign Relations has given this matter consideration repeatedly, and we have had the State Department before us. They have entered into an agreement with the French authorities in Morocco, an agreement which they think is going to solve this problem. But, on account of the insistence of several Senators—I believe it was the Senator from Massachusetts, particularly, who wanted it to go to conference—I will agree to take it to conference, but I do not want to agree on any return ticket. [Laughter.]

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. BRIDGES] on behalf of the Senator from Iowa [Mr. HICKENLOOPER]. The amendment was agreed to.

The VICE PRESIDENT. The bill is open for amendment.

PROTECTION OF PRIVATE INVESTMENT

Mr. MALONE. Mr. President, I call up my amendment lettered "B," dated April 26, 1950.

The VICE PRESIDENT. The Secretary will read the amendment.

The CHIEF CLERK. On page 7, between lines 3 and 4, it is proposed to insert the following:

TERMINATION OF ASSISTANCE

SEC. . . Section 118 of such act is amended by adding at the end thereof the following

new sentence: "The Administrator shall terminate the provision of assistance under this title to any participating country if the government of such country, or any agency or subdivision thereof, shall, after the date of enactment of the Economic Cooperation Act of 1950, (1) acquire or operate, in whole or in part, any basic industry thereof, other than industries the acquisition of which was completed prior to such date of enactment; or (2) seize, confiscate, or destroy any private property of any citizen of the United States, or by any law, ordinance, regulation, decree, or administrative action prevent the transaction of business in connection with a business or industrial property in such country owned or controlled by a citizen of the United States."

Mr. MALONE. Mr. President, this amendment would require each participating country to agree. It will guarantee the integrity of private investments within its borders against socialization, nationalization, or confiscation, as we protect investments in this country.

In support of the amendment to make aid conditional on the integrity of private investments, I want to say that there is no unwillingness on the part of American investors to put loans into European enterprises and businesses if the investor could be sure that such investments would remain in private hands, and would not be swallowed up in the various nationalization schemes that are rampant in Europe.

Investors will take the business risk, but they cannot risk the nationalization, socialization, and confiscation policies prevailing in many of these countries.

The guaranty of American investments abroad by the United States Government will merely further the socialistic welfare schemes in the European countries and will hold back the initiative of free enterprise. American investments abroad should be guaranteed against seizure or confiscation by those nations in whose territory such capital is invested. That is the only fair way and it will result in an immediate readiness to invest in the European economic future.

Mr. President, there is more money available in this country for private investments anywhere in the world where the climate is agreeable to private investments, where such capital is not in danger of confiscation and nationalization, more money than was ever before available in the history of this country.

AFTER CIVIL WAR—MONEY AND KNOW-HOW FROM EUROPE

It may be remembered that after the Civil War, this country had very little financing ability, and very little know-how, so where did the money and the know-how come from? A large part of it came from Europe together with the organization and the know-how to build these enterprises, such as the transcontinental railroads and heavy industries. But did their governments give any money to the United States of America? They gave no money to the Government, and the industrialists gave no money to the investors in this country. What they did was to invest the money and keep the stock and the shares. We had integrity, and they made money, and we prospered.

It is fear of total loss that prevents American capital from going abroad. Let the ECA nations guarantee the integrity of foreign investments and the lack of venture capital will be eliminated. This can be accomplished by this amendment.

A favorable climate for private investments can be created by ECA nations, and it is their responsibility to create a favorable investment climate. The banker making the loan does not guarantee the investment. So I say to you, Mr. President, there is no reason to invest the money of our Government in such fantastic schemes in order to rehabilitate or to establish industries, or to investigate the feasibility of industries such as is proposed to do through point 4. That can properly be done, and would be done through business investments.

Ample investigations would be made by private industry, if the investment climate were suitable for private investment. So, when we go to foreign countries and spend our money without such assurances, we are doing nothing but promoting the schemes of the nationalistic countries who have this very idea in mind, of taking the investments and nationalizing them and oftentimes confiscating the property, once they are made.

Mr. THOMAS of Utah. Mr. President, the amendment is entirely out of harmony with the ECA program. It should be voted down. It goes so far as even to make it necessary for the Administrator to terminate his cooperation with other nations, if the nations should go so far as to use the right of eminent domain to establish some public project.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Nevada.

The amendment was rejected.

The VICE PRESIDENT. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. WHERRY and other Senators requested the yeas and nays, and they were ordered.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll.

Mr. BYRD (when his name was called). On this vote I have a pair with the junior Senator from North Carolina [Mr. GRAHAM]. If he were present, he would vote "yea." If I were permitted to vote, I would vote "nay." I withhold my vote.

Mr. MYERS. I announce that the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Nevada [Mr. McCARRAN] are absent by leave of the Senate on official business.

The Senator from California [Mr. DOWNEY] and the Senator from Iowa [Mr. GILLETTE] are absent because of illness.

The Senator from Connecticut [Mr. BENTON], the Senator from North Carolina [Mr. GRAHAM], the Senator from Maryland [Mr. O'CONNOR], and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Colorado [Mr. JOHNSON], the Senator from South Carolina [Mr. MAYBANK], and the Senator from Wyoming [Mr. O'MAHONEY] are necessarily absent.

The Senator from Louisiana [Mr. LONG] and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Montana [Mr. MURRAY] is absent because of illness in his family.

The Senator from Nevada [Mr. McCARRAN] is paired on this vote with the Senator from North Dakota [Mr. LANGER]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from North Dakota would vote "nay."

I announce further that if present and voting, the Senator from Connecticut [Mr. BENTON], the Senators from Kentucky [Mr. CHAPMAN and Mr. WITHERS], the Senator from New Mexico [Mr. CHAVEZ], the Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Colorado [Mr. JOHNSON], the Senator from Louisiana [Mr. LONG], the Senator from South Carolina [Mr. MAYBANK], the Senator from Montana [Mr. MURRAY], the Senator from Maryland [Mr. O'CONNOR], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Florida [Mr. PEPPER], and the Senator from Oklahoma [Mr. THOMAS] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate and is paired with the Senator from Oregon [Mr. MORSE] who is also absent by leave of the Senate. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Oregon would vote "yea."

The Senator from Iowa [Mr. HICKENLOOPER] is absent by leave of the Senate and if present and voting, would vote "yea."

The Senator from North Dakota [Mr. LANGER] is absent by leave of the Senate and is paired with the Senator from Nevada [Mr. McCARRAN]. If present and voting, the Senator from North Dakota would vote "nay," and the Senator from Nevada would vote "yea."

The Senator from Utah [Mr. WATKINS] is absent by leave of the Senate on official business, and if present and voting, would vote "yea."

The Senator from Michigan [Mr. VANDENBERG] is necessarily absent, and if present and voting, would vote "yea."

The junior Senator from Kansas [Mr. DARBY] and the senior Senator from Kansas [Mr. SCHOEPEL] are detained on official business.

The Senator from Vermont [Mr. FLANDERS] is absent by leave of the Senate, and if present and voting, would vote "yea."

The Senator from Montana [Mr. ECTON] and the Senator from Wisconsin

[Mr. MCCARTHY] are detained on official business.

The result was announced—yeas 60, nays 8, as follows:

YEAS—60

Aiken	Hendrickson	Magnuson
Anderson	Hill	Martin
Brewster	Hoey	Millikin
Bricker	Holland	Mundt
Bridges	Humphrey	Myers
Butler	Hunt	Neely
Cain	Ives	Robertson
Connally	Johnson, Tex.	Russell
Cordon	Kefauver	Saltonstall
Donnell	Kerr	Smith, Maine
Douglas	Kilgore	Smith, N. J.
Eastland	Knowland	Sparkman
Ellender	Leahy	Stennis
Ferguson	Lehman	Taft
Frear	Lodge	Taylor
Fulbright	Lucas	Thomas, Utah
George	McClellan	Thye
Green	McFarland	Tobey
Gurney	McKellar	Tydings
Hayden	McMahon	Wiley

NAYS—8

Dworshak	Kem	Williams
Jenner	Malone	Young
Johnston, S. C.	Wherry	

NOT VOTING—28

Benton	Graham	O'Connor
Byrd	Hickenlooper	O'Mahoney
Capehart	Johnson, Colo.	Pepper
Chapman	Langer	Schoeppel
Chavez	Long	Thomas, Okla.
Darby	McCarran	Vandenberg
Downey	McCarthy	Watkins
Ecton	Maybank	Withers
Flanders	Morse	
Gillette	Murray	

So the bill (S. 3304) was passed.

The VICE PRESIDENT. Under the unanimous-consent agreement, House bill 7797, to provide foreign economic assistance, is automatically taken up, all after the enacting clause is stricken, the text of Senate bill 3304, as amended, is inserted, the amendment is ordered to be engrossed, the House bill read the third time, and passed.

Without objection, the title will be amended to conform with the text.

Mr. CONNALLY. Mr. President, I move that the proceedings on the passage of Senate bill 3304 be vacated, and that the bill be postponed indefinitely.

The VICE PRESIDENT. The question is on the motion of the Senator from Texas.

The motion was agreed to.

Mr. CONNALLY. Mr. President, I move that the Senate insist upon its amendment, request a conference with the House of Representatives thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. CONNALLY, Mr. GEORGE, Mr. THOMAS of Utah, Mr. WILEY, and Mr. SMITH of New Jersey conferees on the part of the Senate.

Mr. CONNALLY. Mr. President, I ask unanimous consent that the bill the Senate has just passed be printed.

The VICE PRESIDENT. Without objection, it is so ordered.

PROBLEMS OF SMALL AND INDEPENDENT BUSINESSES — MESSAGE FROM THE PRESIDENT (H. DOC. NO. 584)

The VICE PRESIDENT. The Chair has had on the desk all day a message from the President, which he wishes to lay before the Senate and have read.

The Chair lays before the Senate a message from the President of the United States, which will be read.

The Chief Clerk read the message.

(For Presidents' message see today's proceedings of the House of Representatives on pp. 6623-6626.)

The VICE PRESIDENT. The message of the President will be referred to the Committee on Banking and Currency, and is called to the attention of the Committee on Small Business.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent the following additional routine business was transacted:

POSTPONEMENT OF DEMOLITION OF CERTAIN BUILDINGS IN HYDE PARK VILLAGE

Mr. LEHMAN. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD a resolution adopted by the Council of the City of Niagara Falls, N. Y. This resolution asks that the demolition of a temporary housing project known as Hyde Park Village, be postponed until January 1, 1952, in view of the housing shortage in the city of Niagara Falls.

There being no objection, the resolution was referred to the Committee on Expenditures in the Executive Departments, and ordered to be printed in the RECORD, as follows:

Whereas there is located on Hyde Park Boulevard in the City of Niagara Falls a war housing project constructed under the Lanham Act by the Federal Government which is known as Hyde Park Village and which was erected for temporary use only; and

Whereas said Hyde Park Village is now being demolished as various buildings in said project become vacant; and

Whereas under present Federal legislation, Hyde Park Villages must be demolished completely by December 31, 1950, unless such date is extended by act of the United States Congress; and

Whereas it is probable that all of the tenants of Hyde Park Village will not have vacated their homes prior to the date when the project is to be demolished in accordance with present requirements: Now, therefore, be it

Resolved, That the City Council does hereby request the Congress of the United States to extend the date upon which the removal of the buildings in Hyde Park Village is to be completed to January 1, 1952, and the City Clerk is hereby directed to forward a copy of this resolution to John A. Kervick, Director of the New York Field Office of the Public Housing Administration; WILLIAM L. FRIEPPER, Congressman; Senator IRVING M. IVES; Senator HERBERT H. LEHMAN; Clerk of the House of Representatives and the Clerk of the Senate of the United States.

Witness my hand and seal this 26th day of April 1950.

JAMES E. COLLINS,
City Clerk.

FEDERAL FAIR EMPLOYMENT PRACTICE ACT—REPORT OF COMMITTEE—MINORITY VIEWS

Under the order of the Senate of October 17, 1949,

Mr. THOMAS of Utah, from the Committee on Labor and Public Welfare, submitted a report, together with the

views of himself, Mr. MURRAY, Mr. NEELY, Mr. DOUGLAS, Mr. HUMPHREY, and Mr. LEHMAN, and the individual views of Mr. TAFT, Mr. AIKEN, Mr. MORSE, and Mr. SMITH of New Jersey, on the bill (S. 1728) to prohibit discrimination in employment because of race, color, religion, or national origin, which was ordered to be printed as Report No. 1539.

Mr. HILL, as a member of the Committee on Labor and Public Welfare, submitted his minority views on Senate bill 1728, supra, which were ordered to be printed as part 2 of Report No. 1539.

ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and by unanimous consent, the second time, and referred as follows:

By Mr. TAYLOR:

S. 3551. A bill for the relief of Joseph MacGuffie and Eugene Rohrer; and

S. 3552. A bill for the relief of Remo Sciuchetti; to the Committee on the Judiciary.

(Mr. THYE (for himself, Mr. YOUNG, Mr. HUMPHREY, Mr. KERR, and Mr. JOHNSON of Texas) introduced Senate bill 3553, to provide an additional amount for the Emergency Fund for the President for the fiscal year 1950, which was referred to the Committee on Appropriations, and appears under a separate heading.)

By Mr. LUCAS:

S. 3554. A bill for the relief of Jose Manzano Somera; to the Committee on the Judiciary.

THE DAY OF FINAL APPEAL—EDITORIAL FROM THE NEW YORK JOURNAL OF COMMERCE

[Mr. BREWSTER asked and obtained leave to have printed in the RECORD an editorial entitled "The Day of Final Appeal," written by Edward P. Tastrom, and published in the Journal of Commerce, which appears in the Appendix.]

SALE OF SURPLUS NAVY FRIGATES TO EGYPT—ARTICLES IN THE NEW YORK HERALD TRIBUNE

[Mr. LEHMAN asked and obtained leave to have printed in the RECORD two articles from the New York Herald Tribune relating to the sale of two surplus United States Navy frigates to Egypt, which appear in the Appendix.]

ELECTRICITY AND THE PUBLIC INTEREST—ADDRESS BY GORDON R. CLAPP

[Mr. KEFAUVER asked and obtained leave to have printed in the RECORD an address on the subject "Electricity and the Public Interest," delivered by Gordon R. Clapp, Chairman of the Board of the Tennessee Valley Authority, at the annual meeting of the National Rural Electric Cooperative Association, Chicago, Ill., March 7, 1950, which appears in the Appendix.]

RELATIONS BETWEEN STATE DEPARTMENT AND THE PUBLIC PRESS

Mr. BREWSTER. Mr. President, I ask unanimous consent to have printed in the RECORD, for transposition in the permanent RECORD so as to follow the conclusion of my remarks of Tuesday last, dealing with the State Department, a letter from Mr. Edward W. Barrett, Assistant Secretary of State.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The letter is as follows:

ASSISTANT SECRETARY OF STATE,
Washington, May 4, 1950.

The Hon. OWEN BREWSTER,
United States Senate.

DEAR SENATOR BREWSTER: I want to thank you for putting my statement and the attached documents in the CONGRESSIONAL RECORD, even though I disagree with some of your interpretations. I do not think there is any need for prolonging the discussion but, for your information, I should like to clear up the following points:

I am not now connected with Newsweek in any way, and my family has never had any connection with it. I resigned from my post as editorial director when I became Assistant Secretary of State.

To date I have had no connection whatever with the ECA expenditures to further the circulation abroad of representative American magazines, including Newsweek. No doubt I shall be called upon for advice on this matter. I can only say that I shall take the position at that time that all publications in the category of Newsweek should be treated alike, without any favoritism one way or the other.

Regarding the last few paragraphs of my previous letter, I note that you said that these "do not enter into the matter." I am sure you realize that I included these only because of the remarks you had made regarding my origins, politics and reputed connections with Mr. Owen Lattimore.

I trust everything is now cleared up, and I thank you again for putting my statement in the RECORD.

Sincerely yours,

EDWARD W. BARRETT,
Assistant Secretary.

JAMES A. FARLEY

Mr. McKELLAR. I ask unanimous consent to have printed in the RECORD two editorials. One is from the Boston (Mass.) Globe of February 21, 1950, and the other is from the Boston (Mass.) Post of February 22, 1950. The editorials concern the Honorable James A. Farley.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Boston (Mass.) Post of February 22, 1950]

FARLEY BOOM

Reports from New York that a strong boom has started to nominate James A. Farley as the Democratic candidate for governor of that State are not surprising. The New York Times calls the boom one of substantial proportions and says that it is centered in the up-State regions where Mr. Farley has always been extremely popular. If the former Postmaster General responds to the call there is every reason to believe that he will be a strong candidate. It seems almost inevitable that a man of his ability and political experience should be brought back into active political duty. His rare talents, that the business world has utilized in recent years, are admirably suited to that need for wise and skillful direction in governmental affairs so obvious today.

[From the Boston (Mass.) Globe of February 21, 1950]

FARLEY RETURNS

James A. Farley is being boosted for the Democratic nomination as Governor of the State of New York. Mr. Farley has long been politically prominent, as State and then national Democratic chairman and as Postmaster General. It would be strange if a man of his wide experience should not know what his friends within the party are doing

81ST CONGRESS
2D SESSION

H. R. 7797

IN THE SENATE OF THE UNITED STATES

MAY 5 (legislative day, MARCH 29), 1950

Ordered to be printed with the amendments of the Senate

AN ACT

To provide foreign economic assistance.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Foreign Economic As-
4 sistance Act of 1950".

TITLE I

6 SEC. 101. This title may be cited as the "Economic
7 Cooperation Act of 1950".

8 SEC. 102. The Economic Cooperation Act of 1948, as
9 amended, is hereby further amended as follows:

10 (a) Revising section 102 in the following particulars:

11 (1) Substituting the phrase "barriers to trade or to the

1 free movement of persons," for the phrase "trade barriers"
 2 in the fourth sentence of subsection (a) and substituting the
 3 phrase "economic unification and political federation" for
 4 the word "unification" in the fifth sentence of the same
 5 subsection.

6 ~~(2)~~ Inserting a comma and the words "increased pro-
 7 ductivity, maximum employment, and freedom from restric-
 8 tive business practices" after the word "production" in
 9 paragraph ~~(1)~~ of subsection ~~(b)~~.

10 ~~(b)~~ Revising section 111 in the following particulars:

11 ~~(1)~~ Altering paragraph ~~(3)~~ of subsection ~~(b)~~ as
 12 follows:

13 ~~(i)~~ Striking out the words "includes the furnishing of
 14 capital goods items and related services, for use in connec-
 15 tion with projects approved by the Administrator, pursuant
 16 to a contract providing for payment in whole or in part
 17 after June 30, 1950" in subparagraph ~~(iv)~~ and inserting
 18 in lieu thereof the following: "means any contribution of
 19 capital goods, materials, equipment, services, patents, pro-
 20 cesses, or techniques by any person in the form of a loan or
 21 loans to any enterprise to be conducted within a participating
 22 country and approved by the Administrator as in furtherance
 23 of the purposes of this Act, the purchase of a share of owner-
 24 ship in any such enterprise, or participation in royalties,
 25 earnings, or profits of any such enterprise".

1 ~~(ii)~~ Altering subparagraph ~~(v)~~ to read as follows:

2 ~~“(v) the guaranty to any person shall be limited to~~
3 assuming the following: ~~(1) The transfer into United~~
4 States dollars of other currencies, or credits in such cur-

5 rencies received by such person, as earnings or profits

6 from the approved project, as repayment or return of

7 the investment therein, in whole or in part, or as com-

8 pensation for the sale or disposition of all or any part

9 thereof; and ~~(2) the compensation in United States~~

10 dollars for loss of all or any part of the investment in

11 the approved project which shall be found by the Admin-

12 istrator to have been lost to such person by reason of

13 one or more of the following causes: ~~(a) Seizure, con-~~

14 fiscation, or destruction by any government; ~~(b) de-~~

15 struction by revolution or war; ~~(c) any law, ordinance,~~

16 regulation, decree, or administrative action ~~(other than~~

17 measures affecting the conversion of currency), which

18 in the opinion of the Administrator prevents the further

19 transaction of the business for which the guaranty was

20 issued. When any payment is made to any person

21 pursuant to a guaranty as hereinbefore described, the

22 currency, credits, asset, or investment on account of

23 which such payment is made shall become the property

24 of the United States Government, and the United States

1 Government shall be subrogated to any right, title, claim,
2 or cause of action existing in connection therewith."

3 ~~(iii)~~ Striking out the words between the second and
4 last provisos and inserting in lieu thereof: "It being the
5 intent of the Congress that the guaranty herein authorized
6 should be used to the maximum practicable extent and so
7 administered as to increase the participation of private enter-
8 prise in achieving the purposes of this Act, the Adminis-
9 trator is authorized to issue guaranties up to a total of
10 \$300,000,000".

11 ~~(2)~~ Striking out "\$150,000,000" in paragraph ~~(2)~~
12 of subsection ~~(c)~~ and inserting in lieu thereof "\$300,-
13 000,000".

14 ~~(3)~~ Adding the following new subsection:

15 ~~"(d) (1)~~ The Administrator is authorized to transfer
16 funds directly to any central institution or other organization
17 formed to further the purposes of this Act by two or more
18 participating countries; or to any participating country or
19 countries in connection with the operations of such institution
20 or organization, to be used on terms and conditions specified
21 by the Administrator and designed to promote multilateral
22 intra-European trade, to facilitate the transferability of
23 European currencies, and progressively to eliminate the exist-
24 ing systems of bilateral trade and to liberalize trade among
25 participating countries and between them and other countries.

1 “(2) The Administrator shall apply the terms set forth
 2 in paragraph (1) of subsection (c) of section 111 and para-
 3 graph (6) of subsection (b) of section 115 with respect
 4 to funds transferred under paragraph (1) above to the
 5 extent that such funds are not made repayable to any cen-
 6 tral institution or other organization described in paragraph
 7 (1) above. With respect to such funds transferred under
 8 paragraph (1) above as may be repayable to such institution
 9 or organization the Administrator may establish such other
 10 terms and conditions as he may find appropriate in the cir-
 11 cumstances after consultation with the National Advisory
 12 Council on International Monetary and Financial Problems.”

13 —(c) Revising section 112 in the following particulars:

14 (1) Striking out subsections (b) and (c).

15 (2) Renumbering subsection (d) as (b).

16 (3) Renumbering subsections (e), (f), (g), (h),
 17 (i), (j), and (k), as (c), (d), (e), (f), (g), (h), and
 18 (i), respectively.

19 (4) Adding a new subsection (j) to read as follows:

20 “Notwithstanding any other provision of law, wherever
 21 wheat or wheat flour is procured under this title for transfer
 22 to countries which are parties to the International Wheat
 23 Agreement of 1949 and credited to their guaranteed pur-
 24 chase thereunder, the President, acting through the Com-
 25 modity Credit Corporation, is authorized to make available,

1 or cause to be made available, such wheat or wheat flour at
2 the applicable price provided in that agreement."

3 ~~(5)~~ Renumbering subsection ~~(l)~~ as ~~(k)~~ and striking
4 out the following therefrom: "~~(other than commodities pro-~~
5 ~~cured by or in the possession of the Commodity Credit Cor-~~
6 ~~poration pursuant to price-support programs required by~~
7 ~~law).~~"

8 ~~(d)~~ Revising section 114 in the following particulars:

9 ~~(1)~~ Altering subsection ~~(c)~~ as follows:

10 ~~(i)~~ Striking out the period at the end of the first
11 sentence and inserting in lieu thereof a colon and the fol-
12 lowing: "*Provided further*, That in addition to the amount
13 heretofore authorized and appropriated, there is hereby
14 authorized to be appropriated for carrying out the provisions
15 and accomplishing the purposes of this title not to exceed
16 \$2,700,000,000 for the fiscal year ending June 30, 1951,
17 of which sum \$600,000,000 shall be available only for the
18 purposes set forth in subsection ~~(d)~~ of section 111: *Pro-*
19 *vided further*, That, in addition to the foregoing, any balance,
20 unobligated as of June 30, 1950, or subsequently released
21 from obligation, of funds appropriated for carrying out and
22 accomplishing the purposes of this title for any period ending
23 on or prior to that date is hereby authorized to be made avail-
24 able for obligations through the fiscal year ending June 30,
25 1951, and to be transferred to and consolidated with any

1 appropriations for carrying out and accomplishing the pur-
 2 poses of this title for said fiscal year”.

3 (ii) Striking out the date “June 30, 1950” in the last
 4 sentence and inserting in lieu thereof “June 30, 1951”.

5 (2) Adding the following new subsections:

6 “(h) The President is authorized to transfer to any
 7 department or agency any portion of the funds allocated for
 8 assistance to Germany from appropriations authorized by
 9 subsection (c). This portion may be used for expenses, not
 10 otherwise provided for, necessary to meet responsibilities of
 11 the United States related to the rehabilitation of occupied
 12 areas of Germany, including the furnishing of minimum
 13 civilian supplies to prevent starvation, disease, and unrest
 14 prejudicial to the objectives of the occupation. This portion
 15 may be expended under authority of this subsection or any
 16 provisions of law, not inconsistent herewith, applicable to
 17 such department or agency and without regard to such
 18 provisions of this title as the President may specify as
 19 inapplicable.

20 “(i) As agreed upon by the Secretary of State and
 21 the Administrator, a part of the German currency now or
 22 hereafter deposited under the bilateral agreement of Decem-
 23 ber 55, 1949, between the United States and the Fed-
 24 eral Republic of Germany, or any supplementary or
 25 succeeding agreement, shall be deposited into the GARIOA

1 ~~(Government and Relief in Occupied Areas)~~ special
 2 account under the terms of article V of the said
 3 bilateral agreement. In quantities and under conditions
 4 determined by the Secretary of State after consultation with
 5 the Administrator, the currency so deposited shall be avail-
 6 able for meeting the responsibilities of the United States
 7 in the occupation of Germany."

8 ~~(c)~~ Revising section 115 in the following particulars:

9 ~~(1)~~ Revising paragraph ~~(6)~~ of subsection ~~(b)~~ as
 10 follows:

11 ~~(i)~~ Striking out the period and the next word "Such"
 12 after the word "rates" and inserting in lieu thereof a colon
 13 and the following: "*Provided further, That such*".

14 ~~(ii)~~ Inserting after "~~(Public Law 389, Eightieth Con-~~
 15 ~~gress),~~" the following: "shall be used in furtherance of any
 16 central institution or other organization formed by two or
 17 more participating countries to further the purposes set
 18 forth in paragraph ~~(1)~~ of subsection ~~(d)~~ of section 111 or
 19 otherwise".

20 ~~(iii)~~ Striking out the words "for such purposes as may
 21 be agreed to between such country and the Administrator
 22 in consultation with the National Advisory Council on Inter-
 23 national Monetary and Financial Problems, and the Public
 24 Advisory Board provided for in subsection ~~(a)~~ of section
 25 107".

(iv) Striking out the words "operations under this title and under agreement that" and inserting in lieu thereof the following: "operations under this title: *Provided further*, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in subsection (c) of section 107: *And provided further*, That".

(2) Adding the following new sentence to subsection (c): "The Administrator shall also encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized."

(3) Adding the following new subsection:

"(j) The Administrator shall utilize such amounts of the local currency allocated pursuant to subsection (h) as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer."

SEC. 103. Any funds appropriated by Public Law 793,

1 Eightieth Congress, for the purposes of the China Aid Act
2 of 1948 and unobligated as of June 30, 1950, or released
3 from obligation thereafter shall be available to the President
4 through June 30, 1951, for use as follows:

5 (a) Not less than the sum of \$40,000,000 for obligation
6 for assistance to be furnished in conformity with the pro-
7 visions, wherever applicable, of the Economic Cooperation
8 Act of 1948, as amended, in areas of China which the
9 President may deem to be not under Communist domination.

10 (b) Not to exceed \$6,000,000 for allocation to the
11 Secretary of State, to remain available until expended, under
12 such regulations as the Secretary of State may prescribe,
13 using private agencies to the maximum extent practicable,
14 for necessary expenses of tuition, subsistence, and trans-
15 oceanic passage for selected citizens of China for study or
16 teaching in accredited colleges, universities, or other edu-
17 cational institutions in the United States approved by the
18 Secretary of State for the purposes, or for research and
19 related academic and technical activities in the United States,
20 and the Attorney General is hereby authorized and directed
21 to promulgate regulations providing that such selected citi-
22 zens of China who have been admitted for the purpose of
23 study in the United States, shall be granted permission to

1 accept employment upon application filed with the Com-
2 missioner of Immigration and Naturalization.

3 (c) The remaining portion for obligation for assistance
4 in the general area of China in conformity with the pro-
5 visions, wherever applicable, of the Economic Cooperation
6 Act of 1948, as amended, to accomplish in that area policies
7 and purposes similar to those of the said Act.

8 SEC 104. The Far Eastern Economic Assistance Act
9 of 1950 is hereby amended as follows:

10 (a) Striking out "June 30, 1951" in subsection (c)-
11 of section 3 and inserting in lieu thereof "June 30, 1952".

12 (b) Striking out the period at the end of subsection
13 (d) of section 3 and inserting in lieu thereof a comma and
14 the following: "and \$100,000,000 for the fiscal year end-
15 ing June 30, 1951."

16 (c) Striking out "June 30, 1950" in section 4 and
17 inserting in lieu thereof "June 30, 1951".

18 (d) Adding the following new section:

19 "SEC. 5. The Congress hereby expresses itself as favor-
20 ing the creation by the free countries and the free peoples
21 of the Far East of a joint organization, consistent with the
22 Charter of the United Nations, to establish a program of
23 self-help and mutual cooperation designed to develop their

1 economic and social well-being, to safeguard basic rights
2 and liberties and to protect their security and independence."

3 TITLE II

4 SEC. 201. This title may be cited as the "United Nations
5 Palestine Refugee Aid Act of 1950".

6 SEC. 202. The Secretary of State is hereby authorized
7 to make contributions from time to time before July 1, 1951,
8 to the United Nations for the United Nations Relief and
9 Works Agency for Palestine Refugees in the Near East,
10 established under the resolution of the General Assembly of
11 the United Nations of December 8, 1949, in amounts not
12 exceeding in the aggregate \$27,450,000, for the purposes
13 set forth in the said resolution.

14 SEC. 203. (a) There is hereby authorized to be appro-
15 priated, out of any money in the Treasury not otherwise
16 appropriated, not to exceed \$27,450,000 to carry out the
17 purposes of this title.

18 (b) Notwithstanding the provision of any other law,
19 the Reconstruction Finance Corporation is authorized and
20 directed, until such time as an appropriation shall be made
21 pursuant to subsection (a) of this section, to make advances
22 to the Secretary of State, not to exceed in the aggregate
23 \$8,000,000, to carry out the provisions of this title. From
24 appropriations authorized under subsection (a) of this sec-
25 tion, there shall be repaid to the Reconstruction Finance

1 Corporation, without interest, the advances made by it under
2 authority contained herein. No interest shall be charged
3 on advances made by the Treasury to the Reconstruction
4 Finance Corporation in implementation of this section.

5 SEC. 204. (a) The provisions of sections 301, 302, and
6 303 of Public Law 402, Eightieth Congress, are hereby
7 made applicable with respect to the United Nations Relief
8 and Works Agency for Palestine Refugees in the Near East
9 to the same extent as they apply with respect to the govern-
10 ment of another country: *Provided*, That when reimburse-
11 ment is made by said Agency, such reimbursement shall be
12 credited to the appropriation, fund, or account utilized
13 for paying the compensation, travel expenses, and allowances
14 of any person assigned hereunder.

15 (b) Departments and agencies of the United States
16 Government are authorized, with the approval of the Secre-
17 tary of State, to furnish or procure and furnish supplies,
18 materials, and services to the United Nations Relief and
19 Works Agency for Palestine Refugees in the Near East:
20 *Provided*, That said Agency shall make payments in ad-
21 vance for all costs incident to the furnishing or procurement
22 of such supplies, materials, or services, which payments may
23 be credited to the current applicable appropriation or fund
24 of the department or agency concerned and shall be available

1 for the purposes for which such appropriations and funds are
2 authorized to be used.

3 TITLE III

4 SEC. 301. This title may be cited as the "Act for Inter-
5 national Development".

6 SEC. 302. The Congress hereby finds as follows:

7 (a) The peoples of the United States and other na-
8 tions have a common interest in the freedom and in the
9 economic and social progress of all peoples. Such prog-
10 ress can further the secure growth of democratic ways
11 of life; the expansion of mutually beneficial commerce;
12 the development of international understanding and good
13 will, and the maintenance of world peace.

14 (b) The efforts of the peoples living in economi-
15 cally underdeveloped areas of the world to realize their
16 full capabilities and to develop the resources of the lands
17 in which they live can be furthered through the coop-
18 erative endeavor of all nations to exchange technical
19 knowledge and skills and to encourage the flow of
20 investment capital.

21 (c) Technical assistance and capital investment can
22 make maximum contribution to economic development
23 only where there is understanding of the mutual advan-
24 tages of such assistance and investment and where there

1 is confidence of fair and reasonable treatment and due
2 respect for the legitimate interests of the peoples of the
3 countries to which the assistance is given and in which
4 the investment is made and of the countries from which
5 the assistance and investments are derived. In the
6 case of investment this involves confidence on the part
7 of the people of the underdeveloped areas that investors
8 will conserve as well as develop local resources, will
9 bear a fair share of local taxes and observe local laws,
10 and will negotiate adequate wages and working condi-
11 tions for local labor. It involves confidence on the part
12 of investors, through intergovernmental agreements or
13 otherwise, that they will not be deprived of their prop-
14 erty without prompt, adequate, and effective compen-
15 sation; that they will be given reasonable opportunity
16 to remit their earnings and withdraw their capital; that
17 they will have reasonable freedom to manage, operate,
18 and control their enterprises; that they will enjoy secu-
19 rity in the protection of their persons and property,
20 including industrial and intellectual property, and non-
21 discriminatory treatment in taxation and in the conduct
22 of their business affairs.

23 (d) Greater production and higher standards of
24 living in the economically underdeveloped areas and

1 international trade between these areas and the eco-
2 nomically advanced areas of the world can be promoted
3 through agreements, negotiated through the United
4 Nations and its specialized agencies or otherwise, to
5 establish fair labor standards of wages and working con-
6 ditions, including the encouragement of collective bar-
7 gaining between management and labor.

8 SEC. 303. (a) It is declared to be the policy of the
9 United States to aid the efforts of the peoples of economi-
10 cally underdeveloped areas to develop their resources and
11 improve their working and living conditions by encouraging
12 the exchange of technical knowledge and skills and the flow
13 of investment capital to countries which provide conditions
14 under which such technical assistance and capital can effec-
15 tively and constructively contribute to raising standards of
16 living, creating new sources of wealth, increasing produc-
17 tivity and expanding purchasing power.

18 (b) It is further declared to be the policy of the United
19 States that in order to achieve the most effective utilization
20 of the resources of the United States, private and public,
21 which are or may be available for aid in the development
22 of economically underdeveloped areas, agencies of the
23 United States Government, in reviewing requests of foreign
24 governments for aid for such purposes, shall take into con-
25 sideration (1) whether the assistance applied for is an ap-

1 appropriate part of a program reasonably designed to con-
2 tribute to the balanced and integrated development of the
3 country or area concerned; ~~(2)~~ whether any works or
4 facilities which may be projected are actually needed in
5 view of similar facilities existing in the area and are other-
6 wise economically sound; and ~~(3)~~ with respect to projects
7 for which capital is requested, whether private capital is
8 available either in the country or elsewhere upon reasonable
9 terms and in sufficient amounts to finance such projects.

10 SEC. 304. (a) In order to accomplish the purposes of
11 this title, the United States is authorized to participate in
12 multilateral technical cooperation programs carried on by
13 the United Nations, the Organization of American States,
14 and their related organizations, and by other international
15 organizations, wherever practicable.

16 (b) Within the limits of appropriations made available
17 to carry out the purposes of this title, the President is author-
18 ized to make contributions to the United Nations for tech-
19 nical cooperation programs carried on by it and its related
20 organizations which will contribute to accomplishing the
21 purposes of this title as effectively as would participation in
22 comparable programs on a bilateral basis. The President is
23 further authorized to make contributions for technical co-
24 operation programs carried on by the Organization of Amer-

1 ican States, its related organizations, and by other inter-
2 national organizations.

3 ~~(c)~~ Agencies of the United States Government on re-
4 quest of international organizations are authorized, upon ap-
5 proval by the President, to furnish services and such facilities
6 as may be necessary in connection therewith, on an advance
7 of funds or reimbursement basis, for such organizations in
8 connection with their technical cooperation programs.
9 Amounts received as reimbursements from such organiza-
10 tions shall be credited, at the option of the appropriate
11 agency, either to the appropriation, fund, or account utilized
12 in incurring the obligation, or to an appropriate appropria-
13 tion, fund, or account currently available for the purposes
14 for which expenditures were made.

15 SEC. 305. The President is authorized to plan, under-
16 take, administer, and execute bilateral technical cooperation
17 programs carried on by any United States Government
18 agency and, in so doing—

19 ~~(a)~~ To coordinate and direct existing and new tech-
20 nical cooperation programs.

21 ~~(b)~~ To assist other interested governments in the
22 formulation of programs for the balanced and integrated
23 development of the economic resources and productive
24 capacities of economically underdeveloped areas.

1 ~~(c)~~ To receive, consider, and review reports of
2 joint commissions set up as provided in section 310 of
3 this title.

4 ~~(d)~~ To utilize the services and facilities of private
5 agencies and persons.

6 ~~(e)~~ To make, within appropriations made avail-
7 able for the purpose, advances and grants in aid of
8 technical cooperation programs to any person, corpora-
9 tion, or other body of persons, or to any foreign govern-
10 ment or foreign government agency.

11 ~~(f)~~ To make and perform contracts or agreements
12 in respect of technical cooperation programs on behalf
13 of the United States Government with any person, cor-
14 poration, or other body of persons however designated,
15 whether within or without the United States, or with
16 any foreign government or foreign government agency:
17 *Provided*, That with respect to contracts or agreements
18 which entail commitments for the expenditure of funds
19 appropriated pursuant to the authority of this title, such
20 contracts or agreements, within the limits of appropria-
21 tions or contract authorizations hereafter made available,
22 may, subject to any future action of the Congress, run
23 for not to exceed three years in any one case.

24 ~~(g)~~ To provide for printing and binding outside

1 the continental limits of the United States, without
2 regard to section 11 of the Act of March 1, 1919
3 (44 U. S. C. 111).

4 (h) To provide for the publication of information
5 made available by the joint commissions referred to in
6 section 310, and from other sources, regarding resources,
7 opportunities for private investment capital, and the
8 need for technical knowledge and skill in each partici-
9 pating country.

10 SEC. 306. Agreements made by the United States under
11 the authority of this title with other governments and with
12 international organizations shall be registered with the Secre-
13 tariat of the United Nations in accordance with the provisions
14 of article 102 of the United Nations Charter.

15 SEC. 307. In carrying out the programs authorized in
16 section 305 of this title—

17 (a) The participation of private agencies and per-
18 sons shall be sought wherever practicable.

19 (b) Due regard shall be given, in reviewing re-
20 quests for assistance, to the possibilities of achieving
21 satisfactory results from such assistance as evidenced by
22 the desire of the country requesting it (1) to take steps
23 necessary to make effective use of the assistance made
24 available, including the encouragement of the flow of
25 productive local and foreign investment capital where

1 needed for development; and ~~(2)~~ to endeavor to facili-
2 tate the development of the colonies, possessions, de-
3 pendencies, and non-self-governing territories adminis-
4 tered by such requesting country so that such areas may
5 make adequate contribution to the effectiveness of the
6 assistance requested.

7 ~~(c)~~ Assistance shall be made available only where
8 the President determines that the country being
9 assisted—

10 ~~(1)~~ Pays a fair share of the cost of the
11 program.

12 ~~(2)~~ Provides all necessary information con-
13 cerning such program and gives the program full
14 publicity.

15 ~~(3)~~ Seeks to the maximum extent possible full
16 coordination and integration of technical cooperation
17 programs being carried on in that country.

18 ~~(4)~~ Endeavors to make effective use of the
19 results of the program.

20 ~~(5)~~ Cooperates with other countries participat-
21 ing in the program in the mutual exchange of
22 technical knowledge and skills.

23 SEC. 308. The President is authorized to prescribe
24 such rules and regulations as may be necessary and proper
25 to carry out the provisions of this title.

1 SEC. 309. The President shall create an advisory board,
2 hereinafter referred to as the "board", which shall advise
3 and consult with the President or such other officer as he
4 may designate to administer the program herein authorized,
5 with respect to general or basic policy matters arising in
6 connection with operation of the program. The board shall
7 consist of not more than thirteen members to be appointed
8 by the President, one of whom, by and with the advice and
9 consent of the Senate, shall be appointed by him as chair-
10 man. The members of the board shall be broadly repre-
11 sentative of voluntary agencies and other groups interested
12 in the program, including business, labor, agriculture, public
13 health, and education. All members of the board shall be
14 citizens of the United States; none except the chairman shall
15 be an officer or an employee of the United States (including
16 any agency or instrumentality of the United States) who
17 as such regularly receives compensation for current services.
18 Members of the board, other than the chairman if he is an
19 officer of the United States Government, shall receive out
20 of funds made available for the purposes of this title a per
21 diem allowance of \$50 for each day spent away from their
22 homes or regular places of business for the purpose of attend-
23 ance at meetings of the board or at conferences held upon
24 the call of the chairman, and in necessary travel, and while
25 so engaged they may be paid actual travel expenses and

1 not to exceed \$10 per diem in lieu of subsistence and other
2 expenses. The President may appoint such committees in
3 special fields of activity as he may determine to be necessary
4 or desirable to effectuate the purposes of this title. The
5 members of such committees shall receive the same com-
6 pensation as that provided for members of the board.

7 SEC. 310. (a) At the request of a foreign country, there
8 may be established a joint commission for economic develop-
9 ment to be composed of persons named by the President
10 and persons to be named by the requesting country, and may
11 include representatives of international organizations mu-
12 tually agreed upon.

13 (b) The duties of each such joint commission shall
14 be mutually agreed upon, and may include, among other
15 things, examination of the following:

16 (1) The requesting country's requirements with
17 respect to technical assistance.

18 (2) The requesting country's resources and poten-
19 tialities, including mutually advantageous opportunities
20 for utilization of foreign technical knowledge and skills
21 and investment.

22 (3) Policies which will remove deterrents to and
23 otherwise encourage the introduction, local develop-
24 ment, and application of technical skills and the crea-
25 tion and effective utilization of capital, both domestic

1 and foreign; and the implementation of such policies by
2 appropriate measures on the part of the requesting
3 country and the United States, and of other countries,
4 when appropriate, and after consultation with them.

5 (c) Such joint commissions shall prepare studies and
6 reports which they shall transmit to the appropriate au-
7 thorities of the United States and of the requesting countries.
8 In such reports the joint commissions may include recom-
9 mendations as to any specific projects which they conclude
10 would contribute to the economic development of the re-
11 questing countries.

12 (d) The costs of each joint commission shall be borne
13 by the United States and the requesting country in the pro-
14 portion that may be agreed upon between the President and
15 that country.

16 SEC. 311. All or part of United States support for and
17 participation in any technical cooperation program carried
18 on under this title shall be terminated by the President—

19 (a) If he determines that such support and par-
20 ticipation no longer contribute effectively to the pur-
21 poses of this title, are contrary to a resolution adopted
22 by the General Assembly of the United Nations that the
23 continuance of such technical cooperation programs
24 is unnecessary or undesirable, or are not consistent with
25 the foreign policy of the United States.

(b) If a concurrent resolution of both Houses of the Congress directs such termination.

SEC. 312. The President may exercise any power or authority conferred on him by this title through the Secretary of State or through any other existing officer or employee of the United States Government. To further the purposes of this title, the President is authorized to establish an Institute of International Technical Cooperation and to prescribe its powers, duties, and organization, which shall be consistent with the provisions of this title.

SEC. 313. In order to carry out the purposes of this title—

(a) The President shall appoint, by and with the advice and consent of the Senate, a person who, under the direction of the President or such other officer as he may designate pursuant to section 312 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$16,000 per annum.

(b) Officers, employees, agents, and attorneys may be employed for duty within the continental limits of

1 the United States in accordance with the provisions of
2 the civil-service laws and the Classification Act of 1949.

3 (c) Persons employed for duty outside the conti-
4 nental limits of the United States and employees of the
5 United States Government assigned for such duty shall
6 receive compensation at any of the rates provided for
7 the Foreign Service Reserve and Staff by the Foreign
8 Service Act of 1946 (60 Stat. 999), as amended, to-
9 gether with allowances and benefits which shall not
10 exceed those established thereunder, and may be ap-
11 pointed to any class in the Foreign Service Reserve or
12 Staff in accordance with the provisions of such Act.

13 (d) Alien clerks and employees employed for the
14 purpose of performing functions under this title shall be
15 employed in accordance with the provisions of the For-
16 eign Service Act of 1946, as amended.

17 (e) Officers and employees of the United States
18 Government may be detailed to offices or positions to
19 which no compensation is attached with any foreign
20 government or foreign government agency or with any
21 international organization: *Provided*, That while so
22 detailed any such person shall be considered, for the
23 purpose of prescribing his privileges, rights, seniority, or
24 other benefits, an officer or employee of the United
25 States Government and of the United States Govern-

1 ment agency from which detailed and shall receive there-
 2 from his regular compensation, which shall be reimbursed
 3 to such agency from funds available under this title:
 4 *Provided further,* That such acceptance of office shall in
 5 no case involve the taking of an oath of allegiance to
 6 another government.

7 (f) Experts and consultants or organizations thereof
 8 may be employed as authorized by section 15 of the
 9 Act of August 2, 1946 (5 U. S. C. 55a), and individuals
 10 so employed may be compensated at a rate not in excess
 11 of \$75 per diem.

12 (g) Such additional civilian personnel may be em-
 13 ployed without regard to subsection (a) of section 14
 14 of the Federal Employees Pay Act of 1946 (60 Stat.
 15 219), as amended, as may be necessary to carry out
 16 the policies and purposes of this title.

17 SEC. 314. No citizen or resident of the United States,
 18 whether or not now in the employ of the Government, may
 19 be employed or assigned to duties by the Government under
 20 this Act until such individual has been investigated by the
 21 Federal Bureau of Investigation and a report thereon has
 22 been made to the Secretary of State: *Provided, however,*
 23 That any present employee of the Government, pending the
 24 report as to such employee by the Federal Bureau of In-
 25 vestigation, may be employed or assigned to duties under

1 this Act for the period of six months from the date of its
2 enactment. This section shall not apply in the case of any
3 officer appointed by the President by and with the advice
4 and consent of the Senate.

5 SEC. 315. The President shall transmit to the Congress
6 an annual report of operations under this title.

7 SEC. 316. (a) In order to carry out the provisions of
8 this title, there shall be made available such funds as are
9 hereafter authorized and appropriated from time to time for
10 the purposes of this title: *Provided, however,* That for the
11 purpose of carrying out the provisions of this title through
12 June 30, 1951, there is hereby authorized to be appropriated
13 a sum not to exceed \$25,000,000, including any sums appro-
14 priated to carry on the activities of the Institute of Inter-
15 American Affairs, and technical cooperation programs as
16 defined in section 317 herein under the United States In-
17 formation and Educational Exchange Act of 1948 (62
18 Stat. 6). Activities provided for under this title may be
19 prosecuted under such appropriations or under authority
20 granted in appropriation Acts to enter into contracts pending
21 enactment of such appropriations. Unobligated balances of
22 such appropriations for any fiscal year may, when so speci-
23 fied in the appropriation Act concerned, be carried over to
24 any succeeding fiscal year or years. The President may al-
25 locate to any United States Government agency any part of

1 any appropriation available for carrying out the purposes of
2 this title. Such funds shall be available for obligation and
3 expenditure for the purposes of this title in accordance with
4 authority granted hereunder or under authority governing
5 the activities of the Government agencies to which such funds
6 are allocated.

7 (b) Nothing in this title is intended nor shall it be con-
8 strued as an expressed or implied commitment to provide
9 any specific assistance, whether of funds, commodities, or
10 services, to any country or countries, or to any international
11 organization.

12 SEC. 317. If any provision of this title or the applica-
13 tion of any provision to any circumstances or persons shall
14 be held invalid, the validity of the remainder of the title and
15 the applicability of such provision to other circumstances or
16 persons shall not be affected thereby.

17 SEC. 318. As used in this title—

18 (a) The term “technical cooperation programs” means
19 programs for the international interchange of technical knowl-
20 edge and skills designed to contribute to the balanced and
21 integrated development of the economic resources and pro-
22 ductive capacities of economically underdeveloped areas.
23 Such activities may include, but need not be limited to,
24 economic, engineering, medical, educational, agricultural,

1 fishery, mineral, and fiscal surveys, demonstration, training,
2 and similar projects that serve the purpose of promoting the
3 development of economic resources and productive capacities
4 of underdeveloped areas. The term "technical cooperation
5 programs" does not include such activities authorized by the
6 United States Information and Educational Exchange Act
7 of 1948 (62 Stat. 6) as are not primarily related to economic
8 development nor activities undertaken now or hereafter pur-
9 suant to the International Aviation Facilities Act (62 Stat.
10 450), nor pursuant to the Philippine Rehabilitation Act of
11 1946 (60 Stat. 128), as amended, nor pursuant to the
12 Foreign Assistance Act of 1948 (62 Stat. 137), as amended,
13 nor activities undertaken now or hereafter in the adminis-
14 tration of areas occupied by the United States armed forces
15 or in Korea by the Economic Cooperation Administration.

16 (b) The term "United States Government agency"
17 means any department, agency, board, wholly or partly
18 owned corporation or instrumentality, commission, or inde-
19 pendent establishment of the United States Government.

20 (c) The term "international organization" means any
21 intergovernmental organization and subordinate bodies
22 thereof of which the United States is a member.

23 *That this Act may be cited as the "Foreign Assistance Act*
24 *of 1950".*

TITLE I

SEC. 101. This title may be cited as the "Economic Cooperation Act of 1950".

LIBERALIZATION OF TRADE BETWEEN EUROPEAN

COUNTRIES

SEC. 102. Section 111 of the Economic Cooperation Act of 1948 is amended by adding at the end thereof the following new subsection:

"(d) The Administrator is authorized to transfer funds, not to exceed a total of \$600,000,000, directly to any central institution or other organization formed to further the purposes of this Act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the Administrator, in order to facilitate the development of transferability of European currencies, or to promote the liberalization of trade by participating countries with one another and with other countries."

GUARANTIES

SEC. 103. Subparagraph (iv) of section 111 (b) (3) of such Act is amended by striking out "June 30, 1950" and inserting in lieu thereof "after the end of the fiscal year in which the guaranty of such investment is made".

PROTECTION OF DOMESTIC ECONOMY

1 *SEC. 104. (a) Section 112 (a) of such Act is amended*
2 *by striking out the period at the end thereof and inserting*
3 *a comma and the following: "and (3) minimize the burden*
4 *of the European recovery program on the American tax-*
5 *payer by reducing the amount of dollar purchases by the*
6 *participating countries to the greatest extent possible, con-*
7 *sistent with maintaining an adequate supply of the essentials*
8 *for the functioning of their economies and for their continued*
9 *recovery."*

11 *(b) Section 112 of such Act is further amended by*
12 *adding at the end thereof the following new subsection:*

13 *"(m) It is the sense of Congress that no participating*
14 *country shall maintain or impose any import, currency, tax,*
15 *license, quota, or other similar business restrictions which*
16 *discriminate against citizens of the United States or any*
17 *corporation, partnership, or other association substantially*
18 *beneficially owned by citizens of the United States, engaged*
19 *or desiring to engage, in furtherance of the purposes of this*
20 *title, in the importation into such country of any commodity,*
21 *which restrictions are not reasonably required to meet balance-*
22 *of-payments conditions, or requirements of national security,*
23 *or are not authorized under international agreements to which*
24 *such country and the United States are parties."*

1 (c) Section 112 (1) of such Act is amended by add-
2 ing thereto the following sentence:

3 “A bulk purchase within the meaning of this subsection
4 does not include the purchase of commodities customarily
5 sold in containers or packaged form.”

6 AUTHORIZATION OF APPROPRIATIONS

7 SEC. 105. (a) Section 114 (c) of such Act is hereby
8 amended in the following particulars:

9 (1) By striking out the period at the end of the first
10 sentence and inserting in lieu thereof a colon and the fol-
11 lowing: “Provided further, That, in addition to the amount
12 heretofore authorized and appropriated, there are hereby
13 authorized to be appropriated for carrying out the provisions
14 and accomplishing the purposes of this title not to exceed
15 \$2,700,000,000 for the fiscal year ending June 30, 1951:
16 And provided further, That, in addition to the foregoing,
17 any balance unobligated as of June 30, 1950, or subsequently
18 released from obligation, of funds appropriated for carrying
19 out and accomplishing the purposes of this title for any
20 period ending on or prior to that date is hereby authorized
21 to be made available for obligation through the fiscal year
22 ending June 30, 1951, and to be transferred to and con-
23 solidated with any appropriations for carrying out and
24 accomplishing the purposes of this title for said fiscal year.”

1 (2) By amending the last sentence of such section 114
2 (c) to read as follows: "The authorizations in this title are
3 limited to the period ending June 30, 1951."

4 (b) Section 114 of such Act is further amended by
5 adding at the end thereof the following new subsection:

6 "(h) Of the amounts authorized to be appropriated for
7 carrying out the provisions and accomplishing the purposes
8 of this title and allocated for assistance to Germany the
9 President may transfer such amounts as he deems appro-
10 priate to any department or agency which may be used
11 without regard to other provisions of this title as the Presi-
12 dent may specify, for expenses not otherwise provided for,
13 necessary to enable the President to meet the responsibilities
14 and obligations of the United States in connection with the
15 rehabilitation of occupied areas of Germany, including such
16 minimum supplies for the civilian population of such areas
17 as may be essential to prevent starvation, disease, or unrest
18 prejudicial to the objectives sought to be accomplished, and
19 the cost of such supplies, commodities, equipment, and serv-
20 ices as may be essential to carry out the purposes of this
21 subsection: Provided, That any such funds which are so
22 transferred may be expended either under the authority con-
23 tained in this subsection or under any provisions of law
24 applicable to the department or agency to which so trans-
25 ferred and not inconsistent herewith: Provided further, That

1 such part, as may be agreed upon by the Secretary of State
2 and the Administrator for Economic Cooperation, of the
3 local currency deposited or to be deposited by Germany
4 under the bilateral agreement entered into by the Govern-
5 ment of the United States and the Government of the Federal
6 Republic of Germany on the 15th day of December 1949,
7 or any supplementary or succeeding agreement which shall
8 not substantially alter the basic obligations of either party
9 in this respect, shall be deposited into the GARIOA Special
10 Account under the terms and conditions contained in article
11 V of the afore-mentioned bilateral agreement, and shall be
12 available without reimbursement from any appropriation
13 to the Department of State in such quantities and under such
14 terms and conditions as may be determined by the Secretary
15 of State after consultation with the Administrator for Eco-
16 nomic Cooperation, for carrying out the responsibilities of
17 the United States in the occupation of Germany, including
18 any contingencies which may arise in connection therewith."

19 COUNTERPART FUNDS

20 SEC. 106. Section 115 of such Act is amended by add-
21 ing two new subsections as follows:

22 "(j) The Administrator shall utilize such amounts of
23 the local currency allocated pursuant to subsection (h) as
24 may be necessary, to give full and continuous publicity
25 through the press, radio, and all other available media, so

1 as to inform the peoples of the participating countries regard-
2 ing the assistance, including its purpose, source, and char-
3 acter, furnished by the American taxpayer.

4 “(k) It is the sense of Congress that as much as pos-
5 sible of the local currency deposited under this section after
6 June 30, 1950, shall be held or used within such country
7 only for such purposes set out in section 111 (d) (facilitat-
8 ing the development of transferability of European currencies
9 or promoting the liberalization of trade by participating
10 countries with one another and with other countries), or
11 otherwise consistent with the declaration of policy contained
12 in section 102 of this Act, as may be agreed to by such
13 countries with one another and with other countries, or
14 so designates, by any central institution or other organiza-
15 tion formed to further the purposes of this Act by two or
16 more participating countries.

17 “(l) None of the local currencies required by subsection
18 (b) (6) to be deposited in local currency accounts, shall
19 be made available for expenditure by any recipient country
20 so long as any dependent area of such country fails to comply
21 with any treaty between the United States and the said
22 dependent area.”

23 SEC. 107. Title I of such Act is amended by the addi-
24 tion of a new section as follows:

1 “TREATIES

2 *“126. The terms of any treaty to which the United*
3 *States and any participating country are parties shall remain*
4 *in full force and effect until superseded by a new treaty*
5 *ratified by the Senate unless, prior thereto, it expires by its*
6 *own terms.”*

7 TITLE II

8 AID TO KOREA

9 *SEC. 201. This title may be cited as the “Korea Aid*
10 *Act of 1950”.*

11 NATURE OF ASSISTANCE

12 *SEC. 202. The Administrator for Economic Cooperation*
13 *is hereby authorized to furnish assistance to the Republic of*
14 *Korea in conformity with—*

15 *(a) the provisions of the Economic Cooperation*
16 *Act of 1948, as amended, wherever such provisions are*
17 *applicable and not inconsistent with the intent and pur-*
18 *poses of this title; and*

19 *(b) the agreement on aid between the United*
20 *States of America and the Republic of Korea signed*
21 *December 10, 1948, or any supplementary or succeeding*
22 *agreement which shall not substantially alter the basic*
23 *obligations of either party.*

MERCHANT VESSELS

1

2 *SEC. 203. (a) Notwithstanding the provisions of any*
3 *other law, the Administrator is authorized to make available*
4 *to the Republic of Korea merchant vessels of tonnage not in*
5 *excess of two thousand and five hundred gross tons each, in*
6 *a number not to exceed ten at any one time, with a stipula-*
7 *tion that such vessels shall be operated only in east Asian*
8 *waters and must be returned forthwith upon demand of the*
9 *Administrator and in any event not later than June 30, 1952.*

10 *(b) Any agency of the United States Government*
11 *owning or operating any such vessel is authorized to make*
12 *such vessel available to the Administrator for the purposes*
13 *of this section upon his application, notwithstanding the pro-*
14 *visions of any other law and without reimbursement by the*
15 *Administrator, and title to any such vessel so supplied shall*
16 *remain in the United States Government.*

AUTHORIZATION OF APPROPRIATIONS

17
18 *SEC. 204. In order to carry out the provisions of this*
19 *title, there is hereby authorized to be appropriated to the*
20 *President for the fiscal year ending June 30, 1951, not to*
21 *exceed \$100,000,000.*

LIMITATION ON AUTHORIZATION

22
23 *SEC. 205. The authorization for appropriations in this*
24 *title is limited to the period ending June 30, 1951, in order*
25 *that any subsequent authorizations may be separately passed*

1 on, and is not to be construed as an express or implied com-
2 mitment to provide further authorizations or appropriations.

3 TITLE III

4 AID TO CHINA

5 SEC. 301. This title may be cited as the "China Area
6 Aid Act of 1950".

7 NATURE OF ASSISTANCE

8 SEC. 302. Funds, now unobligated or hereafter released
9 from obligation, appropriated by section 12 of the Act en-
10 titled "An Act to amend the Economic Cooperation Act of
11 1948", approved April 19, 1949 (Public Law 47, Eighty-
12 first Congress), are hereby made available for furtherance of
13 the general objectives of the China Aid Act of 1948 through
14 June 30, 1951, and for carrying out the purposes of that
15 Act through economic assistance in any place in China and
16 in the general area of China which the President deems to
17 be not under Communist control, in such manner and on
18 such terms and conditions as the President may determine,
19 and references in the said Act to China shall, insofar as
20 applicable, apply also to any other such place: Provided,
21 That, so long as the President deems it practicable, not less
22 than \$50,000,000 of such funds shall be available only for
23 such assistance in areas in China (including Formosa and
24 Hainan): Provided further, That not more than 10 per
25 centum of such funds (including the \$50,000,000 mentioned

1 in the foregoing proviso) shall be available for relief on
2 humanitarian grounds through the American Red Cross, or
3 other voluntary relief agencies in any place in China suf-
4 fering from the effects of natural calamity, under such safe-
5 guards as the President shall direct to assure nondiscrimi-
6 natory distribution according to need and appropriate pub-
7 licity as to source and scope of the assistance being furnished
8 by the United States.

9 TITLE IV

10 AID TO PALESTINE REFUGEES

11 SEC. 401. This title may be cited as the "United Na-
12 tions Palestine Refugee Aid Act of 1950".

13 SEC. 402. The President is hereby authorized to make
14 contributions from time to time before July 1, 1951, to the
15 United Nations for the "United Nations Relief and Works
16 Agency for Palestine Refugees in the Near East", established
17 under the resolution of the General Assembly of the United
18 Nations of December 8, 1949, in amounts not exceeding
19 in the aggregate \$27,450,000, for the purposes set forth in
20 this title.

21 AUTHORIZATION OF APPROPRIATIONS

22 SEC. 403. (a) There are hereby authorized to be appro-
23 priated, out of any money in the Treasury not otherwise
24 appropriated, not to exceed \$27,450,000 to carry out the
25 purposes of this title.

1 (b) Notwithstanding the provision of any other law,
2 the Reconstruction Finance Corporation is authorized and
3 directed, until such time as an appropriation shall be made
4 pursuant to subsection (a) of this section, to make advances
5 to the President, not to exceed in the aggregate \$8,000,000,
6 to carry out the provisions of this joint resolution. From
7 appropriations authorized under subsection (a) of this sec-
8 tion, there shall be repaid to the Reconstruction Finance
9 Corporation, without interest, the advances made by it under
10 authority contained herein. No interest shall be charged on
11 advances made by the Treasury to the Reconstruction
12 Finance Corporation in implementation of this section.

13 NATURE OF ASSISTANCE

14 SEC. 404. (a) The provisions of sections 301, 302, and
15 303 of the Act of January 27, 1948 (62 Stat. 7), are
16 hereby made applicable with respect to the United Nations
17 Relief and Works Agency for Palestine Refugees in the Near
18 East to the same extent as they apply with respect to the
19 government of another country: Provided, That when reim-
20 bursement is made by said Agency, such reimbursement shall
21 be credited to the appropriation, fund, or account utilized for
22 paying the compensation, travel expenses, and allowances of
23 any person assigned hereunder.

24 (b) Departments and agencies of the United States
25 Government are authorized, with the approval of the Secre-

1 tary of State, to furnish or procure and furnish supplies, ma-
2 terials, and services to the United Nations Relief and Works
3 Agency for Palestine Refugees in the Near East: Provided,
4 That said Agency shall make payments in advance for all
5 costs incident to the furnishing or procurement of such sup-
6 plies, materials, or services, which payments may be credited
7 to the current applicable appropriation or fund of the depart-
8 ment or agency concerned and shall be available for the
9 purposes for which such appropriations and funds are au-
10 thorized to be used.

11 *TITLE V*

12 *SEC. 501. That this title may be cited as the "Act for*
13 *International Development".*

14 *SEC. 502. It is declared to be the policy of the United*
15 *States and the purpose of this title to aid the efforts of the*
16 *peoples of economically underdeveloped areas to develop*
17 *their resources and improve their working and living con-*
18 *ditions, by encouraging the exchange of technical knowledge*
19 *and skills.*

20 *SEC. 503. Within the limits of appropriations made*
21 *available to carry out the purposes of this title, the President*
22 *is authorized to make contributions to the United Nations*
23 *and the Organization of American States and their related*
24 *organizations, and to other international organizations, for*

1 technical cooperation programs carried on by them which
2 will contribute to accomplishing the purposes of this title
3 as effectively as would participation in comparable programs
4 on a bilateral basis.

5 SEC. 504. The President is authorized to undertake and
6 administer bilateral technical cooperation programs carried
7 on by any United States Government agency, and, in so
8 doing—

9 (a) to coordinate and direct existing and new
10 technical cooperation programs;

11 (b) to seek the participation of private agencies
12 and persons to the greatest extent practicable;

13 (c) to make and perform contracts or agreements
14 with, and make advances and grants to, appropriate
15 persons, corporations, or other bodies of persons, or to
16 State, local, or foreign governments for technical co-
17 operation programs: Provided, That with respect to
18 contracts or agreements which entail commitments for
19 the expenditure of funds appropriated pursuant to the
20 authority of this title, such contracts or agreements,
21 within the limits of annual appropriations or contract
22 authorizations hereafter made available, may not run
23 beyond June 30, 1952;

24 (d) to provide for printing and binding outside

1 *the continental limits of the United States, without regard*
2 *to section 11 of the Act of March 1, 1919 (44 U. S. C.*
3 *111).*

4 *SEC. 505. In carrying out the programs authorized in*
5 *section 4, the President shall make assistance available only*
6 *where he determines that the country being assisted pays*
7 *a fair share of the cost of the program; provides all neces-*
8 *sary information concerning such program and gives it full*
9 *publicity; seeks the greatest possible coordination of its*
10 *technical assistance programs; and cooperates with other*
11 *participating countries in the mutual exchange of technical*
12 *knowledge and skills.*

13 *SEC. 506. The President is authorized to prescribe such*
14 *rules and regulations as may be necessary and proper to*
15 *carry out this title, and to exercise any power or authority*
16 *conferred on him, through the Secretary of State or through*
17 *any other officer or employee of the United States*
18 *Government.*

19 *SEC. 507. In order to carry out the purposes of this*
20 *title—*

21 *(a) the President shall, by and with the advice*
22 *and consent of the Senate, appoint one person who, under*
23 *the direction of the President or such person as he may*
24 *designate pursuant to section 7 to exercise the powers*
25 *conferred on him by this title, shall be responsible for*

1 *planning, implementing, and managing the programs*
2 *herein authorized. He shall be compensated at a rate*
3 *fixed by the President without regard to the Classifica-*
4 *tion Act of 1949 but not in excess of \$15,000 per*
5 *annum;*

6 *(b) such additional civilian personnel, including*
7 *attorneys, may be employed without regard to subsection*
8 *(a) of section 14 of the Federal Employees Pay Act of*
9 *1946 (60 Stat. 219), as amended, as may be neces-*
10 *sary to carry out the policies and purposes of this title.*
11 *Experts and consultants or organizations thereof may*
12 *be employed as authorized by section 15 of the Act of*
13 *August 2, 1946 (5 U. S. C. 55a), and individuals so*
14 *employed may be compensated at a rate not in excess*
15 *of \$75 per diem.*

16 *(c) persons employed for duty outside the conti-*
17 *ental limits of the United States and officers and em-*
18 *ployees of the United States Government assigned for*
19 *such duty, may receive compensation at any of the rates*
20 *provided for the Foreign Service Reserve and Staff by*
21 *the Foreign Service Act of 1946 (60 Stat. 999), as*
22 *amended, may receive allowances and benefits not in*
23 *excess of those established thereunder, and may be ap-*
24 *pointed to any class in the Foreign Service Reserve or*
25 *Staff in accordance with the provisions of such Act;*

1 (d) alien clerks and employees employed for the
2 purpose of performing functions under this title shall be
3 employed in accordance with the provisions of the
4 Foreign Service Act of 1946, as amended;

5 (e) officers and employees of the United States
6 Government may be detailed to offices or positions to
7 which no compensation is attached with any foreign
8 government or foreign government agency or with any
9 international organization: Provided, That while so
10 detailed any such person shall be considered, for the
11 purpose of preserving his privileges, rights, seniority,
12 or other benefits, an officer or employee of the United
13 States Government and of the United States Government
14 agency from which detailed and shall receive therefrom
15 his regular compensation, which shall be reimbursed to
16 such agency from funds available under this title: Pro-
17 vided further, That such acceptance of office shall in no
18 case involve the taking of an oath of allegiance to
19 another government.

20 SEC. 508. In order to carry out the provisions of this
21 title, there shall be made available such funds as are here-
22 after authorized and appropriated from time to time for the
23 purposes of this title: Provided, however, That for the pur-
24 pose of carrying out this title through June 30, 1951, there
25 is hereby authorized to be appropriated a sum not to exceed

1 \$45,000,000, including any sums appropriated to carry on
2 the activities of the Institute of Inter-American Affairs, and
3 technical cooperation programs as defined in section 10
4 herein, under the United States Information and Educational
5 Exchange Act of 1948 (62 Stat. 6). Activities provided for
6 under this title may be carried on under such appropriations
7 or under authority granted in appropriations Acts to enter
8 into contracts pending enactment of such appropriations.
9 The President may allocate to any United States Government
10 agency any part of any appropriation available for carrying
11 out the purposes of this title. Such funds shall be available
12 for obligation and expenditure for the purposes of this title
13 in accordance with authority granted hereunder or under
14 authority governing the activities of the Government agencies
15 to which such funds are allocated.

16 SEC. 509. The advancement of technical assistance or
17 the preparation of plans for projects as authorized under
18 this title does not constitute any obligation whatsoever on
19 the part of the Government of the United States to make
20 any loans or grants for the execution or construction of any
21 project or for the completion of any program devised under
22 this title. The President or the person administering this
23 title under his direction shall give written notice to each
24 recipient of funds or beneficiary under this title that such
25 assistance in planning programing shall not be construed

1 as an obligation on the part of the United States to make
 2 funds available for the construction or execution of any
 3 project.

4 SEC. 510. The President shall transmit to the Congress
 5 an annual report of operations under this title.

6 LOYALTY CHECK ON PERSONNEL

7 SEC. 511. No citizen or resident of the United States,
 8 whether or not now in the employ of the Government, may be
 9 employed or assigned to duties by the Government under this
 10 Act until such individual has been investigated by the Fed-
 11 eral Bureau of Investigation and a report thereon has been
 12 made to the Secretary of State.

13 SEC. 512. As used in this title, the term "technical
 14 cooperation programs" means programs for the international
 15 interchange of technical knowledge and skills designed to
 16 contribute to the balanced and integrated development of
 17 the economic resources and productive capacities of eco-
 18 nomically underdeveloped areas.

19 SEC. 513. All authority granted in this title shall expire
 20 on June 30, 1955, unless extended by Act of Congress.

21 TITLE VI

22 INTERNATIONAL CHILDREN'S EMERGENCY FUND

23 SEC. 601. In order to enable the President through
 24 June 30, 1951, to carry out the purpose of the Interna-
 25 tional Children's Emergency Fund Assistance Act of 1948

1 *(title II of the Foreign Assistance Act of 1948), the date*
2 *“1950”, wherever it appears in such Act, is hereby amended*
3 *to read “1951”.*

4 *AVAILABILITY OF APPROPRIATIONS*

5 *SEC. 602. Funds appropriated by the second paragraph*
6 *of title I of the Foreign Aid Appropriation Act, 1949, shall*
7 *remain available through June 30, 1951.*

Amend the title so as to read: “An Act to amend the
Economic Cooperation Act of 1948, as amended.”

Passed the House of Representatives March 31, 1950.

Attest: RALPH R. ROBERTS,
Clerk.

Passed the Senate with amendments May 5 (legisla-
tive day, March 29), 1950.

Attest: LESLIE L. BIFFLE,
Secretary.

81ST CONGRESS
2^D Session

H. R. 7797

AN ACT

To provide foreign economic assistance.

IN THE SENATE OF THE UNITED STATES

MAY 5 (legislative day, MARCH 29), 1950

Ordered to be printed with the amendments of the
Senate

ganization plan, it should thereafter be in order to move to proceed to the consideration of such a resolution, and that such motion should be highly privileged and not debatable, the action of the Speaker today in refusing to recognize such a motion will demonstrate clearly that it is now within the power of the President and the Speaker, through the exercise of his discretionary power of recognition, to rewrite the law of the land insofar as it relates to the executive departments.

It is strange that a House which passed the Taft-Hartley Act by more than a two-thirds vote and which has since refused to repeal that act or any of its provisions, should permit a President, politically allied with labor unions, to—by failure to act on Reorganization Plan No. 12, insofar as it is concerned—repeal one of the most important provisions of that act, the provision creating the office of general counsel, and defining the duties of the independent general counsel appointed to that office.

Congressmen are elected to perform certain functions, to represent their constituents on controversial, as well as non-controversial, legislation. They are elected and they are paid to act in the House, not to sit back and wait for the Members of the other body to legislate or to act upon proposed legislation.

It may be, in the opinion of the political strategists, expedient to dodge an important issue like that of a proposal to virtually destroy a major part of the Taft-Hartley Act, but I cannot see it that way.

In my humble opinion, Members of Congress are expected by their constituents to act in the House—not to duck, to dodge, to pass the buck—in the hope that the other body will reject the proposed plan. That they, as Members of the House, may avoid the criticism of the CIO or any other labor organization by a failure to act.

The responsibility for the failure to act upon these reorganization plans rests upon the Democratic Party and the leadership of that party, for it has control of the House.

Mr. TABER. Mr. Speaker, may I be heard on the point of order?

The SPEAKER pro tempore. The Chair will be glad to hear the gentleman from New York.

Mr. TABER. Under the established rules of practice of the House, when a special order like that is granted, like that which was granted at the request of the gentleman from Missouri [Mr. CANNON], if those in charge of the bill do not present on any occasion a motion to go into Committee of the Whole, it is in order for the Speaker to recognize other Members for other items that are in order on the calendar. That does not deprive the holder of that special order of the right, when those items are disposed of, to move that the bill be considered further in Committee of the Whole.

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. RICH. If the 21 resolutions that were presented to the House by the President, a great many of which have been considered by the Committee on Expenditures in the Executive Departments—of which the chairman is a member, and which have been acted on by that committee—are not presented to the House before the twenty-fourth of this month, they become law. The general appropriation bill does not necessarily have to be passed until the 30th of June, but it is necessary that the 21 orders of the President be brought before the House so they can be acted on by the twenty-fourth of this month, and it seems to me that they ought to take precedence over any other bill.

The SPEAKER pro tempore. The gentleman has made a statement of fact, not a parliamentary inquiry.

Mr. RANKIN. Mr. Speaker, may I be heard on the point of order?

The SPEAKER pro tempore. The Chair will hear the gentleman.

Mr. RANKIN. I was going to say that if this is of the highest constitutional privilege it comes ahead of the present legislation.

The SPEAKER pro tempore (Mr. McCormack). The Chair is prepared to rule.

The gentleman from Michigan makes a point of order, the substance of which is that the motion he desires to make or that someone else should make in relation to the consideration of a disapproving resolution of one of the reorganization plans takes precedence over the appropriation bill insofar as recognition by the Chair is concerned. The gentleman from Michigan raises a very serious question and the Chair feels at this particular time that it is well that he did so.

The question involved is not a constitutional question but one relating to the rules of the House and to the Legislative Reorganization Act of 1949 which has been alluded to by the gentleman from Michigan and other Members when addressing the Chair on this point of order. The Chair calls attention to the language of paragraph (b) of section 201 of title II of the Reorganization Act of 1949 which reads as follows: "with full recognition of the constitutional right of either House to change such rules so far as relating to procedure in such House at any time in the same manner and to the same extent as in the case of any other rule of such House."

It is very plain from that language that the intent of Congress was to recognize the reservation to each House of certain inherent powers which are necessary for either House to function to meet a particular situation or to carry out its will.

On April 5, the gentleman from Missouri [Mr. CANNON], chairman of the Committee on Appropriations, submitted a unanimous consent request to the House, which was granted, which has the force of a rule, and which relates to the rules of the House governing the consideration of the omnibus appropriation bill while it is before the House and, of course, incidentally affecting other legis-

lation. The consent request submitted by the gentleman from Missouri was "that the general appropriation bill for the fiscal year 1951 have right of way over all other privileged business under the rules until disposition, with the exception of conference reports."

That request was granted by unanimous consent. On the next day the gentleman from Missouri [Mr. CANNON], in correcting and interpreting the consent request granted on April 5, submitted a further unanimous-consent request.

The RECORD shows, on page 4976, April 6, that the gentleman from Missouri [Mr. CANNON] said:

Mr. Speaker, on page 4835 of the RECORD of yesterday, the first column carrying the special order made by the House last night reads that the general appropriation bill shall be a special order privileged above all other business of the House under the rule until disposition. The order made was until final disposition. I ask unanimous consent that the RECORD and JOURNAL be corrected to conform with the proceedings on the floor of the House yesterday.

The RECORD further shows that the Speaker put the request and there was no objection.

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. Let the Chair finish.

Mr. RANKIN. Mr. Speaker, I would like to propound a parliamentary inquiry at this time.

The SPEAKER pro tempore. The Chair is in the process of making a ruling.

Mr. RANKIN. That is the reason I want to propound the inquiry right at this point.

The SPEAKER pro tempore. The Chair recognizes the gentleman.

Mr. RANKIN. We for the first time this year have all the appropriations in one bill. Now, if they drag out consideration under the 5-minute rule beyond the 24th, would that not shut the Congress off entirely from voting on any of these recommendations? So we do have a constitutional right to consider these propositions without having them smothered in this way.

The SPEAKER pro tempore. The Chair will state that the House always has a constitutional right and power to refuse to go into the Committee of the Whole on any motion made by any Member, so that the House is capable of carrying out its will, whatever may be the will of the majority of the House.

Continuing, the Chair will state that in the opinion of the present occupant, in view of the unanimous-consent request made by the gentleman from Missouri and granted by the House, if any member of the Appropriations Committee moves that the House resolve itself into the Committee of the Whole on the State of the Union to consider the appropriation bill, that motion has preference over any other preferential motion. It is a matter that the House decides when the motion is made as to what it wants to do and it has an opportunity when that motion is made to carry out its will.

Mr. MILLER of Nebraska. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MILLER of Nebraska. I understood the statement of the gentleman from Missouri on April 6 was that the appropriation bill would take precedence over all legislation and special orders until entirely disposed of. Does that include conference reports?

The SPEAKER pro tempore. A conference report is in a privileged status in any event.

Mr. TABER. They were specifically exempted.

The SPEAKER pro tempore. They were specifically exempted. In relation to the observation made by the gentleman from Michigan [Mr. HOFFMAN] that because other business has been brought up and that therefore constitutes a violation of the unanimous-consent request, the Chair, recognizing the logic of the argument, disagrees with it because that action was done through the sufferance of the Appropriations Committee and, in the opinion of the Chair, does not constitute a violation in any way; therefore does not obviate the meaning and effect of the unanimous-consent request heretofore entered into, and which the Chair has referred to.

For the reasons stated, the Chair overrules the point of order.

Mr. HOFFMAN of Michigan. Mr. Speaker, a further point of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HOFFMAN of Michigan. The point of order is the same as I raised before; but, to keep the RECORD clear, I wish to make the same point of order regarding House Resolution 522, House Resolution 545, and House Resolution 546, that is, that the House proceed to the consideration of each of those resolutions in the order named, assuming, of course, that the ruling will be the same, but making a record.

The SPEAKER pro tempore. The Chair will reaffirm his ruling in relation to the several resolutions the gentleman has referred to.

Mr. EBERHARTER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. EBERHARTER. I believe I am correct, Mr. Speaker, in stating that since the unanimous-consent request of the gentleman from Missouri [Mr. CANNON] was granted, that the House took up a measure under the new 21-day rule. I would like to know, Mr. Speaker, whether or not that was taken up because of its high privilege or whether it was taken up because of the sufferance of the chairman of the Committee on Appropriations, the gentleman from Missouri [Mr. CANNON].

The SPEAKER pro tempore. The present occupant of the Chair, of course, is unable to look into the mind of the Speaker who was presiding at the time. But from the knowledge that the Chair has, which, of course, is rather close, it was because the chairman of the Committee on Appropriations permitted it to be done through sufferance. In other words, if the chairman of the Committee

on Appropriations had insisted on going into the Committee of the Whole House on the State of the Union, and if the present occupant of the chair had been presiding, there is nothing else that could have been done under the unanimous-consent request, in the Chair's opinion, but to recognize the motion.

Mr. EBERHARTER. A further parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. The gentleman will state it.

Mr. EBERHARTER. As I understand the unanimous-consent request of the gentleman from Missouri, it was that the appropriation bill would take preference over any other matters having a high privilege. My understanding of the new 21-day rule is that that is a matter of the highest privilege, and therefore I am wondering whether the same rule applies.

The SPEAKER pro tempore. The gentleman is correct, but that rule can be changed just like any other rule of the House can be changed.

Mr. EBERHARTER. But the gentleman from Missouri did not insist on all matters having the highest privilege. According to the RECORD, he only made his request with respect to motions having a high privilege.

The SPEAKER pro tempore. The unanimous-consent request, I might advise the gentleman from Pennsylvania, appears in the RECORD of April 6, that the general appropriation bill shall be a special order privileged above all other business of the House under the rule until disposition. The order made was "until final disposition."

Mr. EBERHARTER. I thank the Speaker.

Mr. PRIEST. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. PRIEST. My parliamentary inquiry simply is this, that notwithstanding the question of recognition under the unanimous-consent request ordered by the House at the request of the gentleman from Missouri, the matter of consideration still is in the House, is it not? If the Houses refuses to go into the Committee of the Whole it still is a question for the House to decide; is that not correct?

The SPEAKER pro tempore. Exactly, and the gentleman from Michigan or anyone else making the motion could address the question to the Chair, which question the Chair would then have to pass upon.

CALL OF THE HOUSE

Mr. TABER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. PRIEST. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 156]

Aspinall	Boykin	Case, S. Dak.
Barden	Buckley, N. Y.	Cavalcante
Bates, Ky.	Bulwinkle	Celler
Blatnik	Burdick	Chatham
Bolling	Carlyle	Davenport
Bonner	Carnahan	Davies, N. Y.

Dawson	Hoffman, Ill.	Powell
Deane	Horan	Quinn
Dingell	Kearns	Redden
Douglas	Kunkel	Rhodes
Gavin	Larcade	Roosevelt
Gilmer	Lemke	Sabath
Gore	Linehan	Sadowski
Granahan	McConnell	Scott, Hardie
Grant	McMillen, Ill.	Smathers
Green	Miles	Smith, Ohio
Gwinn	Miller, Calif.	Smith, Va.
Hall	Morgan	Towe
Edwin Arthur	Morris	White, Calif.
Hall	Morrison	White, Idaho
Leonard W.	Nelson	Wickersham
Hare	Nixon	Willis
Hays, Ark.	Patterson	Wolcott
Hébert	Pfeifer	
Hobbs	Joseph L.	

The SPEAKER pro tempore. On this roll call 356 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950

Mr. KEE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7797) to provide foreign economic assistance, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. KEE, RICHARDS, GORDON, VORYS, and Mrs. BOLTON of Ohio.

SPECIAL ORDERS GRANTED

Mr. DAVIS of Georgia asked and was given permission to address the House for 20 minutes on tomorrow, following the legislative program and any special orders heretofore entered.

Mr. MASON asked and was given permission to address the House for 30 minutes on Tuesday next on the present farm problem, following the legislative program and any special orders heretofore entered.

EXTENSION OF REMARKS

Mr. COTTON asked and was given permission to extend his remarks and include an article from the New Hampshire Troubadour.

Mr. KILBURN asked and was given permission to extend his remarks in two instances and include editorials on the St. Lawrence seaway.

Mr. JUDD asked and was given permission to extend his remarks in four instances and in each to include extraneous matter; and further to extend his remarks in two instances and include extraneous matter notwithstanding the fact that they will each exceed two pages of the RECORD and are estimated by the Public Printer to cost \$225.50 in one instance and \$273.34 in the other.

Mr. RODINO asked and was given permission to extend his remarks in two instances and include two editorials.

Mr. HAYS of Ohio asked and was given permission to extend his remarks and include a newspaper article.

Mr. RICH asked and was given permission to extend his remarks and include an article from the Elmira Sunday Telegraph of April 30 entitled "Watches

tion of 1947 was the broadening of the bill of rights in that constitution to include the provision that "no person shall be denied the enjoyment of any civil or military right, nor be discriminated against in the exercise of any civil or military right, nor be segregated in the militia or in the public schools because of religious principles, race, color, ancestry, or national origin." Within the spirit of the mandate in the new constitution of 1947, the New Jersey Legislature, in 1949, acted to strengthen the substantive civil rights of equality in places of public accommodations by combining the administration of these rights with the law against discrimination in employment.

It is not necessary for me to repeat today the success of FEPC in New Jersey. It has been read into the CONGRESSIONAL RECORD by other supporters of this measure and documented in the hearings before a subcommittee of the Senate Committee on Labor and Public Welfare in 1947. I should like to point out, however, that since the passage of FEPC in my State and the subsequent related legislation which followed it, segregation in the public schools and in the National Guard has been eliminated. Negroes are now admitted to privately endowed educational institutions, with no ill effects, despite the fact that some of the institutions have a strong southern tradition. Racial minorities are now free to enter any restaurant, hotel, or place of amusement and are working amicably beside representatives of majority groups in all types of employment.

Moreover, this is happening in a State which, in the southern portion, at least, the portion from which I stem, adhered until very recently to the southern bi-racial pattern. It was accomplished mainly because our citizens have learned to reorient their thinking under a law which brought new hope to large segments of our population. The result was achieved not by imposing extreme penalties, but rather through conciliation, persuasion, conference, and education. The very existence of the New Jersey law has touched off a new sense of Christian brotherhood of man in my State. It has given those who have always believed in a single, first-class citizenship, the encouragement and opportunity to practice their belief.

Just as the interdependence of our economy has justified national wage and hour legislation, so also does it justify Government intervention to save human dignity and equality of economic opportunity. We have heard many arguments against Senate bill 1728, which run all the way from assertions that the Declaration of Independence is self-limiting to the assertion that the enactment of FEPC "would impair and undermine the very foundations of our economic strength." It is said that the bill could not work, and it is threatened that it would be "nullified by concerted violation." The opposition appeals to the Bill of Rights and contends in effect that this bill which would guarantee equality of opportunity would violate the guaranties of freedom of religion, of speech,

of press, and of assembly. Can there be any more basic freedom than freedom from discrimination?

I submit that there is only one real argument against FEPC, and that argument is fear, fear of its effect upon ingrained custom, fear of its influence on patterns of thought, fear of its result upon economic controls. These are sincere fears, but I submit that the record shows they are misplaced fears. America cannot indulge in the luxury of protecting those who fear at a time when we need courage to sustain our self-respect as a Nation in the world at large. The experience in forward-looking States which have tried fair employment practices legislation gives assurance that fear of the consequences of this type of law is unfounded.

It is argued that such a law either could not be administered or would be only partly administered. Sponsors of this legislation certainly have no illusions that it will be perfect in its inception or its administration. Even if it is imperfect in the inception and only partially administered, it will express the public policy of our Nation for equality of economic opportunity.

It is high time that we strike out against economic injustice which threatens the foundations of our economic strength. To deprive a large segment of our population of equality of economic opportunity is to bleed our economic strength. It just does not make sense, as the distinguished majority leader has said, to be concerned with the welfare of the underdeveloped areas and underprivileged peoples over the four corners of the earth and to neglect the very same problems within the borders of our own Nation.

Mr. President, I shall support this proposed legislation.

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948—CONFERENCE REPORT (S. DOC. NO. 168)

Mr. CONNALLY submitted a conference report on the bill (H. R. 7797) to provide foreign economic assistance, which was ordered to lie on the table and to be printed as Senate Document 168.

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Foreign Economic Assistance Act of 1950'."

"TITLE I

"SEC. 101. This title may be cited as the 'Economic Cooperation Act of 1950'."

"FINDINGS AND DECLARATION OF POLICY

"SEC. 102. (a) Section 102 (a) of the Economic Cooperation Act of 1948 is amended by striking out in the fourth sentence thereof 'trade barriers' and inserting in lieu thereof 'barriers to trade or to the free movement

of persons'; and by inserting in the fifth sentence thereof the word 'further' before the word 'unification'."

"(b) Section 102 (b) (1) of such Act is amended by inserting a comma and the phrase 'increased productivity, maximum employment, and freedom from restrictive business practices' after the word 'production'."

"GUARANTIES AND LIBERALIZATION OF TRADE BETWEEN EUROPEAN COUNTRIES

"SEC. 103. (a) Section 111 (b) (3) (ii) of such Act is amended to read as follows:

"(ii) the Administrator shall charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty under clause (1) of subparagraph (v), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (2) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and"

"(b) Section 111 (b) (3) (iv) of such Act is amended to read as follows:

"(iv) as used in this paragraph, the term 'investment' includes (A) any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country, (B) the purchase of a share of ownership in any such enterprise, (C) participation in royalties, earnings, or profits of any such enterprise, and (D) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and"

"(c) Section 111 (b) (3) (v) of such Act is amended to read as follows:

"(v) the guaranty to any person shall be limited to assuring one or both of the following: (1) The transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of expropriation or confiscation by action of the government of a participating country. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, asset, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith."

"(d) Section 111 (b) (3) of such Act is further amended by striking out the words between the second and last provisos therein and inserting in lieu thereof the following: 'It being the intent of the Congress that the guaranty herein authorized should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this Act, the Administrator is authorized to issue guaranties up to a total of \$200,000,000'."

"(e) Section 111 (c) (2) of such Act is amended by striking out '\$150,000,000' and inserting in lieu thereof '\$200,000,000'."

"(f) Section 111 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) The Administrator is authorized to transfer funds directly to any central institution or other organization formed to further the purposes of this Act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the Administrator, in order to facilitate the development of transferability of European currencies, or to promote the liberalization of trade by participating countries with one another and with other countries."

"PROTECTION OF DOMESTIC ECONOMY"

"Sec. 104. (a) Section 112 (a) of such Act is amended by striking out the period at the end thereof and inserting a comma and the following: 'and (3) minimize the burden on the American taxpayer by reducing the amount of dollar purchases by the participating countries to the greatest extent possible, consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery.'

"(b) Subsections (b) and (c) of section 112 of such Act are hereby repealed.

"(c) Section 112 (l) of such Act is amended to read as follows:

"(l) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this subsection does not include the purchase of raw cotton in bales."

"(d) Section 112 of such Act is further amended by adding at the end thereof the following new subsections:

"(m) Notwithstanding any other provision of law, the pricing provisions of section 112 (e) of this title and section 4 of the Act of July 16, 1943 (57 Stat. 566) shall not be applicable to domestic wheat and wheat flour procured under this title or any other Act providing for assistance or relief to foreign countries, supplied to countries which are parties to the International Wheat Agreement of 1949 and credited to their guaranteed purchases thereunder.

"(n) It is the sense of Congress that no participating country shall maintain or impose any import, currency, tax, license, quota, or other similar business restrictions which discriminate against citizens of the United States or any corporation, partnership, or other association substantially beneficially owned by citizens of the United States, engaged or desiring to engage, in furtherance of the purposes of this title, in the importation into such country of any commodity, which restrictions are not reasonably required to meet balance of payments conditions, or requirements of national security, or are not authorized under international agreements to which such country and the United States are parties. In any case where the Department of State determines that any such discriminatory restriction is maintained or imposed by a participating country or by any dependent area of such country, the Administrator shall take such remedial action as he determines will effectively promote the purposes of this subsection (n)."

"AUTHORIZATION OF APPROPRIATIONS"

"Sec. 105. (a) Section 114 (c) of such Act is amended by striking out the period at the end of the first sentence and inserting in lieu thereof a colon and the following: 'Provided further, That in addition to the amount heretofore authorized and appropriated, there is hereby authorized to be appropriated for carrying out the provisions

and accomplishing the purposes of this title not to exceed \$2,700,000,000 for the fiscal year ending June 30, 1951: *Provided further*, That \$600,000,000 of the funds appropriated hereunder shall be available during the fiscal year 1951 solely for the purpose of encouraging and facilitating the operation of a program of liberalized trade and payments, for supporting any central institution or other organization described in subsection (d) of section 111, and for furnishing of assistance to those participating countries taking part in such program: *Provided further*, That not more than \$600,000,000 of such funds shall be available during the fiscal year 1951 for transfer of funds pursuant to subsection (d) of section 111: *Provided further*, That, in addition to the foregoing, any balance, unobligated as of June 30, 1950, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1951, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year."

"(b) The last sentence of section 114 (c) of such Act is amended to read as follows: 'The authorizations in this title are limited to the period ending June 30, 1951.'

"(c) Section 114 of such Act is further amended by adding at the end thereof the following new subsections:

"(h) The President is authorized to transfer to any department or agency any portion of the funds allocated for assistance to Germany from appropriations authorized by subsection (c). This portion may be used for expenses, not otherwise provided for, necessary to meet responsibilities of the United States related to the rehabilitation of occupied areas of Germany, including the furnishing of minimum civilian supplies to prevent starvation, disease, and unrest prejudicial to the objectives of the occupation. This portion may be expended under authority of this subsection or any provisions of law, not inconsistent herewith, applicable to such department or agency and without regard to such provisions of this title as the President may specify as inapplicable.

"(i) As agreed upon by the Secretary of State and the Administrator, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany, or any supplementary or succeeding agreement, shall be deposited into the GARIOA (Government and Relief in Occupied Areas) special account under the terms of article V of the said bilateral agreement. In quantities and under conditions determined by the Secretary of State after consultation with the Administrator, the currency so deposited shall be available for meeting the responsibilities of the United States in the occupation of Germany."

"COUNTERPART FUNDS"

"Sec. 106. (a) Section 115 (b) (6) is amended to read as follows:

"(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis: *Provided*, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not

exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates: *Provided further*, That such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be used in furtherance of any central institution or other organization formed by two or more participating countries to further the purposes set forth in subsection (d) of section 111 or otherwise shall be held or used for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the declaration of policy contained in section 102 and the purposes of this title, including local currency administrative expenditures of the United States within such country incident to operations under this title: *Provided further*, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in section 107 (a): *And provided further*, That any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution by the Congress, be agreed to between such country and the Government of the United States."

"(b) Section 115 (e) of such Act is amended by adding at the end thereof the following new sentence: 'The Administrator shall also encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized.'

"(c) Section 115 of such Act is further amended by adding at the end thereof the following new subsection:

"(j) The Administrator shall utilize such amounts of the local currency allocated pursuant to subsection (h) as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer."

"FAR EASTERN ECONOMIC ASSISTANCE ACT OF 1950"

"Sec. 107. (a) Section 3 (c) of the Far Eastern Economic Assistance Act of 1950 is amended by striking out 'June 30, 1951' and inserting in lieu thereof 'June 30, 1952'.

"(b) Section 3 (d) of such Act is amended by striking out the period at the end and inserting in lieu thereof a comma and the following: 'and \$100,000,000 for the fiscal year ending June 30, 1951.'

"(c) Section 4 of such Act is amended by striking out 'June 30, 1950' and inserting in lieu thereof 'June 30, 1951'.

"TITLE II"

"AID TO CHINA"

"Sec. 201. This title may be cited as the 'China Area Aid Act of 1950'.

"NATURE OF ASSISTANCE"

"Sec. 202. Funds, now unobligated or hereafter released from obligation, appropriated by section 12 of the Act entitled 'An Act to amend the Economic Cooperation Act of 1948,' approved April 19, 1949 (Public Law 47, Eighty-first Congress), are hereby made available for furtherance of the general ob-

jectives of the China Aid Act of 1948 through June 30, 1951, and for carrying out the purposes of that Act through economic assistance in any place in China and in the general area of China which the President deems to be not under Communist control, in such manner and on such terms and conditions as the President may determine, and references in the said Act to China shall, insofar as applicable, apply also to any other such place: *Provided*, That, so long as the President deems it practicable, not less than \$40,000,000 of such funds shall be available only for such assistance in areas in China (including Formosa): *Provided further*, That not more than \$8,000,000 of such funds (excluding the \$40,000,000 mentioned in the foregoing proviso) shall be available for relief on humanitarian grounds through the American Red Cross, or other voluntary relief agencies in any place in China suffering from the effects of natural calamity, under such safeguards as the President shall direct to assure nondiscriminatory distribution according to need and appropriate publicity as to source and scope of the assistance being furnished by the United States: *Provided further*, That not more than \$6,000,000 of such funds (excluding the amounts mentioned in the foregoing provisos), shall be available for allocation to the Secretary of State, to remain available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China for study or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purposes, or for research and related academic and technical activities in the United States, and the Attorney General is hereby authorized and directed to promulgate regulations providing that such selected citizens of China who have been admitted for the purpose of study in the United States, shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization.

"TITLE III

"AID TO PALESTINE REFUGEES

"SEC. 301. This title may be cited as the 'United Nations Palestine Refugee Aid Act of 1950'.

"SEC. 302. The Secretary of State is hereby authorized to make contributions from time to time before July 1, 1951, to the United Nations for the 'United Nations Relief and Works Agency for Palestine Refugees in the Near East', established under the resolution of the General Assembly of the United Nations of December 8, 1949, in amounts not exceeding in the aggregate \$27,450,000, for the purposes set forth in this title.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 303. (a) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed \$27,450,000 to carry out the purposes of this title.

"(b) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (a) of this section, to make advances to the Secretary of State, not to exceed in the aggregate \$8,000,000, to carry out the provisions of this title. From appropriations authorized under subsection (a) of this section, there shall be repaid to the Reconstruction Finance Corporation, without interest, the advances made by it under authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction

Finance Corporation in implementation of this section.

"NATURE OF ASSISTANCE

"SEC. 304. (a) The provisions of sections 301, 302, and 303 of the Act of January 27, 1948 (62 Stat. 6), are hereby made applicable with respect to the United Nations Relief and Works Agency for Palestine Refugees in the Near East to the same extent as they apply with respect to the government of another country: *Provided*, That when reimbursement is made by said Agency, such reimbursement shall be credited to the appropriation, fund, or account utilized for paying the compensation, travel expenses, and allowances of any person assigned hereunder.

"(b) Departments and agencies of the United States Government are authorized, with the approval of the Secretary of State, to furnish or procure and furnish supplies, materials, and services to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided*, That said agency shall make payments in advance for all costs incident to the furnishing or procurement of such supplies, materials, or services, which payments may be credited to the current applicable appropriation or fund of the department or agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

"TITLE IV

"SEC. 401. This title may be cited as the 'Act for International Development'.

"SEC. 402. The Congress hereby finds, as follows:

"(a) The peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples. Such progress can further the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace.

"(b) The efforts of the peoples living in economically underdeveloped areas of the world to realize their full capabilities and to develop the resources of the lands in which they live can be furthered through the cooperative endeavor of all nations to exchange technical knowledge and skills and to encourage the flow of investment capital.

"(c) Technical assistance and capital investment can make maximum contribution to economic development only where there is understanding of the mutual advantages of such assistance and investment and where there is confidence of fair and reasonable treatment and due respect for the legitimate interests of the peoples of the countries to which the assistance is given and in which the investment is made and of the countries from which the assistance and investments are derived. In the case of investment this involves confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will provide adequate wages and working conditions for local labor. It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation; that they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.

"SEC. 403. (a) It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

"(b) It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes, shall take into consideration (1) whether the assistance applied for is an appropriate part of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned; (2) whether any works or facilities which may be projected are actually needed in view of similar facilities existing in the area and are otherwise economically sound; and (3) with respect to projects for which capital is requested, whether private capital is available either in the country or elsewhere upon reasonable terms and in sufficient amounts to finance such projects.

"SEC. 404. (a) In order to accomplish the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, and their related organizations, and by other international organizations, wherever practicable.

"(b) Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations for technical cooperation programs carried on by it and its related organizations which will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis. The President is further authorized to make contributions for technical cooperation programs carried on by the Organization of American States, its related organizations, and by other international organizations.

"(c) Agencies of the United States Government on request of international organizations are authorized, upon approval by the President, to furnish services and such facilities as may be necessary in connection therewith, on an advance of funds or reimbursement basis, for such organizations in connection with their technical cooperation programs. Amounts received as reimbursements from such organizations shall be credited, at the option of the appropriate agency, either to the appropriation, fund, or account utilized in incurring the obligation, or to an appropriate appropriation, fund, or account currently available for the purposes for which expenditures were made.

"SEC. 405. The President is authorized to plan, undertake, administer, and execute bilateral technical cooperation programs carried on by any United States Government agency and, in so doing—

"(a) To coordinate and direct existing and new technical cooperation programs.

"(b) To assist other interested governments in the formulation of programs for the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas.

"(c) To receive, consider, and review reports of joint commissions set up as provided in section 410 of this title.

"(d) To make, within appropriations made available for the purpose, advances and grants in aid of technical cooperation programs to any person, corporation, or other body of persons, or to any foreign government or foreign government agency.

"(e) To make and perform contracts or agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency: *Provided*, That with respect to contracts or agreements which entail commitments for the expenditure of funds appropriated pursuant to the authority of this title, such contracts or agreements, within the limits of appropriations or contract authorizations hereafter made available may, subject to any future action of the Congress, run for not to exceed three years in any one case.

"(f) To provide for printing and binding outside the continental limits of the United States, without regard to section 11 of the act of March 1, 1919 (44 U. S. C. 111).

"(g) To provide for the publication of information made available by the joint commissions referred to in section 410, and from other sources, regarding resources, opportunities for private investment capital, and the need for technical knowledge and skill in each participating country.

"Sec. 406. Agreements made by the United States under the authority of this title with other governments and with international organizations shall be registered with the Secretariat of the United Nations in accordance with the provisions of article 102 of the United Nations Charter.

"Sec. 407. In carrying out the programs authorized in section 405 of this title—

"(a) The participation of private agencies and persons shall be sought to the greatest extent practicable.

"(b) Due regard shall be given, in reviewing requests for assistance, to the possibilities of achieving satisfactory results from such assistance as evidenced by the desire of the country requesting it (1) to take steps necessary to make effective use of the assistance made available, including the encouragement of the flow of productive local and foreign investment capital where needed for development; and (2) to endeavor to facilitate the development of the colonies, possessions, dependencies, and non-self-governing territories administered by such requesting country so that such areas may make adequate contribution to the effectiveness of the assistance requested.

"(c) Assistance shall be made available only where the President determines that the country being assisted—

"(1) Pays a fair share of the cost of the program.

"(2) Provides all necessary information concerning such program and gives the program full publicity.

"(3) Seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that country.

"(4) Endeavors to make effective use of the results of the program.

"(5) Cooperates with other countries participating in the program in the mutual exchange of technical knowledge and skills.

"Sec. 408. The President is authorized to prescribe such rules and regulations as may be necessary and proper to carry out the provisions of this title.

"Sec. 409. The President shall create an advisory board, hereinafter referred to as the "board", which shall advise and consult with the President or such other officer as he may designate to administer the program herein

authorized, with respect to general or basic policy matters arising in connection with operation of the program. The board shall consist of not more than thirteen members to be appointed by the President, one of whom, by and with the advice and consent of the Senate shall be appointed by him as chairman. The members of the board shall be broadly representative of voluntary agencies and other groups interested in the program, including business, labor, agriculture, public health, and education. All members of the board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any agency or instrumentality of the United States) who as such regularly receives compensation for current services. Members of the board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purposes of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses. The President may appoint such committees in special fields of activity as he may determine to be necessary or desirable to effectuate the purposes of this title. The members of such committees shall receive the same compensation as that provided for members of the board.

"Sec. 410. (a) At the request of a foreign country, there may be established a joint commission for economic development to be composed of persons named by the President and persons to be named by the requesting country, and may include representatives of international organizations mutually agreed upon.

"(b) The duties of each such joint commission shall be mutually agreed upon, and may include, among other things, examination of the following:

"(1) The requesting country's requirements with respect to technical assistance.

"(2) The requesting country's resources and potentialities, including mutually advantageous opportunities for utilization of foreign technical knowledge and skills and investment.

"(3) Policies which will remove deterrents to and otherwise encourage the introduction, local development, and application of technical skills and the creation and effective utilization of capital, both domestic and foreign; and the implementation of such policies by appropriate measures on the part of the requesting country and the United States, and of other countries, when appropriate, and after consultation with them.

"(c) Such joint commissions shall prepare studies and reports which they shall transmit to the appropriate authorities of the United States and of the requesting countries. In such reports the joint commissions may include recommendations as to any specific projects which they conclude would contribute to the economic development of the requesting countries.

"(d) The costs of each joint commission shall be borne by the United States and the requesting country in the proportion that may be agreed upon between the President and that country.

"Sec. 411. All or part of United States support for and participation in any technical cooperation program carried on under this title shall be terminated by the President—

"(a) If he determines that such support and participation no longer contribute effectively to the purposes of this title, are contrary to a resolution adopted by the General Assembly of the United Nations that the continuance of such technical cooperation

programs is unnecessary or undesirable, or are not consistent with the foreign policy of the United States.

"(b) If a concurrent resolution of both Houses of the Congress finds such termination is desirable.

"Sec. 412. The President may exercise any power or authority conferred on him by this title through the Secretary of State or through any other officer or employee of the United States Government.

"Sec. 413. In order to carry out the purposes of this title—

"(a) The President shall appoint, by and with the advice and consent of the Senate, a person who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum.

"(b) Officers, employees, agents, and attorneys may be employed for duty within the continental limits of the United States in accordance with the provisions of the civil-service laws and the Classification Act of 1949.

"(c) Persons employed for duty outside the continental limits of the United States and officers and employees of the United States Government assigned for such duty, may receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), as amended, may receive allowances and benefits not in excess of those established thereunder, and may be appointed to any class in the Foreign Service Reserve or Staff in accordance with the provisions of such Act.

"(d) Alien clerks and employees employed for the purpose of performing functions under this title shall be employed in accordance with the provisions of the Foreign Service Act of 1946, as amended.

"(e) Officers and employees of the United States Government may be detailed to offices or positions to which no compensation is attached with any foreign government or foreign government agency or with any international organization: *Provided*, That while so detailed any such person shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits, an officer or employee of the United States Government and of the United States Government agency from which detailed and shall receive therefrom his regular compensation, which shall be reimbursed to such agency from funds available under this title: *Provided further*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

"(f) Experts and consultants or organizations thereof may be employed as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), and individuals so employed may be compensated at a rate not in excess of \$75 per diem.

"(g) Such additional civilian personnel may be employed without regard to subsection (a) of section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as amended, as may be necessary to carry out the policies and purposes of this title.

"Sec. 414. No citizen or resident of the United States, whether or not now in the employ of the Government, may be employed or assigned to duties by the Government under this Act until such individual has been investigated by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State: *Provided, however*, That any present employee of the Government, pending the report as to such employee by the Federal Bureau of Investigation, may be employed or assigned to du-

ties under this Act for the period of three months from the date of its enactment. This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

"Sec. 415. The president shall transmit to the Congress an annual report of operations under this title.

"Sec. 416. (a) In order to carry out the provisions of this title, there shall be made available such funds as are hereafter authorized and appropriated from time to time for the purposes of this title: *Provided, however*, That for the purpose of carrying out the provisions of this title through June 30, 1951, there is hereby authorized to be appropriated a sum not to exceed \$35,000,000, including any sums appropriated to carry on the activities of the Institute of Inter-American Affairs, and technical cooperation programs as defined in section 418 herein under the United States Information and Educational Exchange Act of 1948 (62 Stat. 6). Activities provided for under this title may be prosecuted under such appropriations or under authority granted in appropriation acts to enter into contracts pending enactment of such appropriations. Unobligated balances of such appropriations for any fiscal year may, when so specified in the appropriation act concerned, be carried over to any succeeding fiscal year or years. The President may allocate to any United States Government agency any part of any appropriation available for carrying out the purposes of this title. Such funds shall be available for obligation and expenditure for the purposes of this title in accordance with authority granted hereunder or under authority governing the activities of the Government agencies to which such funds are allocated.

"(b) Nothing in this title is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries, or to any international organization.

"Sec. 417. If any provision of this title or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the title and the applicability of such provision to other circumstances or persons shall not be affected thereby.

"Sec. 418. As used in this title—

"(a) The term 'technical cooperation programs' means programs for the international interchange of technical knowledge and skills designed to contribute to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities may include, but need not be limited to, economic, engineering, medical, educational, agricultural, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources and productive capacities of underdeveloped areas. The term 'technical cooperation programs' does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor pursuant to the Philippine Rehabilitation Act of 1946 (60 Stat. 128), as amended, nor pursuant to the Foreign Assistance Act of 1948 (62 Stat. 137), as amended, nor activities undertaken now or hereafter in the administration of areas occupied by the United States armed forces or in Korea by the Economic Cooperation Administration.

"(b) The term 'United States Government agency' means any department, agency, board, wholly or partly owned corporation or instrumentality, commission, or independent

establishment of the United States Government.

"(c) The term 'international organization' means any intergovernmental organization of which the United States is a member.

"TITLE V

"INTERNATIONAL CHILDREN'S WELFARE WORK

"Sec. 501. (a) There is hereby authorized to be appropriated to the President not to exceed \$15,000,000 for the fiscal year ending June 30, 1951, to enable him to make contributions to the United Nations, or any subordinate body thereof, in such manner and on such terms and conditions as he may deem to be in the interests of the United States, to support permanent arrangements within the United Nations structure for international children's welfare work.

"(b) If at any time during such fiscal year the President deems it to be in the interests of the United States, he is authorized to make contributions, out of any funds appropriated pursuant to the authorization contained in subsection (a), to the International Children's Emergency Fund to carry out the purposes of the International Children's Emergency Fund Assistance Act of 1948 upon such terms and conditions as he may prescribe; but such contributions shall not exceed the limitation provided by section 204 of such Act.

"(c) No additional appropriation shall be made under the authorization contained in such Act of 1948.

"(d) Funds appropriated by the second paragraph of title I of the Foreign Aid Appropriation Act, 1949, shall remain available for the purposes for which appropriated through June 30, 1951."

And the Senate agrees to the same.

That the Senate recede from its amendment to the title of the bill.

TOM CONNALLY,
WALTER F. GEORGE,
ELBERT D. THOMAS,
ALEXANDER WILEY,
H. ALEXANDER SMITH,

Managers on the Part of the Senate.

JOHN KEE,
JAS. P. RICHARDS,
THOMAS S. GORDON,
JOHN M. VORYS,
FRANCES P. BOLTON,

Managers on the Part of the House.

Mr. HOLLAND and Mr. KEM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida is recognized.

REORGANIZATION PLAN NO. 1

Mr. HOLLAND. Mr. President, I wish to give notice, before I make the motion which I intend to make in a few minutes, that Senate Resolution 263, which is a resolution disapproving Reorganization Plan No. 4 of this year, which is the reorganization plan affecting the Department of Agriculture, was reported favorably by the Senate Committee on Expenditures in the Executive Departments several days ago, and is on the calendar.

Mr. President, I am sure that every Senator is thoroughly familiar with the procedure laid down under the terms of the Reorganization Act which was passed last year, under which reorganization proposals in the executive departments, when submitted by the President of the United States, become highly privileged matters and may be called up under procedure quite different from the normal procedure on the floor of the Senate. The procedure which I shall attempt to follow, if the Senate shall agree,

will be, first, to move to take up Senate Resolution 263, which disapproves Reorganization Plan No. 4. Under the provisions of the law, at least, as understood by the junior Senator from Florida, a majority vote would be effective to make the reorganization proposal and the resolution disapproving the plan the pending business of the Senate. Under the law, as the Senator from Florida understands, there would then be effective a period of time of 10 hours, or not to exceed 10 hours, for debate on the measure, which time would be controlled respectively by the proponents and the opponents of the resolution and would be equally divided. The Senator from Florida understands that at any later stage of the proceedings it is entirely proper, under the Reorganization Act, to make a motion to further limit the time of consideration within the 10-hour period.

The Senator from Florida would hope, after making his motion to make the resolution the pending business, to follow, if same were adopted by the Senate with a motion which would suspend or postpone further action upon the resolution until 30 minutes after the convening of the Senate tomorrow.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. HAYDEN. It is my understanding that there is pending a cloture petition which requires a vote at 1 o'clock tomorrow. How can we settle that conflict?

Mr. HOLLAND. The Senator is eminently correct. However, there need not be any conflict, because, as the Senator from Florida understands, if this measure were to come up for consideration at 12:30 tomorrow it would be entirely within the power of the Senate, by its action at that time by a majority vote, to postpone consideration until a fixed hour after the vote on the cloture petition, or immediately thereafter, by limiting the time and determining who should be in control of the time. I will say for the information of the Senate that the matter has been taken up with the majority leader and the minority leader. It has also been taken up with two Members of the Senate who, as members of a Senate committee are understood by the Senator from Florida to be interested in opposing the resolution which disapproves Reorganization Plan No. 4. Those two Senators have said that in their judgment a limitation of 30 minutes to a side would be adequate. The Senator from Florida suggested 1 hour to a side. However, the two Senators, the Senator from Minnesota [Mr. HUMPHREY] and the Senator from Connecticut [Mr. BENTON] responded with the suggestion that 30 minutes be allowed to each side and that 30 minutes would be adequate. That is the understanding of the Senator from Florida. I see the Senator from Minnesota on the floor.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. HOLLAND. I shall be glad to yield if I may do so without losing my right to the floor. With that understanding

I shall be glad to yield for an observation by the Senator from Minnesota.

The PRESIDING OFFICER (Mr. SPARKMAN in the Chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. The Senators from Minnesota and Connecticut were speaking only as two members of the Committee on Expenditures in the Executive Departments. I assume that the Committee on Agriculture is also interested. So far as we are concerned, as two majority members, we felt that it would be adequate time, since we have no particular presentation to make.

Mr. HOLLAND. That was the understanding of the Senator from Florida. The Senator from Florida has mentioned the matter to all members of the Committee on Agriculture whom he knew to be present in the city at the time. He does not understand that any member of the Committee on Agriculture and Forestry wishes to oppose the resolution to disapprove the reorganization plan. If the Senator from Florida misunderstood the situation, of course any Senator who is a member of the Committee on Agriculture and Forestry may call that fact to the attention of the Senate. At least that is the understanding of the Senator from Florida.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. HOLLAND. I shall be glad to yield, provided I do not lose the floor by yielding.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HAYDEN. Will the Senator indicate whether he expects to dispose of this entire matter today, or tomorrow?

Mr. HOLLAND. The Senator from Florida would expect to dispose of the matter tomorrow, preferably at 12:30, if debate could be completed this afternoon. If it could not be completed this afternoon, the Senator from Florida would like to see the matter disposed of immediately after the vote is taken on the cloture petition.

Mr. HAYDEN. Mr. President, it seems to me that the time is running so close that there may be a conflict, which should be avoided.

Mr. HOLLAND. I am glad that the Senator from Arizona made his point with reference to time running close on these matters. Time is running close in two ways. It is running close, first, as between the two privileged matters, to which the Senator has alluded. Those are the cloture matter and the matter which the Senator from Florida expects to bring up. I refer also to the time which is existent during which these resolutions of disapproval of reorganization plans can be effectively considered. As the Senator from Florida understands, the time runs out on next Tuesday. If that be not correct, the Senator from Florida sees on the floor of the Senate the distinguished chairman of the Committee on Expenditures in the Executive Departments, the Senator from Arkansas, and with unanimous consent of the Senate, I should be glad to yield in order that he may comment on that point.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. McCLELLAN. Plans on which action has not been taken by either House to disapprove will go into effect—that is, plans 1 through 21—at midnight on Tuesday next. They will go into effect then unless disapproval by one House or the other has taken place before that time.

I rose to inquire of the Senator whether it is his plan to conclude debate on the resolution this evening and vote on it at 12:30 tomorrow. I have no objection as to the amount of time that may be consumed, because whatever is agreeable to other Senators is satisfactory to me. If that is what the Senator has in mind I call the Senator's attention to the fact that if it is planned to have a vote at 12:30 tomorrow, consideration should be given to the fact that it takes a little time to get a quorum present, and probably very little or no time would be left for debate. That should be borne in mind if it is intended to take a vote at 12:30 tomorrow.

Mr. HOLLAND. I appreciate the suggestion of the Senator from Arkansas. If debate cannot be completed this afternoon, it would be thoroughly agreeable to the Senator from Florida, to have the vote taken immediately after the cloture vote.

Mr. WHERRY. Mr. President, will the Senator permit me to make a parliamentary inquiry?

Mr. HOLLAND. The Senator from Florida would like to say, first, if he may continue for another moment, that four Senators appear as sponsors of this measure, which makes it a little difficult for the Senator from Florida to speak with the certainty with which he should like to speak. The Senator from Kansas [Mr. SCHOEPPFEL], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Minnesota [Mr. THYEL] and the Senator from Florida are joint introducers and sponsors of this resolution. It would be entirely acceptable to the Senator from Florida, as one of the sponsors to complete debate tonight and to postpone action on the resolution until immediately after the taking of the vote on the cloture petition, if that course be agreeable to the Senators who are joint sponsors.

Mr. WHERRY. Mr. President may I make a parliamentary inquiry?

The PRESIDING OFFICER. Does the Senator from Florida yield for that purpose?

Mr. HOLLAND. By unanimous consent I yield for that purpose, if I do not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WHERRY. I ask this question, Mr. President. If the motion to take up this resolution is agreed to, and there is no limitation of debate agreed upon, is it not a fact that the cloture motion will be voted on at 1 o'clock regardless of whether debate on this resolution has been terminated?

The PRESIDING OFFICER. The time for the vote on the cloture petition is set for 1 o'clock, or immediately following a quorum call, which is made at

1 o'clock, assuming the Senate meets at 12 tomorrow.

Mr. WHERRY. Then, taking up this resolution by vote or unanimous consent in no way interferes with or changes the condition under which the cloture vote is to be taken?

The PRESIDING OFFICER. The Senator is correct.

Mr. WHERRY. After the motion to take up the resolution has been made, regardless of a time limitation—and I am in favor of a limitation—it does not change the cloture situation whether the debate has been concluded by 12:30. The motion to consider the resolution can be voted on either before or after the vote on the cloture motion has been had, even though there is no limitation.

Mr. HOLLAND. I thank the Senator from Nebraska. The understanding of the Senator from Florida is in accord with this.

Mr. McCLELLAN. Mr. President, will the Senator yield for a suggestion?

Mr. HOLLAND. Yes.

Mr. McCLELLAN. I make the suggestion, if the resolution is taken up this afternoon, that the Senator from Florida undertake to get a unanimous-consent agreement that 1 hour after the vote on the cloture petition tomorrow we shall vote on the resolution, with the 1 hour's time divided equally between the proponents and the opponents. In that way we would have some time for discussion before the vote is taken. The vote should be taken not later, I should say, than 2:30 tomorrow.

Mr. HOLLAND. I am completely willing to accede to any reasonable request from the Senator from Arkansas. However, I wish to remind him that the Senator from Colorado has already given notice of his intention to call up two other reorganization proposals tomorrow afternoon, and of the further fact that several Members of the Senate have given notice of the necessity for their leaving shortly after the taking of the vote on the cloture petition. Of course, the Senator is aware of the fact that 49 affirmative votes are required for the successful handling of this particular procedure.

Mr. McCLELLAN. Then I suggest we make it 30 minutes after the cloture vote. That will leave 15 minutes on each side for closing the discussion.

Mr. HOLLAND. I think well of that suggestion, and unless there is some better one—

Mr. SCHOEPPFEL. Mr. President, does the Senator from Florida see any objection, if, by the will of the Senate, by a vote tonight, it shall decide to start tomorrow's session at 11 o'clock? In that case there would be no dispute and no difficulty.

Mr. HOLLAND. I am sorry to have to advise the Senator that, as stated by the Presiding Officer just a few moments ago, under the rule the vote will come at no fixed hour on the calendar day, but 1 hour after the convening of the Senate on the calendar day. Unless I am mistaken, that is the situation. That therefore would prevent the handling of the matter in the way the Senator suggested. In other words, if the Senate convenes at 11 o'clock, at least as the rule is

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950

Mr. CONNALLY, from the committee of conference, submitted the following

CONFERENCE REPORT ON THE BILL (H. R. 7797) TO PROVIDE FOREIGN ECONOMIC ASSISTANCE

MAY 18 (legislative day, MARCH 29), 1950.—Ordered to be printed

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Foreign Economic Assistance Act of 1950"*.

TITLE I

SEC. 101. *This title may be cited as the "Economic Cooperation Act of 1950"*.

FINDINGS AND DECLARATION OF POLICY

SEC. 102. (a) Section 102 (a) of the Economic Cooperation Act of 1948, is amended by striking out in the fourth sentence thereof "trade barriers" and inserting in lieu thereof "barriers to trade or to the free movement of persons"; and by inserting in the fifth sentence thereof the word "further" before the word "unification".

(b) Section 102 (b) (1) of such Act is amended by inserting a comma and the phrase "increased productivity, maximum employment, and freedom from restrictive business practices" after the word "production".

GUARANTIES AND LIBERALIZATION OF TRADE BETWEEN EUROPEAN COUNTRIES

SEC. 103. (a) Section 111 (b) (3) (ii) of such Act is amended to read as follows:

"(ii) the Administrator shall charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty under clause (1) of subparagraph (v), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (2) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and".

(b) Section 111 (b) (3) (iv) of such Act is amended to read as follows:

"(iv) as used in this paragraph, the term 'investment' includes (A) any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country, (B) the purchase of a share of ownership in any such enterprise, (C) participation in royalties, earnings, or profits of any such enterprise, and (D) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and".

(c) Section 111 (b) (3) (v) of such Act is amended to read as follows:

"(v) the guaranty to any person shall be limited to assuring one or both of the following: (1) The transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of expropriation or confiscation by action of the government of a participating country. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, asset, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith."

(d) Section 111 (b) (3) of such Act is further amended by striking out the words between the second and last provisos therein and inserting in lieu thereof the following: "It being the intent of the Congress that the guaranty herein authorized should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this Act, the Administrator is authorized to issue guaranties up to a total of \$200,000,000".

(e) Section 111 (c) (2) of such Act is amended by striking out "\$150,000,000" and inserting in lieu thereof "\$200,000,000".

(f) Section 111 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) The Administrator is authorized to transfer funds directly to any central institution or other organization formed to further the purposes of this Act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the Administrator, in order to facilitate the development of transferability of European currencies, or to promote the liberalization of trade by participating countries with one another and with other countries."

PROTECTION OF DOMESTIC ECONOMY

SEC. 104. (a) Section 112 (a) of such Act is amended by striking out the period at the end thereof and inserting a comma and the following: "and (3) minimize the burden on the American taxpayer by reducing the amount of dollar purchases by the participating countries to the greatest extent possible, consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery."

(b) Subsections (b) and (c) of section 112 of such Act are hereby repealed.

(c) Section 112 (l) of such Act is amended to read as follows:

"(l) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this subsection does not include the purchase of raw cotton in bales."

(d) Section 112 of such Act is further amended by adding at the end thereof the following new subsections:

"(m) Notwithstanding any other provision of law, the pricing provisions of section 112 (e) of this title and section 4 of the Act of July 16, 1943 (57 Stat. 566) shall not be applicable to domestic wheat and wheat flour procured under this title or any other Act providing for assistance or relief to foreign countries, supplied to countries which are parties to the International Wheat Agreement of 1949 and credited to their guaranteed purchases thereunder.

"(n) It is the sense of Congress that no participating country shall maintain or impose any import, currency, tax, license, quota, or other similar business restrictions which discriminate against citizens of the United States or any corporation, partnership, or other association substantially beneficially owned by citizens of the United States, engaged or desiring to engage, in furtherance of the purposes of this title, in the importation into such country of any commodity, which restrictions are not reasonably required to meet balance of payments conditions, or requirements of national security, or are not authorized under international agreements to which such country and the United States are parties. In any case where the Department of State determines that any such discriminatory restriction is maintained or imposed by a participating country or by any dependent area of such country, the Administrator shall take such remedial action as he determines will effectively promote the purposes of this subsection (n)."

AUTHORIZATION OF APPROPRIATIONS

SEC. 105. (a) Section 114 (c) of such Act is amended by striking out the period at the end of the first sentence and inserting in lieu thereof a colon and the following: "Provided further, That in addition to the amount heretofore authorized and appropriated, there is hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$2,700,000,000 for the fiscal year ending June 30, 1951: Provided further, That \$600,000,000 of the funds appropriated hereunder shall be available during the fiscal year 1951 solely for the purpose of encouraging and facilitating the operation of a program of liberalized trade and payments, for supporting any central institution or other organization described in subsection (d) of section 111, and for furnishing of assistance to those participating countries taking part in such program: Provided further, That not more than \$600,000,000 of such funds shall be available during the fiscal year 1951 for transfer of funds pursuant to subsection (d) of section 111: Provided further, That, in addition to the foregoing, any balance, unobligated as of June 30, 1950, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1951, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year."

(b) The last sentence of section 114 (c) of such Act is amended to read as follows: "The authorizations in this title are limited to the period ending June 30, 1951."

(c) Section 114 of such Act is further amended by adding at the end thereof the following new subsections:

"(h) The President is authorized to transfer to any department or agency any portion of the funds allocated for assistance to Germany from appropriations authorized by subsection (c). This portion may be used for expenses, not otherwise provided for, necessary to meet responsibilities of the United States related to the rehabilitation of occupied areas of Germany, including the furnishing of minimum civilian supplies to prevent starvation, disease, and unrest prejudicial to the objectives of the occupation. This portion may be expended under authority of this subsection or any provisions of law, not inconsistent herewith, applicable to such department or agency and without regard to such provisions of this title as the President may specify as inapplicable.

"(i) As agreed upon by the Secretary of State and the Administrator, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany, or any supplementary or succeeding agreement, shall be deposited into the GARIOA (Government and Relief in Occupied Areas) special account under the terms of article V of the said bilateral agreement. In quantities and under conditions determined by the Secretary of State after consultation with the Administrator, the currency so deposited shall be available for meeting the responsibilities of the United States in the occupation of Germany."

COUNTERPART FUNDS

SEC. 106. (a) Section 115 (b) (6) is amended to read as follows:

“(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis: Provided, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates: Provided further, That such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be used in furtherance of any central institution or other organization formed by two or more participating countries to further the purposes set forth in subsection (d) of section 111 or otherwise shall be held or used for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the declaration of policy contained in section 102 and the purposes of this title, including local currency administrative expenditures of the United States within such country incident to operations under this title: Provided further, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in section 107 (a): And provided further, That any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution by the Congress, be agreed to between such country and the Government of the United States.”.

(b) Section 115 (e) of such Act is amended by adding at the end thereof the following new sentence: “The Administrator shall also encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized.”

(c) Section 115 of such Act is further amended by adding at the end thereof the following new subsection:

“(j) The Administrator shall utilize such amounts of the local currency allocated pursuant to subsection (h) as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer.”

FAR EASTERN ECONOMIC ASSISTANCE ACT OF 1950

SEC. 107. (a) Section 3 (c) of the Far Eastern Economic Assistance Act of 1950 is amended by striking out "June 30, 1951" and inserting in lieu thereof "June 30, 1952".

(b) Section 3 (d) of such Act is amended by striking out the period at the end and inserting in lieu thereof a comma and the following: "and \$100,000,000 for the fiscal year ending June 30, 1951."

(c) Section 4 of such Act is amended by striking out "June 30, 1950" and inserting in lieu thereof "June 30, 1951".

TITLE II

AID TO CHINA

SEC. 201. This title may be cited as the "China Area Aid Act of 1950".

NATURE OF ASSISTANCE

SEC. 202. Funds, now unobligated or hereafter released from obligation, appropriated by section 12 of the Act entitled "An Act to amend the Economic Cooperation Act of 1948", approved April 19, 1949 (Public Law 47, Eighty-first Congress), are hereby made available for furtherance of the general objectives of the China Aid Act of 1948 through June 30, 1951, and for carrying out the purposes of that Act through economic assistance in any place in China and in the general area of China which the President deems to be not under Communist control, in such manner and on such terms and conditions as the President may determine, and references in the said Act to China shall, insofar as applicable, apply also to any other such place: Provided, That, so long as the President deems it practicable, not less than \$40,000,000 of such funds shall be available only for such assistance in areas in China (including Formosa): Provided further, That not more than \$8,000,000 of such funds (excluding the \$40,000,000 mentioned in the foregoing proviso) shall be available for relief on humanitarian grounds through the American Red Cross, or other voluntary relief agencies in any place in China suffering from the effects of natural calamity, under such safeguards as the President shall direct to assure nondiscriminatory distribution according to need and appropriate publicity as to source and scope of the assistance being furnished by the United States: Provided further, That not more than \$6,000,000 of such funds (excluding the amounts mentioned in the foregoing provisos), shall be available for allocation to the Secretary of State, to remain available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China for study or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purposes, or for research and related academic and technical activities in the United States, and the Attorney General is hereby authorized and directed to promulgate regulations providing that such selected citizens of China who have been admitted for the purpose of study in the United States, shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization.

TITLE III

AID TO PALESTINE REFUGEES

SEC. 301. This title may be cited as the "United Nations Palestine Refugee Aid Act of 1950".

SEC. 302. The Secretary of State is hereby authorized to make contributions from time to time before July 1, 1951, to the United Nations for the "United Nations Relief and Works Agency for Palestine Refugees in the Near East", established under the resolution of the General Assembly of the United Nations of December 8, 1949, in amounts not exceeding in the aggregate \$27,450,000, for the purposes set forth in this title.

AUTHORIZATION OF APPROPRIATIONS

SEC. 303. (a) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed \$27,450,000 to carry out the purposes of this title.

(b) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (a) of this section, to make advances to the Secretary of State, not to exceed in the aggregate \$8,000,000, to carry out the provisions of this title. From appropriations authorized under subsection (a) of this section, there shall be repaid to the Reconstruction Finance Corporation, without interest, the advances made by it under authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this section.

NATURE OF ASSISTANCE

SEC. 304. (a) The provisions of sections 301, 302, and 303 of the Act of January 27, 1948 (62 Stat. 6), are hereby made applicable with respect to the United Nations Relief and Works Agency for Palestine Refugees in the Near East to the same extent as they apply with respect to the government of another country: Provided, That when reimbursement is made by said Agency, such reimbursement shall be credited to the appropriation, fund, or account utilized for paying the compensation, travel expenses, and allowances of any person assigned hereunder.

(b) Departments and agencies of the United States Government are authorized, with the approval of the Secretary of State, to furnish or procure and furnish supplies, materials, and services to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: Provided, That said Agency shall make payments in advance for all costs incident to the furnishing or procurement of such supplies, materials, or services, which payments may be credited to the current applicable appropriation or fund of the department or agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

TITLE IV

SEC. 401. This title may be cited as the "Act for International Development".

SEC. 402. The Congress hereby finds as follows:

(a) The peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples. Such progress can further the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace.

(b) The efforts of the peoples living in economically underdeveloped areas of the world to realize their full capabilities and to develop the resources of the lands in which they live can be furthered through the cooperative endeavor of all nations to exchange technical knowledge and skills and to encourage the flow of investment capital.

(c) Technical assistance and capital investment can make maximum contribution to economic development only where there is understanding of the mutual advantages of such assistance and investment and where there is confidence of fair and reasonable treatment and due respect for the legitimate interests of the peoples of the countries to which the assistance is given and in which the investment is made and of the countries from which the assistance and investments are derived. In the case of investment this involves confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will provide adequate wages and working conditions for local labor. It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation; that they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.

SEC. 403. (a) It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

(b) It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes, shall take into consideration (1) whether the assistance applied for is an appropriate part of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned; (2) whether any works or facilities which may be pro-

jected are actually needed in view of similar facilities existing in the area and are otherwise economically sound; and (3) with respect to projects for which capital is requested, whether private capital is available either in the country or elsewhere upon reasonable terms and in sufficient amounts to finance such projects.

SEC. 404. (a) In order to accomplish the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, and their related organizations, and by other international organizations, wherever practicable.

(b) Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations for technical cooperation programs carried on by it and its related organizations which will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis. The President is further authorized to make contributions for technical cooperation programs carried on by the Organization of American States, its related organizations, and by other international organizations.

(c) Agencies of the United States Government on request of international organizations are authorized, upon approval by the President, to furnish services and such facilities as may be necessary in connection therewith, on an advance of funds or reimbursement basis, for such organizations in connection with their technical cooperation programs. Amounts received as reimbursements from such organizations shall be credited, at the option of the appropriate agency, either to the appropriation, fund, or account utilized in incurring the obligation, or to an appropriate appropriation, fund, or account currently available for the purposes for which expenditures were made.

SEC. 405. The President is authorized to plan, undertake, administer, and execute bilateral technical cooperation programs carried on by any United States Government agency and, in so doing—

(a) To coordinate and direct existing and new technical cooperation programs.

(b) To assist other interested governments in the formulation of programs for the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas.

(c) To receive, consider, and review reports of joint commissions set up as provided in section 410 of this title.

(d) To make, within appropriations made available for the purpose, advances and grants in aid of technical cooperation programs to any person, corporation, or other body of persons, or to any foreign government or foreign government agency.

(e) To make and perform contracts or agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency: Provided, That with respect to contracts or agreements which entail commitments for the expenditure of funds appropriated pursuant to the authority of this title, such contracts or agreements, within the limits of appropriations or contract authorizations hereafter made avail-

able may, subject to any future action of the Congress, run for not to exceed three years in any one case.

(f) To provide for printing and binding outside the continental limits of the United States, without regard to section 11 of the Act of March 1, 1919 (44 U. S. C. 111).

(g) To provide for the publication of information made available by the joint commissions referred to in section 410, and from other sources, regarding resources, opportunities for private investment capital, and the need for technical knowledge and skill in each participating country.

SEC. 406. Agreements made by the United States under the authority of this title with other governments and with international organizations shall be registered with the Secretariat of the United Nations in accordance with the provisions of article 102 of the United Nations Charter.

SEC. 407. In carrying out the programs authorized in section 405 of this title—

(a) The participation of private agencies and persons shall be sought to the greatest extent practicable.

(b) Due regard shall be given, in reviewing requests for assistance, to the possibilities of achieving satisfactory results from such assistance as evidenced by the desire of the country requesting it (1) to take steps necessary to make effective use of the assistance made available, including the encouragement of the flow of productive local and foreign investment capital where needed for development; and (2) to endeavor to facilitate the development of the colonies, possessions, dependencies, and non-self-governing territories administered by such requesting country so that such areas may make adequate contribution to the effectiveness of the assistance requested.

(c) Assistance shall be made available only where the President determines that the country being assisted—

(1) Pays a fair share of the cost of the program.

(2) Provides all necessary information concerning such program and gives the program full publicity.

(3) Seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that country.

(4) Endeavors to make effective use of the results of the program.

(5) Cooperates with other countries participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 408. The President is authorized to prescribe such rules and regulations as may be necessary and proper to carry out the provisions of this title.

SEC. 409. The President shall create an advisory board, hereinafter referred to as the "board", which shall advise and consult with the President or such other officer as he may designate to administer the program herein authorized, with respect to general or basic policy matters arising in connection with operation of the program. The board shall consist of not more than thirteen members to be appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the board shall be broadly representative of voluntary agencies and other groups interested in the program, including business, labor, agriculture, public health, and education. All members of the board shall be citizens of the United States;

none except the chairman shall be an officer or an employee of the United States (including any agency or instrumentality of the United States) who as such regularly receives compensation for current services. Members of the board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purposes of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses. The President may appoint such committees in special fields of activity as he may determine to be necessary or desirable to effectuate the purposes of this title. The members of such committees shall receive the same compensation as that provided for members of the board.

SEC. 410. (a) At the request of a foreign country, there may be established a joint commission for economic development to be composed of persons named by the President and persons to be named by the requesting country, and may include representatives of international organizations mutually agreed upon.

(b) The duties of each such joint commission shall be mutually agreed upon, and may include, among other things, examination of the following:

(1) The requesting country's requirements with respect to technical assistance.

(2) The requesting country's resources and potentialities, including mutually advantageous opportunities for utilization of foreign technical knowledge and skills and investment.

(3) Policies which will remove deterrents to and otherwise encourage the introduction, local development, and application of technical skills and the creation and effective utilization of capital, both domestic and foreign; and the implementation of such policies by appropriate measures on the part of the requesting country and the United States, and of other countries, when appropriate, and after consultation with them.

(c) Such joint commissions shall prepare studies and reports which they shall transmit to the appropriate authorities of the United States and of the requesting countries. In such reports the joint commissions may include recommendations as to any specific projects which they conclude would contribute to the economic development of the requesting countries.

(d) The costs of each joint commission shall be borne by the United States and the requesting country in the proportion that may be agreed upon between the President and that country.

SEC. 411. All or part of United States support for and participation in any technical cooperation program carried on under this title shall be terminated by the President—

(a) If he determines that such support and participation no longer contribute effectively to the purposes of this title, are contrary to a resolution adopted by the General Assembly of the United Nations that the continuance of such technical cooperation programs is unnecessary or undesirable, or are not consistent with the foreign policy of the United States.

(b) If a concurrent resolution of both Houses of the Congress finds such termination is desirable.

SEC. 412. *The President may exercise any power or authority conferred on him by this title through the Secretary of State or through any other officer or employee of the United States Government.*

SEC. 413. *In order to carry out the purposes of this title—*

(a) *The President shall appoint, by and with the advice and consent of the Senate, a person who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum.*

(b) *Officers, employees, agents, and attorneys may be employed for duty within the continental limits of the United States in accordance with the provisions of the civil-service laws and the Classification Act of 1949.*

(c) *Persons employed for duty outside the continental limits of the United States and officers and employees of the United States Government assigned for such duty, may receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), as amended, may receive allowances and benefits not in excess of those established thereunder, and may be appointed to any class in the Foreign Service Reserve or Staff in accordance with the provisions of such Act.*

(d) *Alien clerks and employees employed for the purpose of performing functions under this title shall be employed in accordance with the provisions of the Foreign Service Act of 1946, as amended.*

(e) *Officers and employees of the United States Government may be detailed to offices or positions to which no compensation is attached with any foreign government or foreign government agency or with any international organization: Provided, That while so detailed any such person shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits, an officer or employee of the United States Government and of the United States Government agency from which detailed and shall receive therefrom his regular compensation, which shall be reimbursed to such agency from funds available under this title: Provided further, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.*

(f) *Experts and consultants or organizations thereof may be employed as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), and individuals so employed may be compensated at a rate not in excess of \$75 per diem.*

(g) *Such additional civilian personnel may be employed without regard to subsection (a) of section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as amended, as may be necessary to carry out the policies and purposes of this title.*

SEC. 414. *No citizen or resident of the United States, whether or not now in the employ of the Government, may be employed or assigned to duties by the Government under this Act until such individual has been investigated by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State: Provided, however, That any present employee of the Government, pending the report as to such employee by the Federal Bureau of Investigation, may be employed or assigned to*

duties under this Act for the period of three months from the date of its enactment. This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

SEC. 415. The President shall transmit to the Congress an annual report of operations under this title.

SEC. 416. (a) In order to carry out the provisions of this title, there shall be made available such funds as are hereafter authorized and appropriated from time to time for the purposes of this title: Provided, That for the purpose of carrying out the provisions of this title through June 30, 1951, there is hereby authorized to be appropriated a sum not to exceed \$35,000,000, including any sums appropriated to carry on the activities of the Institute of Inter-American Affairs, and technical cooperation programs as defined in section 418 herein under the United States Information and Educational Exchange Act of 1948 (62 Stat. 6). Activities provided for under this title may be prosecuted under such appropriations or under authority granted in appropriation Acts to enter into contracts pending enactment of such appropriations. Unobligated balances of such appropriations for any fiscal year may, when so specified in the appropriation Act concerned, be carried over to any succeeding fiscal year or years. The President may allocate to any United States Government agency any part of any appropriation available for carrying out the purposes of this title. Such funds shall be available for obligation and expenditure for the purposes of this title in accordance with authority granted hereunder or under authority governing the activities of the Government agencies to which such funds are allocated.

(b) Nothing in this title is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries, or to any international organization.

SEC. 417. If any provision of this title or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the title and the applicability of such provision to other circumstances or persons shall not be affected thereby.

SEC. 418. As used in this title—

(a) The term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities may include, but need not be limited to, economic, engineering, medical, educational, agricultural, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources and productive capacities of underdeveloped areas. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor pursuant to the Philippine Rehabilitation Act of 1946 (60 Stat. 128), as amended, nor pursuant to the Foreign Assistance Act of 1948 (62 Stat. 137), as amended, nor activities undertaken now or hereafter in the administration of areas occupied by the United States armed forces or in Korea by the Economic Cooperation Administration.

(b) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation or instrumentality, commission, or independent establishment of the United States Government.

(c) The term "international organization" means any intergovernmental organization of which the United States is a member.

TITLE V

INTERNATIONAL CHILDREN'S WELFARE WORK

SEC. 501. (a) There is hereby authorized to be appropriated to the President not to exceed \$15,000,000 for the fiscal year ending June 30, 1951, to enable him to make contributions to the United Nations, or any subordinate body thereof, in such manner and on such terms and conditions as he may deem to be in the interests of the United States, to support permanent arrangements within the United Nations structure for international children's welfare work.

(b) If at any time during such fiscal year the President deems it to be in the interests of the United States, he is authorized to make contributions, out of any funds appropriated pursuant to the authorization contained in subsection (a), to the International Children's Emergency Fund to carry out the purposes of the International Children's Emergency Fund Assistance Act of 1948 upon such terms and conditions as he may prescribe; but such contributions shall not exceed the limitation provided by section 204 of such Act.

(c) No additional appropriation shall be made under the authorization contained in such Act of 1948.

(d) Funds appropriated by the second paragraph of title I of the Foreign Aid Appropriation Act, 1949, shall remain available for the purposes for which appropriated through June 30, 1951.

And the Senate agree to the same.

That the Senate recede from its amendment to the title of the bill.

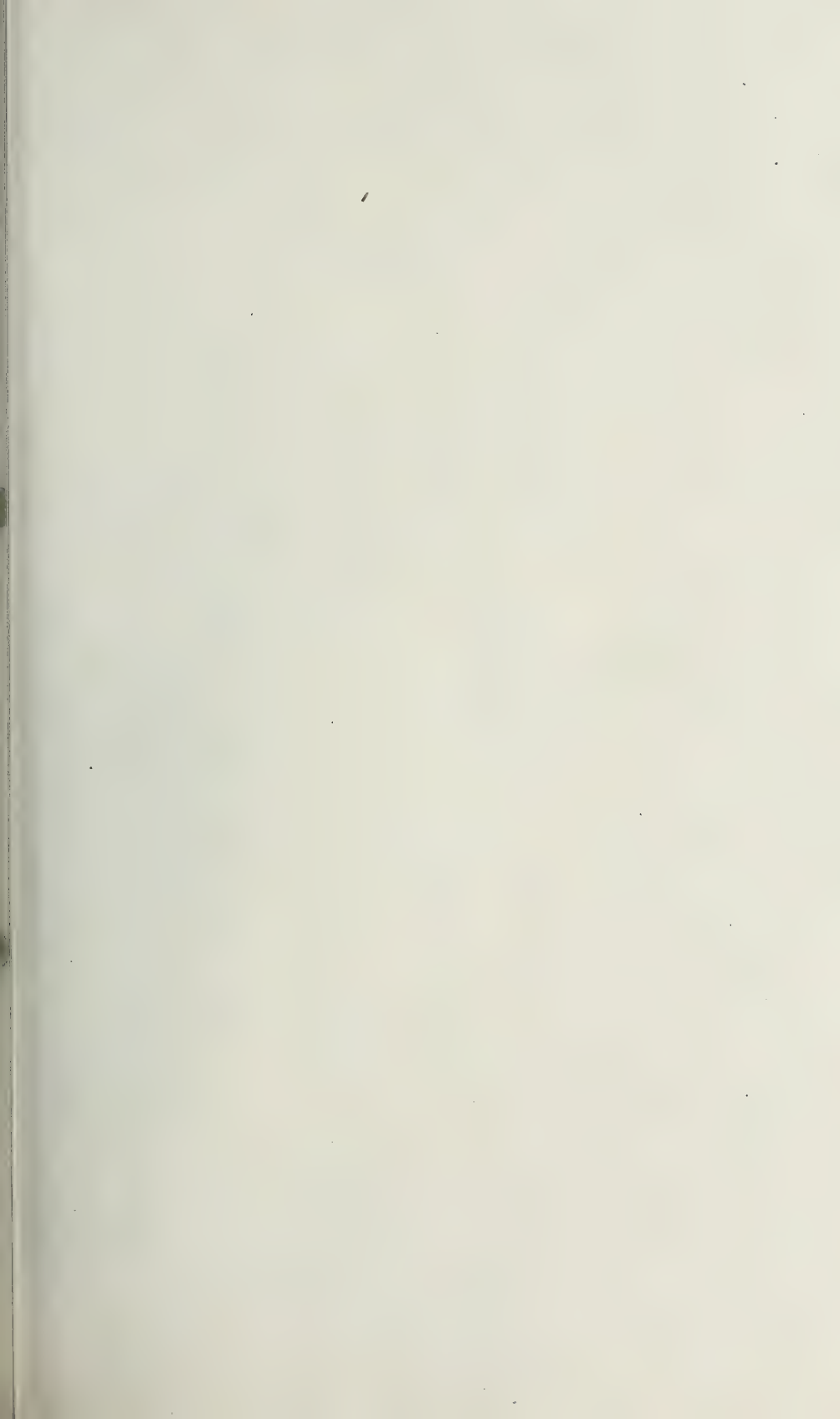
TOM CONNALLY,
WALTER F. GEORGE,
ELBERT D. THOMAS,
ALEXANDER WILEY,
H. ALEXANDER SMITH,

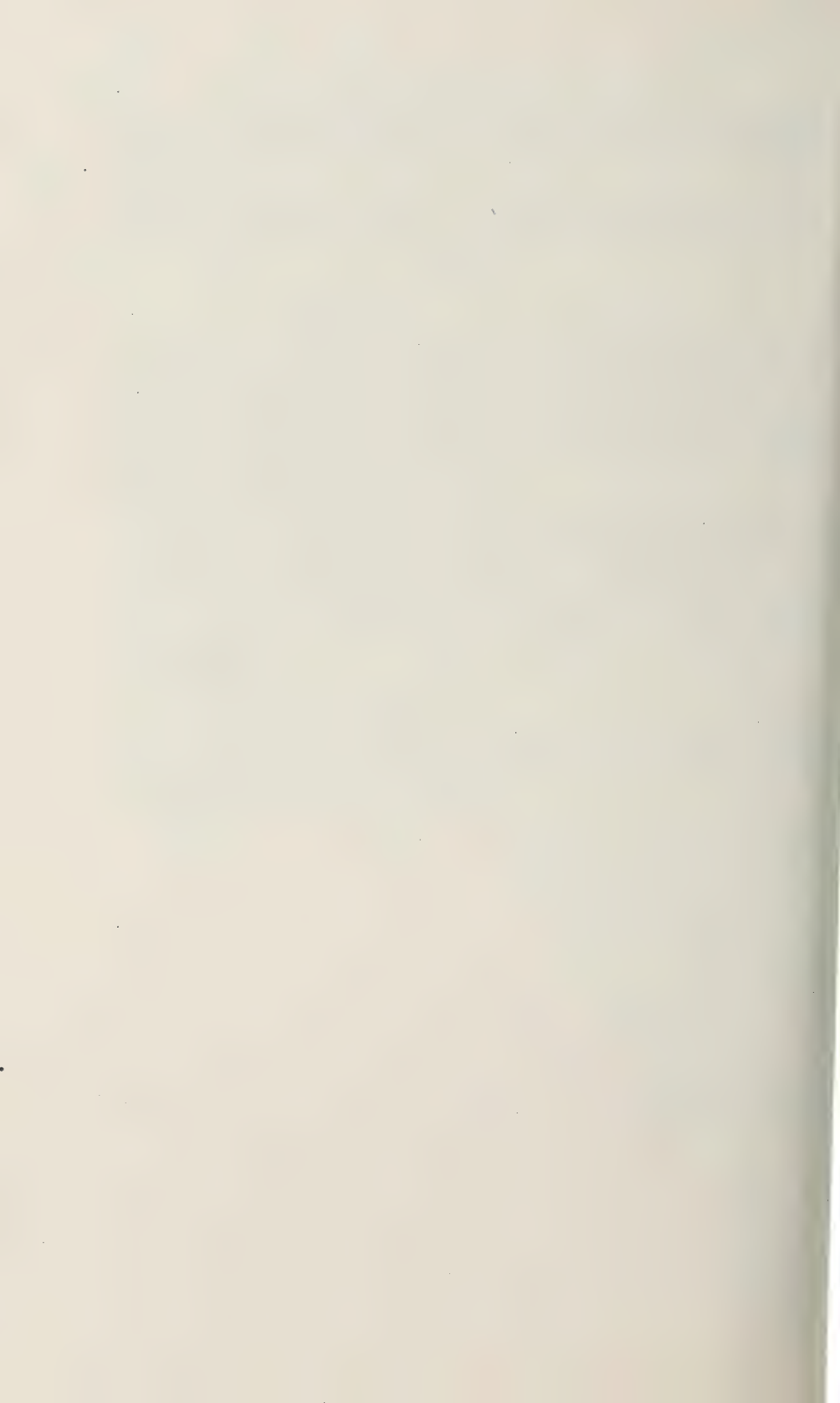
Managers on the Part of the Senate.

JOHN KEE,
JAS. P. RICHARDS,
THOMAS S. GORDON,
JOHN M. VORYS,
FRANCES P. BOLTON,

Managers on the Part of the House.







funds thus procured are utilized in providing adequate roads for motor travel.

During the war, owing to the cessation of road construction except that necessary for the prosecution of the war, we lagged behind in keeping our highways abreast of the needs of the Nation. In fact, the roads have been wearing out faster than replacement by new construction. We could well afford to authorize double the amount carried in this bill, and by so doing we would still lag behind in bringing the highway system of America up to standard and adequate for carrying the highway traffic.

While it is true trucks are using our highways extensively for the transportation of freight, not only between cities but for transcontinental traffic, the trucks are paying their way and are contributing to the Federal Treasury much larger sums than those needed to provide adequate highways for such traffic.

As reported by the committee, section 1 of the bill authorizes the appropriation of \$500,000,000 for each of the fiscal years ending June 30, 1952 and 1953. It divides the amount authorized for each of said fiscal years into three categories, namely, \$225,000,000 for projects on the Federal-aid primary highway system, \$150,000,000 for projects on the Federal-aid secondary highway system, and \$125,000,000 for projects on the Federal-aid highway system in urban areas. It provides that said sums, respectively, for each fiscal year shall be apportioned among the several States in the manner now provided by law and in accordance with the formulas set forth in section 4 of the Federal Aid Highway Act of 1944. However, the provision in section 4 (b) of the Federal Aid Highway Act of 1944, respecting the apportionment of the funds authorized by said act for secondary and feeder roads, requires that the population shown by the Federal census of 1940 shall be used. Since it is possible that population figures from the Federal census of 1950, which is now being taken, may be available by the time the first apportionment under the bill is made, provision has been inserted in section 1 that the census figures used shall be those shown by the latest available Federal census. This change makes the population figures that shall be used in apportioning funds for secondary roads the same as those required by section 4 (c) of the Federal Aid Highway Act of 1944 with respect to the apportionment of the funds therein provided for urban areas—that is, those shown by the latest available Federal census.

In addition to the foregoing, section 2 (a) of the bill would authorize the appropriation of the additional sum of \$70,000,000 for each of the fiscal years 1952 and 1953 for expediting the construction, reconstruction, and improvement of the national system of interstate highways. This is the first instance in which Congress has recognized the national system of interstate highways by authorizing an appropriation for expenditure exclusively on said system. This subsection provides that the sum authorized for each fiscal year shall be apportioned among the States in the ratio which the population of each State

bears to the total population of all the States, as shown by the latest available Federal census, but that no State shall receive less than three-fourths of 1 percent of the sum apportioned for each fiscal year. It further provides that any State may use its apportionment of any funds now or hereafter authorized for expenditure solely on the national system of interstate highways either to finance projects on said system on the regular matching basis, or to increase the Federal payment by one-half of the State's pro rata of the cost of any such project financed on the regular matching basis from Federal primary or urban funds. In other words, in a State in which the Federal pro rata is 50 percent, it would make it possible to finance a project on a 50-50 basis with regular primary or urban funds, and to increase the Federal share above the 50 percent pro rata by as much as one-half of the State's 50 percent.

Subsection (b) of section 2 provides that any State that may issue bonds and use the proceeds thereof for the construction of toll-free facilities in order to accelerate the improvement of the national system of interstate highways may apply any part of its apportionment of the funds now or hereafter authorized for expenditure on said system of highways for retiring the annual maturities of the principal indebtedness of such bonds. However, the facility constructed with the proceeds of such bonds would have to be constructed in accordance with plans and specifications approved in advance by the Commissioner of Public Roads. A further safeguard is provided by requiring that payments to any State pursuant to this subsection shall be made exclusively from the State's apportionments of funds authorized for expenditure on such system of highways, and that the provision for such payments authorized by this subsection shall not be construed as a commitment or obligation on the part of the United States to provide such funds.

The bill also provides for park roads and trails which lie exclusively within federally owned lands, and therefore should be constructed and maintained by the Federal Government.

In the Pacific Northwest, where large stands of marketable timber still exist, there is critical need of the construction and maintenance of adequate forest highways not only to protect the forests, a large percentage of which is owned by the Federal Government, but also to permit the marketing of forest products as the timber becomes ripe and available for marketing.

This bill covers a period of 2 years, which, with the existing authorization remaining 1 year, makes a 3-year period, which is necessary to permit the States to formulate programs and enact the necessary legislation to secure matching funds to meet these requirements. Without an extended period of this kind it would be impossible for the various States of the Union to meet the matching provisions and provide the necessary funds to enable them to carry on a continuous program of road construction.

Mr. Chairman, I feel that this bill is a good bill, one that is in keeping with

program of road construction for the internal development of our Nation which have been carried on for years, and one which is more than self-supporting in that road users provide the funds to meet the payments authorized in the bill. For that reason I am glad to give it my support.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KARSTEN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7941) to amend and supplement the Federal-Aid Road Act, approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes, pursuant to House Resolution 565, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. KEATING. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. KEATING. I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. KEATING moves to recommit H. R. 7941 to the Committee on Public Works with instructions to report the same back forthwith to the House with the following amendment:

On page 1, line 7, strike out "\$500,000,000" and insert "\$400,000,000."

On page 2, line 3, strike out "\$225,000,000" and insert "\$180,000,000."

On page 2, line 5, strike out "\$150,000,000" and insert "\$120,000,000."

On page 2, line 10, strike out "\$125,000,000" and insert "\$100,000,000."

Mr. WHITTINGTON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. KEATING) there were—ayes 24, noes 113.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 140, noes 18.

Mr. TABER. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. The Chair thinks a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 246, nays 34, not voting 152, as follows:

[Roll No. 170]

YEAS—246

Abernethy
Aldonizio
Allen, La.
Andersen,
H. Carl
Andresen,
August H.
Andrews
Angell
Aspinall
Auchincloss
Barrett, Wyo.
Bates, Ky.
Battle
Beall
Beckworth
Bennett, Mich.
Bentsen
Biemiller
Bishop
Blackney
Blatnik
Boggs, Del.
Boggs, La.
Bolling
Bolton, Md.
Bosone
Breen
Brehm
Brooks
Brown, Ga.
Bryson
Buckley, Ill.
Burdick
Burke
Burleson
Burnside
Burns, Wis.
Cannon
Carnahan
Carroll
Chelf
Chiperfield
Christopher
Clemente
Clevenger
Colmer
Combs
Cooper
Corbett
Cox
Crawford
Crook
CROSSER
Cunningham
Curtis
Davis, Tenn.
Davis, Wis.
Delaney
Denton
D'Ewart
Dollinger
Dondero
Donohue
Doughton
Eberhart
Elliott
Ellsworth
Evins
Fallon
Fellows
Flood
Fogarty
Forand
Ford
Fugate
Fulton
Furcolo
Garmatz
Gary
Gathings
Golden
Gordon

Gorski
Gossett
Granger
Grant
Gren
Gregory
Gross
Hagen
Hale
Harden
Hardy
Hare
Harris
Harrison
Havenner
Hays, Ark.
Hays, Ohio
Hedrick
Heffernan
Herlong
Hill
Hoffman, Ill.
Holmes
Hope
Horan
Howell
Huber
Hull
Jackson, Wash.
Javits
Jenkins
Jensen
Johnson
Jonas
Jones, Ala.
Jones, Mo.
Jones, N. C.
Karst
Karsten
Kee
Kelley, Pa.
Kelly, N. Y.
Kerr
Kilday
King
Lane
Lanham
Larcade
Lemke
Lesinski
Lind
Linehan
Lovre
McCarthy
McCormack
McCulloch
McGregor
McGuire
McMillan, S. C.
Mack, Ill.
Mansfield
Marcantonio
Marshall
Marshall
Weichel
Wardell
Wheeler
Whitaker
Whitten
Whittington
Wier
Williams
Willie
Wilson, Ind.
Wilson, Okla.
Wilson, Tex.
Winstead
Withrow
Wolcott
Wolverton
Yates
Young
Zablocki
Zornell

Norton
O'Brien, Ill.
O'Brien, Mich.
O'Hara, Minn.
O'Konski
O'Neill
O'Sullivan
O'Toole
Patman
Patten
Perkins
Peterson
Philbin
Pickett
Peage
Polk
Preston
Price
Priest
Rains
Ramsay
Rankin
Redden
Reed, Ill.
Rees
Regan
Robeson
Rodino
Rogers, Fla.
Rogers, Mass.
Rooney
Sanborn
Sasscer
Saylor
Scrivner
Shelley
Short
Simpson, Ill.
Smith, Kans.
Smith, Va.
Smith, Wis.
Spence
Stanley
Steed
Stefan
Stockman
Sullivan
Sutton
Tackett
Talle
Tauriello
Teague
Thomas
Thornberry
Tollefson
Trimble
Underwood
Van Zandt
Velde
Vinson
Vorys
Vursell
Walter
Weichel
Wardell
Wheeler
Whitaker
Whitten
Whittington
Wier
Williams
Willie
Wilson, Ind.
Wilson, Okla.
Wilson, Tex.
Winstead
Withrow
Wolcott
Wolverton
Yates
Young
Zablocki
Zornell

NAYS—34

Bates, Mass.
Canfield
Cole, N. Y.
Coudert
Dague
Elston
Fenton
Gamble
Gavin
Goodwin
Graham
Heseltun

Hoffman, Mich.
James
Kean
Keating
Kunkel
Latham
LeFevre
Lucas
Nicholson
Reed, N. Y.
Ribicoff
Rich

Sadlak
St. George
Shafer
Simpson, Pa.
Taber
Towe
Wadsworth
Wagner
Wigglesworth
Woodruff

NOT VOTING—152

Abbott
Albert
Allen, Calif.
Allen, Ill.
Anderson, Calif.
Arends
Bailey
Barden
Baring
Barrett, Pa.
Bennett, Fla.
Bolton, Ohio
Bonner
Boykin
Bramblett
Brown, Ohio
Buchanan
Buckley, N. Y.
Bulwinkle
Burton
Byrne, N. Y.
Camp
Carlyle
Case, N. J.
Case, S. Dak.
Cavalcante
Celler
Chatham
Chesney
Chudoff
Cole, Kans.
Cooley
Cotton
Davenport
Davies, N. Y.
Davis, Ga.
Dawson
Deane
DeGraffenried
Dingell
Dolliver
Douglas
Doyle
Durham
Eaton
Engel, Mich.
Engle, Calif.
Feighan
Fernandez
Fisher
Frazier
Gillette
Gilmer

Gore
Granahan
Guill
Gwinn
Hall
Hart
Harvey
Hébert
Heller
Herter
Hinshaw
Hobbs
Hoeven
Holfield
Irving
Jackson, Calif.
Jacobs
Jenison
Jennings
Judd
Kearney
Kearns
Keefe
Kennedy
Keogh
Kilburn
Kirwan
Klein
Krusse
LeCompte
Lichtenwalter
Lodge
Lyle
Lynch
McConnell
McDonough
McGrath
McKinnon
McMillen, Ill.
McSweeney
Mack, Wash.
Macy
Madden
Mágee
Mahon
Martin, Iowa
Morrow
Miles

Miller, Calif.
Monroney
Morgan
Morton
Murphy
Nixon
O'Hara, Ill.
Pace
Passman
Patterson
Pfeifer
Joseph L.
Pfeiffer
William L.
Phillips, Calif.
Phillips, Tenn.
Plumley
Potter
Poulson
Powell
Quinn
Rabaut
Rhodes
Richards
Riehlman
Rivers
Roosevelt
Sabath
Sadowski
Scott, Hardie
Scott
Hugh D., Jr.
Scudder
Secrest
Sheppard
Sikes
Sims
Smathers
Smith, Ohio
Staggers
Stigler
Taylor
Thompson
Walsh
Welch
White, Calif.
White, Idaho
Wickersham
Widnall
Wood
Woodhouse

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Abbott for, with Mr. Riehlman against.
Mr. Mack of Washington for, with Mr. Taylor against.
Mr. Stigler for, with Mr. Jenison against.
Mr. Gilmer for, with Mr. Lodge against.
Mr. Secrest for, with Mr. Cotton against.
Mr. Hébert for, with Mr. Macy against.
Mr. Roosevelt for, with Mr. Herter against.
Mr. Klein for, with Mr. Widnall against.
Mr. Heller for, with Mr. Plumley against.
Mr. Keogh for, with Mr. Eaton against.
Mr. Chatham for, with Mr. Gillette against.

Until further notice:

Mr. Murphy with Mr. Allen of California.
Mr. Feighan with Mr. Arends.
Mr. Sabath with Mr. Brown of Ohio.
Mr. Miller of California with Mr. Jackson of California.
Mr. Morgan with Mr. Allen of Illinois.
Mr. Frazier with Mr. Judd.
Mr. Jacobs with Mr. Kearney.
Mr. McSweeney with Mr. Scudder.
Mr. Irving with Mr. Poulson.
Mr. Hart with Mr. William L. Pfeiffer.
Mr. Granahan with Mr. Dolliver.
Mr. Barrett of Pennsylvania with Mr. Anderson of California.
Mr. Chudoff with Mr. Jennings.
Mr. Cavalcante with Mr. Kearns.
Mr. Rabaut with Mr. Hardie Scott.
Mr. Rhodes with Mr. Hand.
Mr. Joseph L. Pfeiffer with Mr. Halleck.
Mr. Bailey with Mr. Leonard W. Hall.
Mr. Baring with Mrs. Bolton of Ohio.
Mr. Davenport with Mr. Engel of Michigan.
Mr. deGraffenried with Mr. Cole of Kansas.
Mr. Bennett of Florida with Mr. Gwinn.

Mr. Dingell with Mr. Hoeven.
Mr. Buchanan with Mr. Nixon.
Mr. Doyle with Mr. Case of New Jersey.
Mr. Lynch with Mr. Case of South Dakota.
Mr. Davis of Georgia with Mr. Edwin Arthur Hall.
Mr. Engle of California with Mr. Harvey.
Mr. Fisher with Mr. Hinshaw.
Mr. Kruse with Mr. Potter.
Mr. O'Hara of Illinois with Mr. Phillips of Tennessee.
Mr. Sadowski with Mr. Phillips of California.
Mr. Sikes with Mr. Patterson.
Mr. Sims with Mr. Morton.
Mr. Smathers with Mr. Hugh D. Scott, Jr.
Mr. Walsh with Mr. Bramblett.
Mr. Wickersham with Mr. Keefe.
Mr. Wood with Mr. LeCompte.
Mrs. Woodhouse with Mr. McDonough.
Mr. Magee with Mr. Lichtenwalter.
Mr. Madden with Mr. McConnell.
Mr. McKinnon with Mr. Martin of Iowa.
Mr. McGrath with Mr. Merrow.
Mr. Deane with Mr. McMillen of Illinois.
Mr. Burton with Mr. Smith of Ohio.
Mrs. Douglas with Mr. Guill.

Mr. FENTON changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the highway bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

DEFICIENCY APPROPRIATION BILL, 1950

Mr. KERR, from the Committee on Appropriations, reported the bill (H. R. 8567) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes (Rept. No. 2113), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. TABER reserved all points of order on the bill.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1951

Mr. BATES of Kentucky, from the Committee on Appropriations, reported the bill (H. R. 8568) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1951, and for other purposes (Rept. No. 2114), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. STOCKMAN reserved all points of order on the bill.

COMMITTEE ON FOREIGN AFFAIRS

Mr. KEE. Mr. Speaker, on behalf of the Committee on Foreign Affairs, I ask unanimous consent that I may have un-

til midnight tonight to file a conference report and statement on the bill (H. R. 7797) to provide foreign economic assistance.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The conference report and statement follows:

CONFERENCE REPORT (H. REPT. NO. 2117)

Mr. KEE, from the committee of conference, submitted the following conference report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Foreign Economic Assistance Act of 1950.'"

"TITLE I

"SEC. 101. This title may be cited as the 'Economic Cooperation Act of 1950'.

"FINDINGS AND DECLARATION OF POLICY

"SEC. 102. (a) Section 102 (a) of the Economic Cooperation Act of 1948 is amended by striking out in the fourth sentence thereof 'trade barriers' and inserting in lieu thereof 'barriers to trade or to the free movement of persons'; and by inserting in the fifth sentence thereof the word 'further' before the word 'unification'.

"(b) Section 102 (b) (1) of such Act is amended by inserting a comma and the phrase 'increased productivity, maximum employment, and freedom from restrictive business practices' after the word 'production'.

"GUARANTIES AND LIBERALIZATION OF TRADE BETWEEN EUROPEAN COUNTRIES

"SEC. 103. (a) Section 111 (b) (3) (ii) of such Act is amended to read as follows:

"(ii) The Administrator shall charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty under clause (1) of subparagraph (v), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (2) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and".

"(b) Section 111 (b) (3) (iv) of such Act is amended to read as follows:

"(iv) as used in this paragraph, the term "investment" includes (A) any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country, (B) the purchase of a share of ownership in any such enterprise, (C) participation in royalties, earnings, or profits of any such enterprise, and (D) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and".

"(c) Section 111 (b) (3) (v) of such Act is amended to read as follows:

"(v) the guaranty to any person shall be limited to assuring one or both of the following: (1) The transfer into United

States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of expropriation or confiscation by action of the government of a participating country. When any payment is made to any person pursuant to a guaranty, as hereinbefore described, the currency, credits, asset, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith."

"(d) Section 111 (b) (3) of such Act is further amended by striking out the words between the second and last provisos therein and inserting in lieu thereof the following: 'It being the intent of the Congress that the guaranty herein authorized should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this Act, the Administrator is authorized to issue guaranties up to a total of \$200,000,000'.

"(e) Section 111 (c) (2) of such Act is amended by striking out '\$150,000,000' and inserting in lieu thereof '\$200,000,000'.

"(f) Section 111 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) The Administrator is authorized to transfer funds directly to any central institution or other organization formed to further the purposes of this Act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the Administrator, in order to facilitate the development of transferability of European currencies, or to promote the liberalization of trade by participating countries with one another and with other countries."

"PROTECTION OF DOMESTIC ECONOMY

"SEC. 104. (a) Section 112 (a) of such Act is amended by striking out the period at the end thereof and inserting a comma and the following: 'and (3) minimize the burden on the American taxpayer by reducing the amount of dollar purchases by the participating countries to the greatest extent possible, consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery.'

"(b) Subsections (b) and (c) of section 112 of such Act are hereby repealed.

"(c) Section 112 (1) of such Act is amended to read as follows:

"No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this subsection does not include the purchase of raw cotton in bales."

"(d) Section 112 of such Act is further amended by adding at the end thereof the following new subsections:

"(m) Notwithstanding any other provision of law, the pricing provisions of section 112 (e) of this title and section 4 of the Act of July 16, 1943 (57 Stat. 556) shall not be applicable to domestic wheat and wheat flour procured under this title or any other Act providing for assistance or relief to foreign

countries, supplied to countries which are parties to the International Wheat Agreement of 1949 and credited to their guaranteed purchases thereunder.

"(n) It is the sense of Congress that no participating country shall maintain or impose any import, currency, tax, license, quota, or other similar business restrictions which discriminate against citizens of the United States or any corporation, partnership, or other association substantially beneficially owned by citizens of the United States, engaged or desiring to engage, in furtherance of the purposes of this title, in the importation into such country of any commodity, which restrictions are not reasonably required to meet balance of payments conditions, or requirements of national security, or are not authorized under international agreements to which such country and the United States are parties. In any case where the Department of State determines that any such discriminatory restriction is maintained or imposed by a participating country or by any dependent area of such country, the Administrator shall take such remedial action as he determines will effectively promote the purposes of this subsection (n)."

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 105. (a) Section 114 (c) of such Act is amended by striking out the period at the end of the first sentence and inserting in lieu thereof a colon and the following: 'Provided further, That in addition to the amount heretofore authorized and appropriated, there is hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$2,700,000,000 for the fiscal year ending June 30, 1951: Provided further, That \$600,000,000 of the funds appropriated hereunder shall be available during the fiscal year 1951 solely for the purpose of encouraging and facilitating the operation of a program of liberalized trade and payments, for supporting any central institution or other organization described in subsection (d) of section 111, and for furnishing of assistance to those participating countries taking part in such program: Provided further, That not more than \$600,000,000 of such funds shall be available during the fiscal year 1951 for transfer of funds pursuant to subsection (d) of section 111: Provided further, That, in addition to the foregoing, any balance, unobligated as of June 30, 1950, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1951, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year.'

"(b) The last sentence of section 114 (c) of such Act is amended to read as follows: 'The authorizations in this title are limited to the period ending June 30, 1951.'

"(c) Section 114 of such Act is further amended by adding at the end thereof the following new subsections:

"(h) The President is authorized to transfer to any department or agency any portion of the funds allocated for assistance to Germany from appropriations authorized by subsection (c). This portion may be used for expenses, not otherwise provided for, necessary to meet responsibilities of the United States related to the rehabilitation of occupied areas of Germany, including the furnishing of minimum civilian supplies to prevent starvation, disease, and unrest prejudicial to the objectives of the occupation. This portion may be expended under authority of this subsection or any provisions of law, not inconsistent herewith, applicable to such department or agency and without regard to such provisions of this title as the President may specify as inapplicable.

"(i) As agreed upon by the Secretary of State and the Administrator, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany, or any supplementary or succeeding agreement, shall be deposited into the GARIOA (Government and Relief in Occupied Areas) special account under the terms of article V of the said bilateral agreement. In quantities and under conditions determined by the Secretary of State after consultation with the Administrator, the currency so deposited shall be available for meeting the responsibilities of the United States in the occupation of Germany."

"COUNTERPART FUNDS"

"Sec. 106. (a) Section 115 (b) (6) is amended to read as follows:

"(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis: *Provided*, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates: *Provided further*, That such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be used in furtherance of any central institution or other organization formed by two or more participating countries to further the purposes set forth in subsection (d) of section 111 or otherwise shall be held or used for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the declaration of policy contained in section 102 and the purposes of this title, including local currency administrative expenditures of the United States within such country incident to operations under this title: *Provided further*, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in section 107 (a): *And provided further*, That any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution by the Congress, be agreed to between such country and the Government of the United States."

"(b) Section 115 (e) of such Act is amended by adding at the end thereof the following new sentence: 'The Administrator shall also encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized.'

"(c) Section 115 of such Act is further amended by adding at the end thereof the following new subsection:

"(j) The Administrator shall utilize such amounts of the local currency allocated pursuant to subsection (h) as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer."

"FAR EASTERN ECONOMIC ASSISTANCE ACT OF 1950"

"Sec. 107. (a) Section 3 (c) of the Far Eastern Economic Assistance Act of 1950 is amended by striking out 'June 30, 1951' and inserting in lieu thereof 'June 30, 1952'."

"(b) Section 3 (d) of such Act is amended by striking out the period at the end and inserting in lieu thereof a comma and the following: 'and \$100,000,000 for the fiscal year ending June 30, 1951.'

"(c) Section 4 of such Act is amended by striking out 'June 30, 1950' and inserting in lieu thereof 'June 30, 1951'."

"TITLE II"

"AID TO CHINA"

"Sec. 201. This title may be cited as the 'China Area Aid Act of 1950'."

"NATURE OF ASSISTANCE"

"Sec. 202. Funds, now unobligated or hereafter released from obligation, appropriated by section 12 of the Act entitled 'An Act to amend the Economic Cooperation Act of 1948,' approved April 19, 1949 (Public Law 47, Eighty-first Congress), are hereby made available for furtherance of the general objectives of the China Aid Act of 1948 through June 30, 1951, and for carrying out the purposes of that Act through economic assistance in any place in China and in the general area of China which the President deems to be not under Communist control, in such manner and on such terms and conditions as the President may determine, and references in the said Act to China shall, insofar as applicable, apply also to any other such place: *Provided*, That, so long as the President deems it practicable, not less than \$40,000,000 of such funds shall be available only for such assistance in areas in China (including Formosa): *Provided further*, That not more than \$8,000,000 of such funds (excluding the \$40,000,000 mentioned in the foregoing proviso) shall be available for relief on humanitarian grounds through the American Red Cross, or other voluntary relief agencies in any place in China suffering from the effects of natural calamity, under such safeguards as the President shall direct to assure nondiscriminatory distribution according to need and appropriate publicity as to source and scope of the assistance being furnished by the United States: *Provided further*, That not more than \$6,000,000 of such funds (excluding the amounts mentioned in the foregoing provisos), shall be available for allocation to the Secretary of State, to remain available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China for study or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purposes, or for research and related academic and technical activities in the United States, and the Attorney General is hereby authorized and directed to promulgate regulations providing that such selected citizens of China who have been admitted for the purpose of study in the United States, shall be granted permission to accept em-

ployment upon application filed with the Commissioner of Immigration and Naturalization."

"TITLE III"

"AID TO PALESTINE REFUGEES"

"Sec. 301. This title may be cited as the 'United Nations Palestine Refugee Aid Act of 1950'."

"Sec. 302. The Secretary of State is hereby authorized to make contributions from time to time before July 1, 1951, to the United Nations for the 'United Nations Relief and Works Agency for Palestine Refugees in the Near East,' established under the resolution of the General Assembly of the United Nations of December 8, 1949, in amounts not exceeding in the aggregate \$27,450,000, for the purposes set forth in this title."

"AUTHORIZATION OF APPROPRIATIONS"

"Sec. 303. (a) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed \$27,450,000 to carry out the purposes of this title."

"(b) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (a) of this section, to make advances to the Secretary of State, not to exceed in the aggregate \$8,000,000, to carry out the provisions of this title. From appropriations authorized under subsection (a) of this section, there shall be repaid to the Reconstruction Finance Corporation, without interest, the advances made by it under authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this section."

"NATURE OF ASSISTANCE"

"Sec. 304. (a) The provisions of sections 301, 302, and 303 of the Act of January 27, 1948 (62 Stat. 6), are hereby made applicable with respect to the United Nations Relief and Works Agency for Palestine Refugees in the Near East to the same extent as they apply with respect to the government of another country: *Provided*, That when reimbursement is made by said Agency, such reimbursement shall be credited to the appropriation, fund, or account utilized for paying the compensation, travel expenses, and allowances of any person assigned hereunder."

"(b) Departments and agencies of the United States Government are authorized, with the approval of the Secretary of State, to furnish or procure and furnish supplies, materials, and services to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided*, That said agency shall make payments in advance for all costs incident to the furnishing or procurement of such supplies, materials, or services, which payments may be credited to the current applicable appropriation or fund of the department or agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used."

"TITLE IV"

"Sec. 401. This title may be cited as the 'Act for International Development'."

"Sec. 402. The Congress hereby finds as follows:

"(a) The peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples. Such progress can further the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace."

"(b) The efforts of the peoples living in economically underdeveloped areas of the world to realize their full capabilities and to develop the resources of the lands in which they live can be furthered through the cooperative endeavor of all nations to exchange technical knowledge and skills and to encourage the flow of investment capital.

"(c) Technical assistance and capital investment can make maximum contribution to economic development only where there is understanding of the mutual advantages of such assistance and investment and where there is confidence of fair and reasonable treatment and due respect for the legitimate interests of the peoples of the countries to which the assistance is given and in which the investment is made and of the countries from which the assistance and investments are derived. In the case of investment this involves confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will provide adequate wages and working conditions for local labor. It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation; that they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.

"Sec. 403. (a) It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

"(b) It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes, shall take into consideration (1) whether the assistance applied for is an appropriate part of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned; (2) whether any works or facilities which may be projected are actually needed in view of similar facilities existing in the area and are otherwise economically sound; and (3) with respect to projects for which capital is requested, whether private capital is available either in the country or elsewhere upon reasonable terms and in sufficient amounts to finance such projects.

"Sec. 404. (a) In order to accomplish the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, and their related organizations, and by other international organizations, wherever practicable.

"(b) Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations for technical cooperation programs carried

on by it and its related organizations which will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis. The President is further authorized to make contributions for technical cooperation programs carried on by the Organization of American States, its related organizations, and by other international organizations.

"(c) Agencies of the United States Government on request of international organizations are authorized, upon approval by the President, to furnish services and such facilities as may be necessary in connection therewith, on an advance of funds or reimbursement basis, for such organizations in connection with their technical cooperation programs. Amounts received as reimbursements from such organizations shall be credited, at the option of the appropriate agency, either to the appropriation, fund, or account utilized in incurring the obligation, or to an appropriate appropriation, fund, or account currently available for the purposes for which expenditures were made.

"Sec. 405. The President is authorized to plan, undertake, administer, and execute bilateral technical cooperation programs carried on by any United States Government agency and, in so doing—

"(a) To coordinate and direct existing and new technical cooperation programs.

"(b) To assist other interested governments in the formulation of programs for the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas.

"(c) To receive, consider, and review reports of joint commissions set up as provided in section 410 of this title.

"(d) To make, within appropriations made available for the purpose, advances and grants in aid of technical cooperation programs to any person, corporation, or other body of persons, or to any foreign government or foreign government agency.

"(e) To make and perform contracts or agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency: *Provided*, That with respect to contracts or agreements which entail commitments for the expenditure of funds appropriated pursuant to the authority of this title, such contracts or agreements, within the limits of appropriations or contract authorizations hereafter made available may, subject to any further action of the Congress, run for not to exceed three years in any one case.

"(f) To provide for printing and binding outside the continental limits of the United States, without regard to section 11 of the act of March 1, 1919 (44 U. S. C. 111).

"(g) To provide for the publication of information made available by the joint commissions referred to in section 410, and from other sources, regarding resources, opportunities for private investment capital, and the need for technical knowledge and skill in each participating country.

"Sec. 406. Agreements made by the United States under the authority of this title with other governments and with international organizations shall be registered with the Secretariat of the United Nations in accordance with the provisions of article 102 of the United Nations Charter.

"Sec. 407. In carrying out the programs authorized in section 405 of this title—

"(a) The participation of private agencies and persons shall be sought to the greatest extent practicable.

"(b) Due regard shall be given, in reviewing requests for assistance, to the possibilities of achieving satisfactory results from such assistance as evidenced by the desire of

the country requesting it (1) to take steps necessary to make effective use of the assistance made available, including the encouragement of the flow of productive local and foreign investment capital where needed for development; and (2) to endeavor to facilitate the development of the colonies, possessions, dependencies, and non-self-governing territories administered by such requesting country so that such areas may make adequate contribution to the effectiveness of the assistance requested.

"(c) Assistance shall be made available only where the President determines that the country being assisted—

"(1) Pays a fair share of the cost of the program.

"(2) Provides all necessary information concerning such program and gives the program full publicity.

"(3) Seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that country.

"(4) Endeavors to make effective use of the results of the program.

"(5) Cooperates with other countries participating in the program in the mutual exchange of technical knowledge and skills.

"Sec. 408. The President is authorized to prescribe such rules and regulations as may be necessary and proper to carry out the provisions of this title.

"Sec. 409. The President shall create an advisory board, hereinafter referred to as the "board", which shall advise and consult with the President or such other officer as he may designate to administer the program herein authorized, with respect to general or basic policy matters arising in connection with operation of the program. The board shall consist of not more than thirteen members to be appointed by the President, one of whom, by and with the advice and consent of the Senate shall be appointed by him as chairman. The members of the board shall be broadly representative of voluntary agencies and other groups interested in the program, including business, labor, agriculture, public health, and education. All members of the board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any agency or instrumentality of the United States) who as such regularly receives compensation for current services. Members of the board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purposes of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses. The President may appoint such committees in special fields of activity as he may determine to be necessary or desirable to effectuate the purposes of this title. The members of such committees shall receive the same compensation as that provided for members of the board.

"Sec. 410. (a) At the request of a foreign country, there may be established a joint commission for economic development to be composed of persons named by the President and persons to be named by the requesting country, and may include representatives of international organizations mutually agreed upon.

"(b) The duties of each such joint commission shall be mutually agreed upon, and may include, among other things, examination of the following:

"(1) The requesting country's requirements with respect to technical assistance.

"(2) The requesting country's resources and potentialities, including mutually ad-

vantageous opportunities for utilization of foreign technical knowledge and skills and investment.

"(3) Policies which will remove deterrents to and otherwise encourage the introduction, local development, and application of technical skills and the creation and effective utilization of capital, both domestic and foreign; and the implementation of such policies by appropriate measures on the part of the requesting country and the United States, and of other countries, when appropriate, and after consultation with them.

"(c) Such joint commissions shall prepare studies and reports which they shall transmit to the appropriate authorities of the United States and of the requesting countries. In such reports the joint commissions may include recommendations as to any specific projects which they conclude would contribute to the economic development of the requesting countries.

"(d) The costs of each joint commission shall be borne by the United States and the requesting country in the proportion that may be agreed upon between the President and that country.

"SEC. 411. All or part of United States support for and participation in any technical cooperation program carried on under this title shall be terminated by the President—

"(a) If he determines that such support and participation no longer contribute effectively to the purposes of this title, are contrary to a resolution adopted by the General Assembly of the United Nations that the continuance of such technical cooperation programs is unnecessary or undesirable, or are not consistent with the foreign policy of the United States.

"(b) If a concurrent resolution of both Houses of the Congress finds such termination is desirable.

"SEC. 412. The President may exercise any power or authority conferred on him by this title through the Secretary of State or through any other officer or employee of the United States Government.

"SEC. 413. In order to carry out the purposes of this title—

"(a) The President shall appoint, by and with the advice and consent of the Senate, a person who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum.

"(b) Officers, employees, agents, and attorneys may be employed for duty within the continental limits of the United States in accordance with the provisions of the civil-service laws and the Classification Act of 1949.

"(c) Persons employed for duty outside the continental limits of the United States and officers and employees of the United States Government assigned for such duty, may receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), as amended, may receive allowances and benefits not in excess of those established thereunder, and may be appointed to any class in the Foreign Service Reserve or Staff in accordance with the provisions of such Act.

"(d) Alien clerks and employees employed for the purpose of performing functions under this title shall be employed in accordance with the provisions of the Foreign Service Act of 1946, as amended.

"(e) Officers and employees of the United States Government may be detailed to offices or positions to which no compensation is attached with any foreign government or foreign government agency or with any interna-

tional organization: *Provided*, That while so detailed any such person shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits, an officer or employee of the United States Government and of the United States Government agency from which detailed and shall receive therefrom his regular compensation, which shall be reimbursed to such agency from funds available under this title: *Provided further*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

"(f) Experts and consultants or organizations thereof may be employed as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), and individuals so employed may be compensated at a rate not in excess of \$75 per diem.

"(g) Such additional civilian personnel may be employed without regard to subsection (a) of section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as amended, as may be necessary to carry out the policies and purposes of this title.

"SEC. 414. No citizen or resident of the United States, whether or not now in the employ of the Government, may be employed or assigned to duties by the Government under this Act until such individual has been investigated by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State: *Provided, however*, That any present employee of the Government, pending the report as to such employee by the Federal Bureau of Investigation, may be employed or assigned to duties under this Act for the period of three months from the date of its enactment. This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

"SEC. 415. The President shall transmit to the Congress an annual report of operations under this title.

"SEC. 416. (a) In order to carry out the provisions of this title, there shall be made available such funds as are hereafter authorized and appropriated from time to time for the purposes of this title: *Provided, however*, That for the purpose of carrying out the provisions of this title through June 30, 1951, there is hereby authorized to be appropriated a sum not to exceed \$35,000,000, including any sums appropriated to carry on the activities of the Institute of Inter-American Affairs, and technical cooperation programs as defined in section 418 herein under the United States Information and Educational Exchange Act of 1948 (62 Stat. 6). Activities provided for under this title may be prosecuted under such appropriations or under authority granted in appropriation acts to enter into contracts pending enactment of such appropriations. Unobligated balances of such appropriations for any fiscal year may, when so specified in the appropriation act concerned, be carried over to any succeeding fiscal year or years. The President may allocate to any United States Government agency any part of any appropriation available for carrying out the purposes of this title. Such funds shall be available for obligation and expenditure for the purposes of this title in accordance with authority granted hereunder or under authority governing the activities of the Government agencies to which such funds are allocated.

"(b) Nothing in this title is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries, or to any international organization.

"SEC. 417. If any provision of this title or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the title and the applicability of such provision to other circumstances or persons shall not be affected thereby.

"SEC. 418. As used in this title—

"(a) The term 'technical cooperation programs' means programs for the international interchange of technical knowledge and skills designed to contribute to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities may include, but need not be limited to, economic, engineering, medical, educational, agricultural, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources and productive capacities of underdeveloped areas. The term 'technical cooperation programs' does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor pursuant to the Philippine Rehabilitation Act of 1946 (60 Stat. 128), as amended, nor pursuant to the Foreign Assistance Act of 1948 (62 Stat. 137), as amended, nor activities undertaken now or hereafter in the administration of areas occupied by the United States armed forces or in Korea by the Economic Cooperation Administration.

"(b) The term 'United States Government agency' means any department, agency, board, wholly or partly owned corporation or instrumentality, commission, or independent establishment of the United States Government.

"(c) The term 'international organization' means any intergovernmental organization of which the United States is a member.

"TITLE V

"INTERNATIONAL CHILDREN'S WELFARE WORK

"SEC. 501. (a) There is hereby authorized to be appropriated to the President not to exceed \$15,000,000 for the fiscal year ending June 30, 1951, to enable him to make contributions to the United Nations, or any subordinate body thereof, in such manner and on such terms and conditions as he may deem to be in the interests of the United States, to support permanent arrangements within the United Nations structure for international children's welfare work.

"(b) If at any time during such fiscal year the President deems it to be in the interests of the United States, he is authorized to make contributions, out of any funds appropriated pursuant to the authorization contained in subsection (a), to the International Children's Emergency Fund to carry out the purposes of the International Children's Emergency Fund Assistance Act of 1948 upon such terms and conditions as he may prescribe; but such contributions shall not exceed the limitation provided by section 204 of such Act.

"(c) No additional appropriation shall be made under the authorization contained in such Act of 1948.

"(d) Funds appropriated by the second paragraph of title I of the Foreign Aid Appropriation Act, 1949, shall remain available for the purposes for which appropriated through June 30, 1951."

And the Senate agrees to the same.

That the Senate recede from its amendment to the title of the bill.

JOHN KEE,
JAS. P. RICHARDS,
THOMAS S. GORDON,
JOHN M. VORYS,
FRANCES P. BOLTON,

Managers on the Part of the House.

TOM CONNALLY,
WALTER F. GEORGE,
ELBERT D. THOMAS,
ALEXANDER WILEY,
H. ALEXANDER SMITH,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance submit the following statement in explanation of the effect of the action agreed upon by the committee of conference and recommended in the accompanying conference report:

The Senate struck out all of the House bill

after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for differences noted below, and except for clarifying, clerical, and necessary conforming changes, the conference substitute is the same as the House bill.

A point of primary interest concerns the amounts of money involved in the authorizations. These are summarized as follows:

Authorizations	House bill	Senate amendment	Conference agreement
New appropriations and extension of authority to use existing appropriations:			
European recovery program.....	\$2,849,100,000	\$2,849,100,000	\$2,849,100,000
Economic assistance to the Republic of Korea.....	100,000,000	100,000,000	100,000,000
Assistance to China and in the general area of China.....	94,000,000	94,000,000	94,000,000
Assistance to Palestine refugees.....	27,450,000	27,450,000	27,450,000
Technical cooperation program (Point IV).....	15,000,000	35,000,000	25,000,000
International welfare work for children.....		25,000,000	15,000,000
Subtotal.....	3,085,550,000	3,130,550,000	3,110,550,000
Public credit transactions: Additional authorization for investment guaranties in the European recovery program.....	150,000,000		50,000,000
Total appropriations and public credit transactions.....	3,235,550,000	3,130,550,000	3,160,550,000

¹ Including new authorization of \$2,700,000,000 and authorization to use unexpended funds, estimated at the time of consideration of H. R. 7797 in the House at \$149,100,000, from existing appropriations. The carry-over figure is, of course, subject to revision upward or downward in the course of later experience.

² New authorization.

³ Extension of authorization to use existing appropriations. The figure of \$94,000,000 corresponds to estimates at the time of consideration of H. R. 7797 by the House and is subject to revision upward or downward in the course of later experience.

⁴ Representing the authorization in the bill less amounts already authorized for the Institute of Inter-American Affairs and for technical assistance under Public Law 402, 80th Cong.

⁵ Extension of existing authorization for appropriations. The item also includes an extension of authority to use appropriated funds, but this will involve at most an amount which would not appreciably affect the totals in the table.

⁶ New authorization, including the extension of authority to use appropriated funds referred to in note 5.

⁷ Additional to present authorization of \$150,000,000.

Specific substantial differences between the House bill and the Senate amendment and the resolutions thereof in the conference agreement are set forth in order below.

I. THE EUROPEAN RECOVERY PROGRAM

The versions of the two Houses were in agreement as to appropriations to be authorized for the European recovery program. In relation to finance the principal differences concerned the guaranty provisions. Otherwise the committee of conference was concerned mainly with provisions strengthening the purposes and refining administrative standards for the program.

Free movement of persons within Europe: The House bill (sec. 102 (a) (1) added to the findings and declaration of policy (sec. 102 (a)) of the Economic Cooperation Act of 1948, as amended, language to point out the advantages enjoyed by the United States in the absence of "barriers to the free movement of persons" in implicit contrast to western Europe.

The Senate amendment contained no equivalent language.

The provision is retained in the conference agreement (subsec. 102 (a)).

Progress toward unification: The House bill (sec. 102 (a) (1)) amended the declaration of policy in the act (sec. 102 (a)) to state—" * * * the policy of the people of the United States to encourage the economic unification and federation of Europe * * *."

The Senate bill left the phrase as at present—" * * * the policy of the people of the United States to encourage the unification of Europe * * *."

The conference agreement (sec. 102 (a)) keeps the present language but inserts the word "further" before "unification."

The inclusion of the word "further" indicates the recognition by the Congress that what the participating nations have accomplished so far in the direction of unification is by no means all that must be accomplished if the hopes on which the European recovery program is based are to be fulfilled.

The committee of conference was divided as to the desirability of specifying a politi-

cal development as an objective of United States encouragement in connection with a program primarily economic in character.

The Senate members maintained that explicit mention of such an objective in the act might actually retard the development of the unity which is sought. The counter-view, put forth by the House members, was that political steps must accompany and in some instances precede the economic steps necessary to a realization of the objectives of the European recovery program, and that the language of the act should reflect this.

No difference was indicated as to the desirability of the ends which the proposed language would make explicit.

The position of the House of Representatives on the matter in question has been consistent from the beginning. Two years ago, in reporting the original legislation for the Economic Cooperation Administration, the Committee on Foreign Affairs observed:

" * * * It is * * * implicit in the program that at its end lies, not only economic cooperation in the form of customs union and the elimination of trade and economic barriers * * * but also closer political and cultural bonds. * * *"

"Divided and engaged in nationalistic rivalries, the participating countries will find it difficult to sustain their free institutions and independence and to increase their standard of living. * * *"

Again, a year ago, the House sought to amend the act so as to express the purpose of the American people "to encourage the unification and federation of Europe." The words "and federation" were deleted in conference.

The renewed attempt to make the political objectives explicit has resulted only in the introduction of an adjective. What is important, however, is the substance of policy, not the precise content of words.

The necessity of a vastly more energetic and fundamental approach to a solution of the problem of political diversity within western Europe remains part of the irreducible facts. That is even more apparent now than it was 2 years ago when the Committee

on Foreign Affairs made its observation about the integral relationship between economics and politics in the future of western Europe.

In its interim report in 1948 the Organization for European Economic Cooperation expressed the idea:

"Plans to increase supplies within Europe itself and to develop the resources of Europe by more capital investment will only be fully effective if the goods produced can move as freely as possible."

To move as freely as possible means to move without impediment. The removal of impediments to trade within Europe means the creation of a unified market. That requires establishment of political unity. That is the fundamental logic of the situation.

The participating countries have made some progress in removing trade barriers, but they have not approached the situation wherein goods "can move as freely as possible."

In order to encourage the participating countries to take the further steps which are so necessary but which they appear so reluctant to take, the legislation now reported for final action by the House authorizes the channelling of funds into specific measures to liberalize trade. To that end, moreover, is included a provision, which originated in the House, earmarking \$600,000,000 for that precise purpose. The provisions concerned are discussed later in this statement.

It is hoped that such concrete measures will hasten further steps to unshackle trade.

Yet the question still rises whether such steps, if confined to the economic sphere, will be enough.

In a large measure the political state is the essential condition of economic life. Americans learned this in the eighteenth century. The existence of the Federal Republic of the United States is a result of the lesson. Quite apart from trade barriers or deliberate public restrictions on movements of capital and labor between separate countries, the mere existence of a political boundary beyond which one is subject to a different law, a different currency, and a different governmental policy makes international business necessarily more risky than business at home. Economic growth, the making of new economic relations, thus tends to be retarded to the extent that it must cross national boundaries. This has become increasingly true as the economic role of the state has expanded and as the economic significance of national boundaries has so greatly increased.

With its potential strength divided into a large number of compartments, western Europe simply has not been able to muster the strength to participate successfully in the competition supplied by advanced producing areas—notably the United States—which are able to draw on greater volumes and diversity of resources.

It may be argued that effective free trade among sovereign states can be established simply by agreements to refrain from interfering with it. Such agreements can accomplish much in helping marginally to reduce trade barriers. Equally certainly they cannot create for the individual international trader or investor such a feeling of security, such an absence of extraordinary risk, as he has in doing business within his own country, and they cannot make adequate adjustments for differences in standard of living. The freedom of trade necessary for a truly unified market can exist only if such agreements are effectively—and that means politically—enforceable.

The premise behind the relevant language in the House bill was that no political form less authoritative than a federation would be adequate to create a single market and a single monetary system and to guarantee the necessary freedom of movement of goods

or money and of people throughout western Europe.

The failure to include the words at issue in the objectives of encouragement by the United States declared in the act does not abate the necessity before the participating countries of choosing the right course and of taking adequate steps along that course while there is still time.

During the conference a cabled message, sent in response to an inquiry originating in the committee of conference, was received from the Hon. Dean Acheson, Secretary of State. Its gist was that special statutory encouragement of political federation of Europe was not needed to secure the desired objective. While the conference was still in progress, announcement was made of the proposal put forth by M. Robert Schuman, Foreign Minister of France, for economic unity and eventual political federation of Germany with France and Western Europe. The Secretary's message and the announcement of the Schuman proposal influenced the House members of the committee of conference in accepting the more inclusive but less specific words "further unification."

Purposes of the program: The House bill (sec. 102 (a) (2)) added "increased productivity, maximum employment, and freedom from restrictive business practices" to the objectives of the European recovery program stated in the act (sec. 102 (b)).

The Senate amendment contained no equivalent language.

The relevant provision is retained in the conference agreement (sec. 102 (b)).

The sense of the words "maximum employment" in the provision in question was discussed in the committee of conference. It was pointed out that the phrase is included in the declaration of policy of the Employment Act of 1946 (Public Law 304, 79th Cong.). It was pointed out also that "the prevention of unemployment" is stated as an objective in the preamble of the constitution of the International Labor Organization, of which all countries participating in the European recovery program are members, with the sole exception of the Federal Republic of Germany (which is as yet ineligible for membership in international organizations such as the International Labor Organization). Thus the words actually introduce no novelty into the area of economic policy concerned in the European recovery program. The phrase is not an endorsement of any such theory or policy or national economic planning as might be contrary to the objective of unification as expressed in the act.

Fees in connection with investment guaranties: The conference agreement (sec. 103 (a)) modifies the language in the act (sec. 111 (b) (3) (ii)) authorizing a fee not to exceed 1 percent per annum of the amount of a guaranty issued by the Administrator under authority of the act. The charging of a fee is made mandatory. The 1 percent maximum is retained for guaranties of convertibility of earnings on such investments. For coverage of types of risk not heretofore included within the authorization in the act—guaranties against confiscation or expropriation by a participating country—the maximum is set at 4 percent per annum on the amount of the guaranty.

Neither the House bill nor the Senate amendment included the provision discussed above. It was added as an integral part of the agreement covering the new type of guaranties. (The new type of guaranty is further discussed two topics below under the heading "Scope of guaranties.")

It is not to be understood that either maximum is to be standard for either type of coverage. The language permits the Administrator to vary the charge in accord with the degree of risk assumed and the nature of the investment.

Definition of investments with respect to guaranty provisions: The House bill (sec. 102

(b) (1) (i)) altered the meaning of "investment" as related to the guaranties which the act (in sec. 111 (b) (3) (iv)) authorizes the Administrator to make. It eliminated the words defining "investment" to include "the furnishing of capital goods, items, and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950." It substituted language defining "investment" to mean "contribution of capital goods; materials, equipment, services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country and approved by the Administrator as in furtherance of the purposes of this Act, the purchase of a share of ownership in any such enterprise, or participation in royalties, earnings, or profits of any such enterprise."

The Senate version (sec. 103) kept the language of the existing act save for striking out the date "June 30, 1950," and substituting the phrase "after the end of the fiscal year in which the guaranty of such investment is made."

The conference agreement includes the essentials of both versions (sec. 103 (b)).

The language thus picked up from the Senate amendment insures the continuation of the authority granted last year to the Economic Cooperation Administration to make guaranties in connection with long-term contracts for the furnishing of capital-goods items and related services where delivery and payment are not to be completed prior to the end of the fiscal year in which the guaranty is made. The Economic Cooperation Administration anticipates that all such payments falling due before June 30, 1952, will be met from appropriated funds to the extent such funds are determined by the Administrator to be available for the purpose. To the extent such funds are not available, and for payments falling due after June 30, 1952, guaranties invoked would be paid from the public-debt funds provided for the purpose. If payment is made on a claim arising under a guaranty, the local currency involved will become the property of the United States, and will be used or converted in accordance with arrangements to be negotiated with the government of the participating country concerned.

Scope of guaranties: The House bill (sec. 102 (b) (1) (ii)) broadened the scope of guaranties which the act (sec. 111 (b) (3) (v)) authorizes the Administrator to make. To the present guaranty of convertibility of earnings on approved projects, it added in the following words a guaranty covering losses due to circumstances beyond the scope or normal business risk " * * * the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of one or more of the following causes: (a) Seizure, confiscation, or destruction by any government; (b) destruction by revolution or war; (c) any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued. * * *"

The Senate amendment did not add to existing authorized coverage.

The conference agreement (sec. 103 (c)) adds to the present authorized coverage the following: " * * * the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of expropriation of confiscation by action of the government of a participating country. * * *"

The difference regarding scope of guaranties was argued more exhaustively than any

other issue in the conference. The compromise language, noted above, was offered from the Senate side. The provision falls considerably short of what the House has sought for two successive years. It does not embrace the risks of war and political violence which would be included under the House proposal. The language accepted, however, represents broadest extension of the guaranty obtainable within the limits of the will of the committee of conference.

The provision is so written as to provide an option between the type of coverage available under the act at present and the coverage to be made available when this bill becomes law. Either type or both types may be contained in a particular guaranty.

The Administrator's authority is not mandatory in any sense. The new type of coverage is made available and optional. It will embrace acts of confiscation or expropriation by the government of a participating country at any time during the period of the guaranty.

The term "participating country" is understood to be a geographical identification; by that is meant that the country concerned must be one participating in the program during the life of the program. The term thus applies to a successor government or governing authority. Since the period of guaranties will outrun by several years the period of the program, it is necessary to make this distinction. It should be understood also that the expression "participating country" continues to include not only its metropolitan area but also subordinate or colonial areas.

Limit on total amount of guaranties: The House bill (sec. 102 (b) (1) (iii)) raised from \$150,000,000 to \$300,000,000 the total amount of guaranties which the act (sec. 111 (b) (3)) would authorize the Administrator to extend. It added an expression of the intent of the Congress " * * * that the guaranty * * * should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this act * * *."

The Senate amendment contained no equivalent provision.

The conference agreement (sec. 103 (d)) makes the figure \$200,000,000. It retains the expression regarding maximum use of the guaranty.

Public credit transactions: Reflecting the proposals previously noted with respect to raising the ceiling on guaranties, the House bill (sec. 102 (b) (2)) sought to raise by \$150,000,000 the public credit transactions authorized by the act (sec. 111 (c) (2)).

The Senate amendment contained no equivalent provision.

The conference agreement (sec. 103 (e)) limits the increase to \$50,000,000 above the present authorization.

Use of authorized funds to promote liberalization of trade among participants: The House bill (sec. 102 (b) (3)) amended the act (sec. 111) so as to authorize transfer of funds to, or in support of, institutions set up by participating countries to liberalize trading arrangements. Such funds would be used on terms set by the Administrator and designed to promote multilateral European trade.

The Senate amendment (sec. 102) contained a provision similar in general purpose to the above.

The conference agreement (sec. 103 (f)) follows the relevant language of the Senate version.

The principal effect of the agreement in this respect is to eliminate from the text the following part of the House provision:

"The Administrator shall apply the terms set forth in paragraph (1) of subsection (c) of section 111 and paragraph (6) of subsection (b) of section 115 with respect to funds transferred * * * to the extent that such funds are not made repayable to any

central institution or other organization described * * * above. With respect to such funds transferred * * * as may be repayable to such institution or organization the Administrator may establish such other terms and conditions as he may find appropriate in the circumstances after consultation with the National Advisory Council on International Monetary and Financial Problems." In the light of assurances from the Economic Cooperation Administration that the above would be complied with fully in the execution of the new authority, the House members of the committee of conference agreed to the striking out of the above language.

Minimizing of requirements: The Senate version (sec. 104 (a)) added to the act (sec. 112) an instruction to the Administrator so to conduct procurement as to " * * * minimize the burden of the European recovery program on the American taxpayer by reducing the amount of dollar purchases by the participating countries to the greatest extent possible, consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery."

The House bill contained no equivalent language.

With minor rhetorical changes, the provision is included in the conference agreement (sec. 104 (a)). It was the understanding in the committee of conference that the language thus included should not be interpreted in such a way as to prejudice such efforts as those now being made by the Government of the United States to obtain, on behalf of petroleum produced by American companies, equitable treatment in foreign markets consistent with the balance-of-payment needs of the participating countries concerned. (This problem is referred to again three topics below, under the heading "discriminatory trade practices.")

Petroleum supplies: The House bill (sec. 102 (c) (1)) deleted from the act (sec. 112 (b)) an instruction to the Administrator to base petroleum procurement and development policies on "the present and anticipated world shortage of petroleum."

The Senate version contained no such repealer.

The conference agreement (sec. 104 (b)) conforms to the House version, as is appropriate in view of the change in circumstances since the original enactment.

Required apportionment of procurement between wheat and wheat flour: The House bill (sec. 102 (c) (1)) repealed a requirement in the act (sec. 112 (c)) that at least 12½ percent of all wheat procured in the United States for the European recovery program and financed by grant must be in the form of flour.

The Senate amendment contained no equivalent repealer.

The conference agreement (sec. 104 (b)) conforms to the House version.

The relevant provision of the act involves the principle of maximum return. That is the principle reflected in the language added by section 104 (a) of the conference agreement, discussed two topics above under the heading "Minimizing of requirements." In view of the addition of the new instruction to the Administrator to minimize the impact on the American taxpayer, the retention of the flour requirement would be anomalous.

The requirement in question has also affected adversely the interests of the American wheat producer. The European countries have their own milling facilities. They prefer to mill their own flour because it is less expensive that way, because they usually mill more of the husk than American millers do, and because they get the byproducts that way. Accordingly, they tend to prefer to use free dollars for wheat and get it from competing sources. The American wheat producer thus incurs a disadvantage in the European market.

Discriminatory trade practices: The Senate bill (sec. 104 (b)) added to the act (sec. 112) an expression of the sense of the Congress that no participating country should " * * * maintain or impose any import, currency, tax, license, quota, or other similar business restrictions which discriminate against citizens of the United States or any corporation, partnership, or other association substantially beneficially owned by citizens of the United States, engaged or desiring to engage, in furtherance of the purposes of this title, in the importation into such country of any commodity, which restrictions are not reasonably required to meet balance of payments conditions, or requirements of national security, or are not authorized under international agreements to which such country and the United States are parties."

The House bill contained no equivalent language.

The relevant provision is included in the conference agreement (sec. 104 (e)). To it has been added, at the instance of the House managers, an instruction to the Administrator to take appropriate action within his powers in any case of such discrimination as found by the Department of State.

The language concerned was originated with the intention of strengthening the position of the United States Government to obtain, on behalf of petroleum produced by American companies, equitable treatment in foreign markets consistent with balance-of-payments needs of the participating countries concerned.

As was brought out in the committee of conference, the language may also serve in relation to such situations as that alleged by certain American complainants in French Morocco. Without prejudging the merits of any such complaint, the language is intended to emphasize the desirability of proper defense of the rights of United States nationals wherever actual violations are demonstrated. It does not disturb the primary responsibility of the Department of State as the principal agent for the defense of American rights in such instances. The matter of the Morocco complaints and of the action of the committee of conference in relation thereto is discussed again at a later point in this report.

Wheat and wheat-flour prices: The House bill (sec. 102 (c) (4)) amended the act (sec. 112) to apply the price provisions of the International Wheat Agreement of 1949 to wheat and wheat flour procured from program funds for transfer to countries party to the agreement and credited to their guaranteed purchases thereunder.

The Senate version contained no equivalent language.

The substance of the House provision is retained in the conference agreement (sec. 104 (d)). The text has been modified to conform to that used in the International Wheat Agreement Act of 1949 (Public Law 421, 81st Cong.), and to make the price policy concerned applicable to wheat and wheat-flour procurement for all foreign assistance and foreign relief programs. This price policy applies to purchases from private sources as well as from public sources.

Procurement of baled cotton: The Senate version (sec. 104 (c)) sought to add to that part of the act (sec. 112 (1)) dealing with purchases of agricultural surpluses a statement that "A bulk purchase * * * does not include the purchase of commodities customarily sold in containers or packaged form."

The House bill contained no such provision.

The relevant language of the Senate version is included in the conference agreement (sec. 104 (c)) modified to confine its application, however, to the procurement of raw cotton in bales. The provision is not intended to warrant any relaxation of the policy of the Economic Cooperation Administration to insure that program funds are prudently expended to procure commodities

at prices not higher than United States market prices.

In the review of the procurement policies of the Economic Cooperation Administration in the committee of conference, it was pointed out that under the first regulation of the Administration, issued May 15, 1948, suppliers were required to certify that the contract price "does not exceed the established or market price, which ever is lower, for the commodities current at the time the contract became binding."

In the first appropriation bill providing European recovery program funds the House sought to ban the purchase of commodities for the program at prices higher than those prevailing in the United States. The language was stricken by the Senate because it was considered unworkable. However, the Senate Committee on Appropriations expressed its sympathy with the intent of the provision, and included in its report (S. Rept. 1626, 80th Cong.) a statement that "no funds made available under this act should be used to purchase commodities, except under limited special circumstances, at more than the current market price in the United States at the time of the purchase, making adjustments for differences in the cost of transportation to destination, quality, and terms of payment. Some deviations from this general price policy will normally occur in the ordinary course of business. However, the Administrator is expected to limit strictly material deviations from this general price policy."

In conference at that time the substance of the House provision was restored as section 202 of the Foreign Aid Appropriation Act, 1949 (Public Law 793, 80th Cong.). This provision was added to the Economic Cooperation Act of 1948 as section 112 (e) by Public Law 47, Eighty-first Congress.

The committee of conference was advised of, and approved, the Administrator's position that he should follow the policy of insuring so far as practicable that procurement financed by Economic Cooperation Administration funds is made at prices not in excess of the current United States market price, with the qualifications concerning cost of transportation to destination, quality, and terms of payment.

Limitations with respect to use of funds: The House bill (sec. 102 (d) (1) (i)) set aside for purposes related to the liberalization of trade, including transfer to institutions set up by participating countries to liberalize trading arrangements, \$600,000,000 of the authorized appropriations for the fiscal year 1951.

The Senate amendment (sec. 102) set a \$600,000,000 limit on the money authorized to be transferred to such institutions.

The conference agreement (sec. 105 (a)) includes the essentials of both of the above as provisos to the authorization for appropriations in the act (sec. 114 (c)).

Use of counterpart funds: The House bill (sec. 102 (e) (1)) amended the act (sec. 115 (b) (6)) with regard to permissible uses of local currency funds which a participating country is required by its bilateral agreement to deposit in amounts equivalent to assistance received in the form of grants. The effect of the change would be (a) to permit the use thereof in furtherance of any central institution or other device formed by two or more participating countries for purposes of liberalizing trade and (b) to remove with respect to such use the restriction that such funds be used within the country concerned.

The Senate version (sec. 106) sought similar ends by adding to the act (sec. 115) an expression of " * * * the sense of the Congress that as much as possible of the local currency deposited * * * after June 30, 1950, shall be held or used within such country for such * * * purposes set out * * * (facilitating the development of transferability of European currencies or promoting the liberalization of

trade * * *) or otherwise consistent with the declaration of policy * * * of this act, as may be agreed to by such country, by the Administrator, and, if the Administrator so designates, by any central institution or organization formed to further the purposes of this act by two or more participating countries."

The conference agreement (sec. 106 (a)) is generally in keeping with the House version. The language is modified so as to remove almost entirely the existing restriction confining the use of such funds to the area of the depositing country. Under the language they may be used beyond the confines of such country not only in furtherance of trade-liberalizing devices (as in the House version) but also for any purpose of the act. The restriction is maintained only in relation to the portion reserved for the United States for local currency expenses.

The relaxation of the restriction is consistent with, and conducive to, the wider use of counterpart funds in developing in the participating countries a pattern of freer trade with one another and with other countries. In the view of the committee of conference this step is in the spirit of the Senate expression in the Senate version that "as much as possible" of the counterpart funds should be used to promote the liberalization of trade.

Treaty compliance: The Senate version (sec. 106) sought to add to the act (sec. 115) a provision forbidding the expenditure of counterpart funds by any country having a dependent area which fails to comply with treaty obligations to the United States. The Senate version (sec. 107) also sought to add a provision to the act stating—"The terms of any treaty to which the United States and any participating country are parties shall remain in full force and effect until superseded by a new treaty ratified by the Senate unless, prior thereto, it expires by its own terms."

The House version contained no such provisions.

The conference agreement omits them.

The relevant provision of the Senate version was designed to deal with a situation in Morocco, where a number of Americans have complained of alleged discriminatory acts of local officials against United States nationals engaged in business. This topic was discussed briefly above in connection with the language pertaining to discriminatory trade practices. As noted, the language of the Senate version, strengthened at the instance of the House members of the committee of conference, has been included in the conference agreement.

The committee of conference took note of a reassuring letter of May 5, 1950, from Administrator Hoffman to the Honorable TOM CONNALLY, chairman of the Committee on Foreign Relations of the Senate, which letter is quoted. (The "amendment" referred to in the letter is the above-discussed amendment in the form prior to the addition of strengthening language in the committee of conference):

"An amendment has been proposed to * * * which would prohibit release of counterpart funds to any country so long as there exists a violation of a treaty between the United States and a dependent area of that country.

"This amendment is aimed at alleged discriminations against American businessmen in Morocco. A similar amendment was carefully considered by the Foreign Relations Committee, which decided that it was not necessary in view of arrangements made with the French Government to deal with this situation by the Department of State, the Department of Commerce, and ECA. These arrangements have been operative since December 31, 1949. They provide a consulta-

tive machinery in which American consular representatives can take part in the consideration of actions of the local French authorities in Morocco with respect to the granting of import and exchange licenses in circumstances where discrimination against American traders in the area is claimed to exist. If such local consultation does not satisfactorily take care of any particular complaint, the matter can be raised on a diplomatic level with the French Foreign Office and this has, in fact, been done when it appeared necessary. ECA is of the opinion that these arrangements should be adequate to protect American citizens against improper discriminations, and that a mandatory requirement to immobilize the entire counterpart account (which is used for large and important projects connected with the recovery of the entire French union) is a wholly excessive sanction.

"Furthermore, the * * * amendment * * * gives the Administrator an explicit basis in granting dollar assistance or in acting on proposals to release counterpart, for taking action to see that discriminatory business restrictions against United States citizens are terminated. Under this provision, I would consider myself bound to take suitable action in accordance with the intent of this provision in cases where it is established to the satisfaction of the responsible United States Government authorities that such discriminations are not corrected. Hence the * * * amendment gives assurance that discriminations against American businessmen can be dealt with promptly and effectively."

The committee of conference took note also of a memorandum of May 9, 1950, from the Department of State reviewing the problem in detail and stating the same conclusions as the above-cited letter.

In view of the above communications the committee of conference concluded that no provision additional to that added to the act in relation to discriminatory trade practices would be necessary.

Emigration: The House bill (sec. 102 (e) (2)) added to the Administrator's duties under the act (sec. 115 (e)) the duty to—

"* * * encourage emigration from participating countries having surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized.

The Senate version contained no equivalent language.

The conference agreement (sec. 106 (b)) includes the House provision.

II. ASSISTANCE IN THE FAR EAST

The differences between the two versions concerning assistance in the Far East related to (a) the purposes for which residual China aid funds might be spent and to the standards controlling such expenditures, (b) a restriction on assistance to the Republic of Korea, and (c) the restatement of a United States policy in relation to the Far East.

Identification of funds: The House bill (sec. 103) identified the funds by reference to Public Law 793, Eightieth Congress. It referred to sums "unobligated as of June 30, 1950, or released from obligation thereafter."

The Senate amendment (sec. 302) referred to the funds as those appropriated by section 12 of Public Law 47, Eighty-first Congress, and as "now unobligated or hereafter released from obligation."

The conference agreement (sec. 202) follows the Senate version. Thus the funds will be immediately available, and it will not be necessary to wait for the close of the current fiscal year before beginning the new activities authorized.

Aid to Chinese scholars: The House bill (sec. 103 (b)) sought to authorize the expenditure of \$6,000,000 of the residual China aid funds for assistance to selected Chinese citizens for study, teaching, research, and

other academic pursuits in the United States. It proposed also to relax bans on employment for such selected Chinese citizens.

The Senate bill contained no equivalent provision.

The conference agreement (sec. 202) retains the language of the House version, modified so as to permit the expenditure of funds for all necessary transportation and emergency medical expenses for the selected Chinese citizens concerned.

It is necessary to add some clarification as to the types of individuals eligible for such assistance.

In reporting the bill (H. R. 7797) to provide foreign economic assistance the Committee on Foreign Affairs included in its initial discussion of title I of the bill (see pp. 44-45 of pt. 2, H. Rept. 1802, 81st Cong.) a memorandum from the Department of State indicating five types of assistance to Chinese scholars contemplated under a projected program involving a sum of \$8,610,000. The fifth on the list was as follows:

"(e) Scholarships for Chinese in free Chinese territory, to be selected on a competitive basis."

In a superseding report the committee omitted the Department of State memorandum, except for certain excerpts, and referred to only four types of contemplated assistance. (See p. 47 of pt. 5, H. Rept. 1802, 81st Cong.) The type noted above was omitted in the above-quoted excerpt. The view of the Committee on Foreign Affairs was that the assistance be channeled to individuals already out of China and that no effort to recruit recipients of the proffered aid should be made. This was reflected also in the decision to restrict the assistance to \$6,000,000 rather than approving the larger sum suggested by the Department of State.

In the committee of conference, however, it was brought out that in some cases it might be advantageous to the United States and to the individuals to make assistance available to persons now within non-Communist areas of China. There was no disposition to interdict assistance in such cases. On the other hand, there was no disposition favoring a large and energetic attempt to recruit recipients of such assistance from Chinese territories. In other words, assistance in category (e) noted above should be administered with great moderation. Such assistance should not be carried on in such manner and at such scale as to prejudice the interests of individuals concerned in the other four categories.

Assistance to China and in the general area of China: The House bill (sec. 103 (a)) reserved \$40,000,000 of the residual China aid funds for assistance to areas of China found by the President not to be under Communist control. The bill (sec. 103 (c)) sought to make the balance of such funds available for assistance in the general area of China. In each case such assistance would be conformable with applicable provisions of the Economic Cooperation Act of 1948, as amended.

The Senate version (sec. 302) made the reserved figure for economic aid to China \$50,000,000. It also made the balance available for economic assistance in the general area of China. It made such assistance in either case subject to the purposes of the China Aid Act of 1948 and to "such terms and conditions as the President may determine." The restriction "not under Communist control" was applied in both instances. The Senate version specifically mentioned Formosa and Hainan as eligible places. It further provided that 10 percent of the funds concerned should be available for humanitarian relief "through the American Red Cross or other volunteer relief agencies" in event of natural calamity in any part of China. This was made subject to safeguards which the President might find

necessary to prevent discrimination in distribution and to safeguards relevant to publicity about the source and scope of the assistance.

The conference agreement (sec. 202) retains the House figure of \$40,000,000 for assistance to China (the specific reference of the Senate version to Hainan is omitted). The conference agreement reserves a specific sum, \$8,000,000, for disaster relief in China. The specifications and qualifications of the Senate version are retained. The latitude of executive discretion as to type and terms of assistance in China and in the general area of China will be equivalent to that now obtaining with respect to assistance in China under section 12 of Public Law 47, Eighty-first Congress. The additional qualification reserving funds for use in China "so long as the President deems it practicable" was accepted upon informal assurances of the intention of the Secretary of State that the funds should be reserved for such purpose so long as there is practical access to any portion of China, such as Formosa, remaining free of Communist control.

The phrase "general area of China" is to be interpreted along the lines of the explanation made of the phrase in the conference report in connection with the Mutual Defense Assistance Act of 1949 (see p. 15, H. Rept. No. 1346, 81st Cong.).

One additional point should be made clear. The House bill referred to assistance to be carried on along the lines of the Economic Cooperation Act of 1948, as amended. This was to be applicable both to assistance in China and in the general area of China. It was intended thus that the programs should be carried on by the Economic Cooperation Administration and that they be planned and administered on a broad scale so as to obtain maximum results in recovery, rather than being carried along on a piecemeal, project-by-project basis. In yielding on this language and agreeing to the Senate version in this respect, the House members of the committee of conference took into account that the Senate language reflects the same intent. It refers to the China Aid Act of 1948 and to section 12 of Public Law 47, Eighty-first Congress. These references were taken as sufficient assurance that the programs will be carried on along the lines intended in the House bill.

Aid to Korea: The Senate version (sec. 202) would have repealed by omission section 3 (b) of the Far Eastern Economic Assistance Act of 1950:

"Notwithstanding the provisions of any other law, the Administrator shall immediately terminate aid under this Act in the event of the formation in the Republic of Korea of a coalition government which includes one or more members of the Communist Party or of the party now in control of the government of northern Korea."

The House bill left the provision intact.

The conference agreement (sec. 107) is in keeping with the House version.

Joint organization in the Far East: The House bill (sec. 104 (d)) added to the Far Eastern Economic Assistance Act of 1950 an expression—" * * * favoring the creation by the free countries and the free people of the Far East of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence."

The Senate version contained no equivalent language.

The conference agreement omits this. The House members of the committee of conference agreed to the omission since identical language is contained in the Mutual Defense Assistance Act of 1949.

III. ASSISTANCE TO PALESTINE REFUGEES

The versions of the respective Houses in relation to assistance to Palestine refugees were alike in substance. Only two minor differences required attention.

Authorization of contributions: The House bill (sec. 202) authorized the Secretary of State to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

The Senate amendment (sec. 402) authorized the President to make such contributions.

The conference agreement (sec. 302) follows the House version.

Authorization of advances: The House bill (sec. 203 (b)) provided for advances by the Reconstruction Finance Corporation to the Secretary of State.

The Senate amendment (sec. 403 (b)) provided for such advances to the President.

The conference agreement (sec. 303 (b)) follows the House version.

IV. THE TECHNICAL COOPERATION PROGRAM

Differences between the two versions relating to the technical cooperation program (point 4) were more numerous than with respect to any other aspect.

The differences arose principally from the course of development of the legislation in the respective Houses.

In the House the legislation in the form originally proposed by the President was introduced July 12, 1949, as H. R. 5615. On August 16, 1949, the Honorable CHRISTIAN A. HERTER introduced H. R. 6026, a bill bearing on the same general objectives. This latter bill, however, supported by various business groups, was designed to emphasize the creation of a favorable climate for foreign investment as a necessary condition for realizing the objectives which the technical cooperation program was to promote. The Committee on Foreign Affairs held extensive hearings on the two bills in the closing weeks of the first session. Between the sessions discussions were held among supporters of the respective bills in the House, business leaders, and members of the Department of State. The purpose was to reconcile the differences between the two bills. Agreement resulted, and identical bills, H. R. 6834 and 6835, were introduced by the Honorable JOHN KEE, chairman of the Committee on Foreign Affairs, and Mr. HERTER on January 18, 1950. It should be emphasized that these bills did not contain any provisions for guaranties of investments. After additional hearings and consideration in executive session, the Committee on Foreign Affairs developed a modified text, subsequently introduced as H. R. 7346. This became title III of H. R. 7797, and as such was further amended during consideration by the House.

The Senate, however, acted on the basis of the original proposal from the Executive.

The elements developed in the House version during the course of a long legislative history were the principal points of difference. In the main these pertained to statements of principles linking technical cooperation and the problem of creating a proper climate for investment, standards for bilateral programs and programs carried on through international organizations, refinements of administration, and the amount of the authorization.

To labor the details of the resolution of the differences would require too much space. The matter can be summed up by saying that the conference agreement follows the substance of the House version save for the exceptions which, along with matters requiring further clarification of legislative intent, are noted below.

Labor standards in relation to investment: The House bill (sec. 302 (c)) in discussing the climate of investment, referred to the requirement of " * * * confidence on the

part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will negotiate adequate wages and working conditions for local labor. * * *

The Senate amendment contained no similar provision.

The conference agreement (sec. 402 (c)) substitutes the word "provide" for the word "negotiate" in the above language. This change is without prejudice to the principle of collective bargaining. It was made with a view to the point that in some instances the obstacle to collective bargaining in an underdeveloped area may be due to circumstances inherent in the local situation rather than to an attitude of the investor.

International action regulating labor standards: The House bill (sec. 302 (d)) set forth that international agreements on labor standards would serve to bring about "greater production and higher standards of living in the economically underdeveloped areas and international trade between these areas and the economically advanced areas of the world * * *." Such agreements would be " * * * negotiated through the United Nations and its specialized agencies or otherwise * * *." They would embrace " * * * fair labor standards of wages and working conditions, including the encouragement of collective bargaining between management and labor."

The Senate amendment contained no such provision.

The provision is omitted in the conference agreement. The omission is without prejudice to the stated objective of the language. It was the view of the committee of conference, however, that the contemplated international agreements involved a question of public policy which was not sufficiently explored in the development of the Point IV legislation and that the essential relevance of the provision to the Point IV program was not adequately demonstrated.

Review of projects: The House bill (sec. 303 (b)) required the application of various criteria in the review of requests by other governments for technical assistance, including the criterion of the relation of the project to "balanced and integrated development of the country or area concerned."

The conference agreement (sec. 403 (b)) retains this language.

The words "balanced and integrated" require some explanation. Their meaning becomes clear only when considered in relation to the question whether the intention is to seek balance and integration within the particular underdeveloped area concerned or balance and integration within the pattern of world trade. In the first sense the phrase might be liable to interpretation in support of programs of national self-sufficiency. That is not the sense intended. The latter sense is the one intended. The phrase is not to be taken as a warrant for subverting the Point IV program to promote national self-sufficiency as an objective in the economic development of underdeveloped areas. The phrase, moreover, is to be interpreted as warranting the rejection of projects which do not meet actual economic needs and which are not in step with a concerted program of economic development.

Termination of programs: The House bill (sec. 311 (b)) instructed the President to terminate a technical assistance program upon being directed to do so by a concurrent resolution of Congress.

The conference agreement (sec. 411 (b)) retains the provision, with a modification to make clear that a concurrent resolution in such case should contain a finding rather than a directive.

Institute of International Technical Cooperation: The House bill (sec. 312) authorized the President to create an Institute of International Technical Cooperation.

This is omitted in the conference agreement. The omission indicates the intention that the organization to be established for administering the Point IV program shall be within the limits of existing Federal agencies.

Compensation for program chief: The House bill (sec. 313 (a)) set the compensation for the head of the Point IV undertaking at \$16,000 a year.

The Senate version (sec. 507 (a)) made it \$15,000 a year.

The conference agreement (sec. 413 (a)) is consistent with the Senate version.

Compensation of persons employed for duty abroad: The House bill (sec. 313 (c)) made Foreign Service compensation rates mandatory for all persons employed under the program for duty outside the United States.

The Senate version (sec. 507 (c)) provided an option.

The conference agreement (sec. 413 (c)) follows the Senate version. The flexibility provided will make it possible in some instances to save money in the administration of the program, according to information furnished in the conference. The provision also protects the rights of persons briefly detailed from other Government positions to duties abroad in connection with the Point IV program and to persons detailed from other Government jobs with fixed special statutory status in regard to pay and retirement (for example, Public Health officers and Engineer Corps and Medical Corps officers).

Investigation of employees: In providing for investigation of employees by the Federal Bureau of Investigation, the House bill (sec. 314) left a 6-month leeway for those already in Federal service.

The Senate bill (sec. 511) omitted such a provision for leeway.

The conference agreement (sec. 414) permits a 3-month leeway.

Size of authorization: The House bill (sec. 316 (a)) authorized \$25,000,000 for the first year (including \$10,000,000 already authorized for agencies carrying on technical assistance programs).

The Senate amendment (sec. 508) set the figure at \$45,000,000 (also exclusive of the noted existing authorizations).

The conference agreement (sec. 416 (a)) sets the figure at \$35,000,000 (also exclusive of the noted existing authorizations).

V. INTERNATIONAL WELFARE ACTIVITIES FOR CHILDREN

The Senate version (sec. 601) extended 1 year, to June 30, 1951, the present authorization of appropriations for the United Nations International Children's Emergency Fund. The Senate version (sec. 602) made residual funds from existing appropriations available for another year to June 30, 1951.

The House bill contained no such provision.

The position of the House Members of the committee of conference was based on the terms of Public Law 170, Eighty-first Congress, enacted July 14, 1949, to extend the authorization for contributions to International Children's Emergency Fund 1 year to June 30, 1950. That legislation carried a proviso, which was written into the measure during consideration in the House and which stated: " * * * in authorizing such continued extension of United States participation in the International Children's Emergency Fund, it is the expressed intention of the Congress that such participation by the United States shall cease on June 30, 1950."

The House members voiced criticism of the expansion of the Children's Emergency Fund into nonemergency activities beyond the scope for which it was established. They were critical of efforts to convert the fund from a temporary agency into a permanent fixture. Most of all, they were critical of the disregard by members of the agency of

the expressed will of the Congress in regard to United States withdrawal. It was brought out also that as long as the present arrangement was continued, with its high ratio of contribution on the part of the United States, other governments would be reluctant to enter into active negotiations for a better coordinated arrangement.

The arguments from the Senate side emphasized the importance of the work done in the field of welfare for children on an international scale. The Senate members were apprehensive of the possible effect on world opinion if the United States were to withdraw while the fund was still a going concern. In this view, they minimized the import of the mandate of the Congress.

Discussion established a common ground. On the House side there was no disposition to cease or impair United States support in the field of international child-welfare work. The point of the House position was only that such work must be established on a more soundly coordinated basis. The Senators were not disposed to defend the self-perpetuating tendencies of the Fund. They were anxious principally to avoid any possibility of a hiatus in United States support of international child-welfare work.

The essential points of the compromise worked out on this common ground were as follows:

First, as to the sum involved. The figure in the new authorization is \$15,000,000. This is \$10,000,000 less than the sum involved in the extended authorization in the Senate version. In the absence of definite data as to actual needs, the committee of conference accepted this figure uncritically. The reduction to actual needs, if a reduction is necessary, can be accomplished in a subsequent appropriation. It should be taken into account that as of June 30, 1950, the International Children's Emergency Fund may be expected to have an unobligated balance equivalent to approximately \$24,000,000.

Second, as to the degree of executive discretion provided in relation to amounts to be contributed. The President is authorized by the new language to make contributions—not directed to make them, as in the existing International Children's Emergency Fund Assistance Act of 1948. He will be expected to use his authority prudently with a view to actual needs and to the desirability of the earliest practicable transfer of the international children's welfare programs concerned from the present temporary agency to a permanent arrangement within the United Nations framework. The President, moreover, is released from the formula of the existing act for balancing United States contributions against contributions by other governments in the ratio of 72 to 28. This ratio, which has become fixed in practice although not specifically required by law, was established in an earlier phase of more pressing need. It should be modified in the direction of equalization of burden. The new language contains discretion sufficient to this end.

Third, as to the recipient of the contributions. The existing act authorizes contributions solely to the International Children's Emergency Fund. This was established, as its name implies, as a temporary agency to fill a need in the postwar situation on a stopgap basis until the abatement of the emergency and until the tasks could be taken over by permanent agencies in the United Nations framework. The organization has broadened its activities in fields not intended at the time of its origin. Its very existence, moreover, has tended to prevent the establishment of programs operated by permanent international agencies in the fields in which the Children's Emergency Fund was established only as a stopgap. The new language will afford the executive sufficient leeway to enable this Government to precipitate the necessary and desirable transfer of inter-

national child welfare activities and get away from the "emergency" basis without at the same time running the risk that resources to deal with actual needs may lapse. With this wider discretion, the executive should be able to exercise influence toward the orderly liquidation of the International Children's Emergency Fund at an early time and at the same time avoid prejudice to the interests of needy children. It should be emphasized that the authorization in this bill is not, and is not to be construed as, a pledge of contributions to any existing or contemplated international organization. Under the new language, the President would be expected to withhold contributions from the existing agency unless there is a showing of need; in the meantime this Government should press for the establishment of the operations concerned on a more fully coordinated basis within the permanent framework of the United Nations. Such a development is desirable as it will reduce the present unnecessary duplication of organization and effort in international activities related to health and nutrition.

JOHN KEE,
JAS. P. RICHARDS,
THOMAS S. GORDON,
JOHN M. VORYS,
FRANCES P. BOLTON,

Managers on the Part of the House.

TEMPORARY APPROPRIATIONS FOR FISCAL YEAR 1950

Mr. CANNON. Mr. Speaker, I ask unanimous consent for the present consideration of the joint resolution (H. J. Res. 476) making temporary appropriations for the fiscal year 1950, and for other purposes.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

Mr. TABER. Reserving the right to object, Mr. Speaker, this is a resolution which is tied to the bill which the gentleman from North Carolina [Mr. KERR] has just reported, and which, if adopted, will make available to the Veterans' Administration, the Federal Security Agency, and the various departments of government funds which might be necessary to meet the payrolls, the pensions, and that sort of thing, that otherwise could not be met, since it is necessary to have these funds available on the 24th of May.

Mr. CANNON. That is true. The joint resolution merely makes available for immediate needs funds carried in the deficiency bill now pending in the Senate.

Mr. NICHOLSON. Reserving the right to object, Mr. Speaker, does this appropriate any money? If so, what are the amounts and the purposes for which it is to be spent?

Mr. CANNON. No definite funds are specified here, but provision is made to take care of current needs in anticipation of appropriations provided by the coming deficiency bill.

Mr. SCRIVNER. Reserving the right to object, Mr. Speaker, would the gentleman from Missouri give the House a little more complete explanation of why a resolution such as this is necessary at this stage of the game?

Mr. CANNON. Under normal conditions, Mr. Speaker, we would have considered the deficiency bill long ago, but

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950

May 19, 1950—Ordered to be printed

Mr. KEE, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 7797]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Foreign Economic Assistance Act of 1950"*.

TITLE I

SEC. 101. This title may be cited as the "Economic Cooperation Act of 1950".

FINDINGS AND DECLARATION OF POLICY

SEC. 102. (a) Section 102 (a) of the Economic Cooperation Act of 1948, is amended by striking out in the fourth sentence thereof "trade barriers" and inserting in lieu thereof "barriers to trade or to the free movement of persons"; and by inserting in the fifth sentence thereof the word "further" before the word "unification".

(b) Section 102 (b) (1) of such Act is amended by inserting a comma and the phrase "increased productivity, maximum employment, and freedom from restrictive business practices" after the word "production".

GUARANTIES AND LIBERALIZATION OF TRADE BETWEEN EUROPEAN COUNTRIES

SEC. 103. (a) Section 111 (b) (3) (ii) of such Act is amended to read as follows:

"(ii) the Administrator shall charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty under clause (1) of subparagraph (v), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (2) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and".

(b) Section 111 (b) (3) (iv) of such Act is amended to read as follows:

"(iv) as used in this paragraph, the term 'investment' includes (A) any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country, (B) the purchase of a share of ownership in any such enterprise, (C) participation in royalties, earnings, or profits of any such enterprise, and (D) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and".

(c) Section 111 (b) (3) (v) of such Act is amended to read as follows:

"(v) the guaranty to any person shall be limited to assuring one or both of the following: (1) The transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of expropriation or confiscation by action of the government of a participating country. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, asset, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith."

(d) Section 111 (b) (3) of such Act is further amended by striking out the words between the second and last provisos therein and inserting in lieu thereof the following: "It being the intent of the Congress that the guaranty herein authorized should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this Act, the Administrator is authorized to issue guaranties up to a total of \$200,000,000".

(e) Section 111 (c) (2) of such Act is amended by striking out "\$150,000,000" and inserting in lieu thereof "\$200,000,000".

(f) Section 111 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) *The Administrator is authorized to transfer funds directly to any central institution or other organization formed to further the purposes of this Act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the Administrator, in order to facilitate the development of transferability of European currencies, or to promote the liberalization of trade by participating countries with one another and with other countries.*"

PROTECTION OF DOMESTIC ECONOMY

SEC. 104. (a) Section 112 (a) of such Act is amended by striking out the period at the end thereof and inserting a comma and the following: "and (3) minimize the burden on the American taxpayer by reducing the amount of dollar purchases by the participating countries to the greatest extent possible, consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery."

(b) Subsections (b) and (c) of section 112 of such Act are hereby repealed.

(c) Section 112 (l) of such Act is amended to read as follows:

"(l) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this subsection does not include the purchase of raw cotton in bales."

(d) Section 112 of such Act is further amended by adding at the end thereof the following new subsections:

"(m) Notwithstanding any other provision of law, the pricing provisions of section 112 (e) of this title and section 4 of the Act of July 16, 1943 (57 Stat. 566) shall not be applicable to domestic wheat and wheat flour procured under this title or any other Act providing for assistance or relief to foreign countries, supplied to countries which are parties to the International Wheat Agreement of 1949 and credited to their guaranteed purchases thereunder.

"(n) It is the sense of Congress that no participating country shall maintain or impose any import, currency, tax, license, quota, or other similar business restrictions which discriminate against citizens of the United States or any corporation, partnership, or other association substantially beneficially owned by citizens of the United States, engaged or desiring to engage, in furtherance of the purposes of this title, in the importation into such country of any commodity, which restrictions are not reasonably required to meet balance of payments conditions, or requirements of national security, or are not authorized under international agreements to which such country and the United States are parties. In any case where the Department of State determines that any such discriminatory restriction is maintained or imposed by a participating country or by any dependent area of such country, the Administrator shall take such remedial action as he determines will effectively promote the purposes of this subsection (n)."

AUTHORIZATION OF APPROPRIATIONS

SEC. 105. (a) Section 114 (c) of such Act is amended by striking out the period at the end of the first sentence and inserting in lieu thereof a colon and the following: "Provided further, That in addition to the amount heretofore authorized and appropriated, there is hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$2,700,000,000 for the fiscal year ending June 30, 1951: Provided further, That \$600,000,000 of the funds appropriated hereunder shall be available during the fiscal year 1951 solely for the purpose of encouraging and facilitating the operation of a program of liberalized trade and payments, for supporting any central institution or other organization described in subsection (d) of section 111, and for furnishing of assistance to those participating countries taking part in such program: Provided further, That not more than \$600,000,000 of such funds shall be available during the fiscal year 1951 for transfer of funds pursuant to subsection (d) of section 111: Provided further, That, in addition to the foregoing, any balance, unobligated as of June 30, 1950, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1951, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year."

(b) The last sentence of section 114 (c) of such Act is amended to read as follows: "The authorizations in this title are limited to the period ending June 30, 1951."

(c) Section 114 of such Act is further amended by adding at the end thereof the following new subsections:

"(h) The President is authorized to transfer to any department or agency any portion of the funds allocated for assistance to Germany from appropriations authorized by subsection (c). This portion may be used for expenses, not otherwise provided for, necessary to meet responsibilities of the United States related to the rehabilitation of occupied areas of Germany, including the furnishing of minimum civilian supplies to prevent starvation, disease, and unrest prejudicial to the objectives of the occupation. This portion may be expended under authority of this subsection or any provisions of law, not inconsistent herewith, applicable to such department or agency and without regard to such provisions of this title as the President may specify as inapplicable.

"(i) As agreed upon by the Secretary of State and the Administrator, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany, or any supplementary or succeeding agreement, shall be deposited into the GARIOA (Government and Relief in Occupied Areas) special account under the terms of article V of the said bilateral agreement. In quantities and under conditions determined by the Secretary of State after consultation with the Administrator, the currency so deposited shall be available for meeting the responsibilities of the United States in the occupation of Germany."

COUNTERPART FUNDS

SEC. 106. (a) Section 115 (b) (6) is amended to read as follows:

"(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis: Provided, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates: Provided further, That such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be used in furtherance of any central institution or other organization formed by two or more participating countries to further the purposes set forth in subsection (d) of section 111 or otherwise shall be held or used for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the declaration of policy contained in section 102 and the purposes of this title, including local currency administrative expenditures of the United States within such country incident to operations under this title: Provided further, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in section 107 (a): And provided further, That any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution by the Congress, be agreed to between such country and the Government of the United States;"

(b) Section 115 (e) of such Act is amended by adding at the end thereof the following new sentence: "The Administrator shall also encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized."

(c) Section 115 of such Act is further amended by adding at the end thereof the following new subsection:

"(j) The Administrator shall utilize such amounts of the local currency allocated pursuant to subsection (h) as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer."

FAR EASTERN ECONOMIC ASSISTANCE ACT OF 1950

SEC. 107. (a) Section 3 (c) of the Far Eastern Economic Assistance Act of 1950 is amended by striking out "June 30, 1951" and inserting in lieu thereof "June 30, 1952".

(b) Section 3 (d) of such Act is amended by striking out the period at the end and inserting in lieu thereof a comma and the following: "and \$100,000,000 for the fiscal year ending June 30, 1951."

(c) Section 4 of such Act is amended by striking out "June 30, 1950" and inserting in lieu thereof "June 30, 1951".

TITLE II

AID TO CHINA

SEC. 201. This title may be cited as the "China Area Aid Act of 1950".

NATURE OF ASSISTANCE

SEC. 202. Funds, now unobligated or hereafter released from obligation, appropriated by section 12 of the Act entitled "An Act to amend the Economic Cooperation Act of 1948", approved April 19, 1949 (Public Law 47, Eighty-first Congress), are hereby made available for furtherance of the general objectives of the China Aid Act of 1948 through June 30, 1951, and for carrying out the purposes of that Act through economic assistance in any place in China and in the general area of China which the President deems to be not under Communist control, in such manner and on such terms and conditions as the President may determine, and references in the said Act to China shall, insofar as applicable, apply also to any other such place: Provided, That, so long as the President deems it practicable, not less than \$40,000,000 of such funds shall be available only for such assistance in areas in China (including Formosa): Provided further, That not more than \$8,000,000 of such funds (excluding the \$40,000,000 mentioned in the foregoing proviso) shall be available for relief on humanitarian grounds through the American Red Cross, or other voluntary relief agencies in any place in China suffering from the effects of natural calamity, under such safeguards as the President shall direct to assure nondiscriminatory distribution according to need and appropriate publicity as to source and scope of the assistance being furnished by the United States: Provided further, That not more than \$6,000,000 of such funds (excluding the amounts mentioned in the foregoing provisos), shall be available for allocation to the Secretary of State, to remain available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China for study or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purposes, or for research and related academic and technical activities in the United States, and the Attorney General is hereby authorized and directed to promulgate regulations providing that such selected citizens of China who have been admitted for the purpose of study in the United States, shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization.

TITLE III

AID TO PALESTINE REFUGEES

SEC. 301. This title may be cited as the "United Nations Palestine Refugee Aid Act of 1950".

SEC. 302. The Secretary of State is hereby authorized to make contributions from time to time before July 1, 1951, to the United Nations for the "United Nations Relief and Works Agency for Palestine Refugees in the Near East", established under the resolution of the General Assembly of the United Nations of December 8, 1949, in amounts not exceeding in the aggregate \$27,450,000, for the purposes set forth in this title.

AUTHORIZATION OF APPROPRIATIONS

SEC. 303. (a) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed \$27,450,000 to carry out the purposes of this title.

(b) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (a) of this section, to make advances to the Secretary of State, not to exceed in the aggregate \$8,000,000, to carry out the provisions of this title. From appropriations authorized under subsection (a) of this section, there shall be repaid to the Reconstruction Finance Corporation, without interest, the advances made by it under authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this section.

NATURE OF ASSISTANCE

SEC. 304. (a) The provisions of sections 301, 302, and 303 of the Act of January 27, 1948 (62 Stat. 6), are hereby made applicable with respect to the United Nations Relief and Works Agency for Palestine Refugees in the Near East to the same extent as they apply with respect to the government of another country: Provided, That when reimbursement is made by said Agency, such reimbursement shall be credited to the appropriation, fund, or account utilized for paying the compensation, travel expenses, and allowances of any person assigned hereunder.

(b) Departments and agencies of the United States Government are authorized, with the approval of the Secretary of State, to furnish or procure and furnish supplies, materials, and services to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: Provided, That said Agency shall make payments in advance for all costs incident to the furnishing or procurement of such supplies, materials, or services, which payments may be credited to the current applicable appropriation or fund of the department or agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

TITLE IV

SEC. 401. *This title may be cited as the "Act for International Development".*

SEC. 402. *The Congress hereby finds as follows:*

(a) *The peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples. Such progress can further the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace.*

(b) *The efforts of the peoples living in economically underdeveloped areas of the world to realize their full capabilities and to develop the resources of the lands in which they live can be furthered through the cooperative endeavor of all nations to exchange technical knowledge and skills and to encourage the flow of investment capital.*

(c) *Technical assistance and capital investment can make maximum contribution to economic development only where there is understanding of the mutual advantages of such assistance and investment and where there is confidence of fair and reasonable treatment and due respect for the legitimate interests of the peoples of the countries to which the assistance is given and in which the investment is made and of the countries from which the assistance and investments are derived. In the case of investment this involves confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will provide adequate wages and working conditions for local labor. It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation; that they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.*

SEC. 403. (a) *It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.*

(b) *It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes, shall take into consideration (1) whether the assistance applied for is an appropriate part of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned; (2) whether any works or facilities which may be pro-*

jected are actually needed in view of similar facilities existing in the area and are otherwise economically sound; and (3) with respect to projects for which capital is requested, whether private capital is available either in the country or elsewhere upon reasonable terms and in sufficient amounts to finance such projects.

SEC. 404. (a) In order to accomplish the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, and their related organizations, and by other international organizations, wherever practicable.

(b) Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations for technical cooperation programs carried on by it and its related organizations which will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis. The President is further authorized to make contributions for technical cooperation programs carried on by the Organization of American States, its related organizations, and by other international organizations.

(c) Agencies of the United States Government on request of international organizations are authorized, upon approval by the President, to furnish services and such facilities as may be necessary in connection therewith, on an advance of funds or reimbursement basis, for such organizations in connection with their technical cooperation programs. Amounts received as reimbursements from such organizations shall be credited, at the option of the appropriate agency, either to the appropriation, fund, or account utilized in incurring the obligation, or to an appropriate appropriation, fund, or account currently available for the purposes for which expenditures were made.

SEC. 405. The President is authorized to plan, undertake, administer, and execute bilateral technical cooperation programs carried on by any United States Government agency and, in so doing—

(a) To coordinate and direct existing and new technical cooperation programs.

(b) To assist other interested governments in the formulation of programs for the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas.

(c) To receive, consider, and review reports of joint commissions set up as provided in section 410 of this title.

(d) To make, within appropriations made available for the purpose, advances and grants in aid of technical cooperation programs to any person, corporation, or other body of persons, or to any foreign government or foreign government agency.

(e) To make and perform contracts or agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency: Provided, That with respect to contracts or agreements which entail commitments for the expenditure of funds appropriated pursuant to the authority of this title, such contracts or agreements, within the limits of appropriations or contract authorizations hereafter made avail-

able may, subject to any future action of the Congress, run for not to exceed three years in any one case.

(f) To provide for printing and binding outside the continental limits of the United States, without regard to section 11 of the Act of March 1, 1919 (44 U. S. C. 111).

(g) To provide for the publication of information made available by the joint commissions referred to in section 410, and from other sources, regarding resources, opportunities for private investment capital, and the need for technical knowledge and skill in each participating country.

SEC. 406. Agreements made by the United States under the authority of this title with other governments and with international organizations shall be registered with the Secretariat of the United Nations in accordance with the provisions of article 102 of the United Nations Charter.

SEC. 407. In carrying out the programs authorized in section 405 of this title—

(a) The participation of private agencies and persons shall be sought to the greatest extent practicable.

(b) Due regard shall be given, in reviewing requests for assistance, to the possibilities of achieving satisfactory results from such assistance as evidenced by the desire of the country requesting it (1) to take steps necessary to make effective use of the assistance made available, including the encouragement of the flow of productive local and foreign investment capital where needed for development; and (2) to endeavor to facilitate the development of the colonies, possessions, dependencies, and non-self-governing territories administered by such requesting country so that such areas may make adequate contribution to the effectiveness of the assistance requested.

(c) Assistance shall be made available only where the President determines that the country being assisted—

(1) Pays a fair share of the cost of the program.

(2) Provides all necessary information concerning such program and gives the program full publicity.

(3) Seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that country.

(4) Endeavors to make effective use of the results of the program.

(5) Cooperates with other countries participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 408. The President is authorized to prescribe such rules and regulations as may be necessary and proper to carry out the provisions of this title.

SEC. 409. The President shall create an advisory board, hereinafter referred to as the "board", which shall advise and consult with the President or such other officer as he may designate to administer the program herein authorized, with respect to general or basic policy matters arising in connection with operation of the program. The board shall consist of not more than thirteen members to be appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the board shall be broadly representative of voluntary agencies and other groups interested in the program, including business, labor, agriculture, public health, and education. All members of the board shall be citizens of the United States;

none except the chairman shall be an officer or an employee of the United States (including any agency or instrumentality of the United States) who as such regularly receives compensation for current services. Members of the board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purposes of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses. The President may appoint such committees in special fields of activity as he may determine to be necessary or desirable to effectuate the purposes of this title. The members of such committees shall receive the same compensation as that provided for members of the board.

SEC. 410. (a) At the request of a foreign country, there may be established a joint commission for economic development to be composed of persons named by the President and persons to be named by the requesting country, and may include representatives of international organizations mutually agreed upon.

(b) The duties of each such joint commission shall be mutually agreed upon, and may include, among other things, examination of the following:

(1) The requesting country's requirements with respect to technical assistance.

(2) The requesting country's resources and potentialities, including mutually advantageous opportunities for utilization of foreign technical knowledge and skills and investment.

(3) Policies which will remove deterrents to and otherwise encourage the introduction, local development, and application of technical skills and the creation and effective utilization of capital, both domestic and foreign; and the implementation of such policies by appropriate measures on the part of the requesting country and the United States, and of other countries, when appropriate, and after consultation with them.

(c) Such joint commissions shall prepare studies and reports which they shall transmit to the appropriate authorities of the United States and of the requesting countries. In such reports the joint commissions may include recommendations as to any specific projects which they conclude would contribute to the economic development of the requesting countries.

(d) The costs of each joint commission shall be borne by the United States and the requesting country in the proportion that may be agreed upon between the President and that country.

SEC. 411. All or part of United States support for and participation in any technical cooperation program carried on under this title shall be terminated by the President—

(a) If he determines that such support and participation no longer contribute effectively to the purposes of this title, are contrary to a resolution adopted by the General Assembly of the United Nations that the continuance of such technical cooperation programs is unnecessary or undesirable, or are not consistent with the foreign policy of the United States.

(b) If a concurrent resolution of both Houses of the Congress finds such termination is desirable.

SEC. 412. *The President may exercise any power or authority conferred on him by this title through the Secretary of State or through any other officer or employee of the United States Government.*

SEC. 413. *In order to carry out the purposes of this title—*

(a) *The President shall appoint, by and with the advice and consent of the Senate, a person who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum.*

(b) *Officers, employees, agents, and attorneys may be employed for duty within the continental limits of the United States in accordance with the provisions of the civil-service laws and the Classification Act of 1949.*

(c) *Persons employed for duty outside the continental limits of the United States and officers and employees of the United States Government assigned for such duty, may receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), as amended, may receive allowances and benefits not in excess of those established thereunder, and may be appointed to any class in the Foreign Service Reserve or Staff in accordance with the provisions of such Act.*

(d) *Alien clerks and employees employed for the purpose of performing functions under this title shall be employed in accordance with the provisions of the Foreign Service Act of 1946, as amended.*

(e) *Officers and employees of the United States Government may be detailed to offices or positions to which no compensation is attached with any foreign government or foreign government agency or with any international organization: Provided, That while so detailed any such person shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits, an officer or employee of the United States Government and of the United States Government agency from which detailed and shall receive therefrom his regular compensation, which shall be reimbursed to such agency from funds available under this title: Provided further, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.*

(f) *Experts and consultants or organizations thereof may be employed as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), and individuals so employed may be compensated at a rate not in excess of \$75 per diem.*

(g) *Such additional civilian personnel may be employed without regard to subsection (a) of section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as amended, as may be necessary to carry out the policies and purposes of this title.*

SEC. 414. *No citizen or resident of the United States, whether or not now in the employ of the Government, may be employed or assigned to duties by the Government under this Act until such individual has been investigated by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State: Provided, however, That any present employee of the Government, pending the report as to such employee by the Federal Bureau of Investigation, may be employed or assigned to*

duties under this Act for the period of three months from the date of its enactment. This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

SEC. 415. The president shall transmit to the Congress an annual report of operations under this title.

SEC. 416. (a) In order to carry out the provisions of this title, there shall be made available such funds as are hereafter authorized and appropriated from time to time for the purposes of this title: Provided, however, That for the purpose of carrying out the provisions of this title through June 30, 1951, there is hereby authorized to be appropriated a sum not to exceed \$35,000,000, including any sums appropriated to carry on the activities of the Institute of Inter-American Affairs, and technical cooperation programs as defined in section 418 herein under the United States Information and Educational Exchange Act of 1948 (62 Stat. 6). Activities provided for under this title may be prosecuted under such appropriations or under authority granted in appropriation Acts to enter into contracts pending enactment of such appropriations. Unobligated balances of such appropriations for any fiscal year may, when so specified in the appropriation Act concerned, be carried over to any succeeding fiscal year or years. The President may allocate to any United States Government agency any part of any appropriation available for carrying out the purposes of this title. Such funds shall be available for obligation and expenditure for the purposes of this title in accordance with authority granted hereunder or under authority governing the activities of the Government agencies to which such funds are allocated.

(b) Nothing in this title is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries, or to any international organization.

SEC. 417. If any provision of this title or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the title and the applicability of such provision to other circumstances or persons shall not be affected thereby.

SEC. 418. As used in this title—

(a) The term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities may include, but need not be limited to, economic, engineering, medical, educational, agricultural, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources and productive capacities of underdeveloped areas. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor pursuant to the Philippine Rehabilitation Act of 1946 (60 Stat. 128), as amended, nor pursuant to the Foreign Assistance Act of 1948 (62 Stat. 137), as amended, nor activities undertaken now or hereafter in the administration of areas occupied by the United States armed forces or in Korea by the Economic Cooperation Administration.

(b) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation or instrumentality, commission, or independent establishment of the United States Government.

(c) The term "international organization" means any intergovernmental organization of which the United States is a member.

TITLE V

INTERNATIONAL CHILDREN'S WELFARE WORK

SEC. 501. (a) There is hereby authorized to be appropriated to the President not to exceed \$15,000,000 for the fiscal year ending June 30, 1951, to enable him to make contributions to the United Nations, or any subordinate body thereof, in such manner and on such terms and conditions as he may deem to be in the interests of the United States, to support permanent arrangements within the United Nations structure for international children's welfare work.

(b) If at any time during such fiscal year the President deems it to be in the interests of the United States, he is authorized to make contributions, out of any funds appropriated pursuant to the authorization contained in subsection (a), to the International Children's Emergency Fund to carry out the purposes of the International Children's Emergency Fund Assistance Act of 1948 upon such terms and conditions as he may prescribe; but such contributions shall not exceed the limitation provided by section 204 of such Act.

(c) No additional appropriation shall be made under the authorization contained in such Act of 1948.

(d) Funds appropriated by the second paragraph of title I of the Foreign Aid Appropriation Act, 1949, shall remain available for the purposes for which appropriated through June 30, 1951.

And the Senate agree to the same.

That the Senate recede from its amendment to the title of the bill.

JOHN KEE,
JAS. P. RICHARDS,
THOMAS S. GORDON,
JOHN M. VORYS,
FRANCES P. BOLTON,
Managers on the Part of the House.
TOM CONNALLY,
WALTER F. GEORGE,
ELBERT D. THOMAS,
ALEXANDER WILEY,
H. ALEXANDER SMITH,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance submit the following statement in explanation of the effect of the action agreed upon by the committee of conference and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for differences noted below, and except for clarifying, clerical, and necessary conforming changes, the conference substitute is the same as the House bill.

A point of primary interest concerns the amounts of money involved in the authorizations. These are summarized as follows:

Authorizations	House bill	Senate amend- ment	Conference agreement
New appropriations and extension of authority to use existing appropriations:			
European recovery program.....	¹ \$2,849,100,000	¹ \$2,849,100,000	¹ \$2,849,100,000
Economic assistance to the Republic of Korea.....	² 100,000,000	² 100,000,000	² 100,000,000
Assistance to China and in the general area of China.....	³ 94,000,000	³ 94,000,000	³ 94,000,000
Assistance to Palestine refugees.....	² 27,450,000	² 27,450,000	² 27,450,000
Technical cooperation program (Point IV).....	⁴ 15,000,000	⁴ 35,000,000	⁴ 25,000,000
International welfare work for children.....		⁵ 25,000,000	⁶ 15,000,000
Subtotal.....	3,085,550,000	3,130,550,000	3,110,550,000
Public credit transactions: Additional authorization for investment guaranties in the European recovery program.....	715,000,000		750,000,000
Total appropriations and public credit transactions.....	3,235,550,000	3,130,550,000	3,160,550,000

¹ Including new authorization of \$2,700,000,000 and authorization to use unexpended funds, estimated at the time of consideration of H. R. 7797 in the House at \$149,100,000, from existing appropriations. The carry-over figure is, of course, subject to revision upward or downward in the course of later experience.

² New authorization.

³ Extension of authorization to use existing appropriations. The figure of \$94,000,000 corresponds to estimates at the time of consideration of H. R. 7797 by the House and is subject to revision upward or downward in the course of later experience.

⁴ Representing the authorization in the bill less amounts already authorized for the Institute of Inter-American Affairs and for technical assistance under Public Law 402, 80th Cong.

⁵ Extension of existing authorization for appropriations. The item also includes an extension of authority to use appropriated funds, but this will involve at most an amount which would not appreciably affect the totals in the table.

⁶ New authorization, including the extension of authority to use appropriated funds referred to in note 5.

⁷ Additional to present authorization of \$150,000,000.

Specific substantial differences between the House bill and the Senate amendment and the resolutions thereof in the conference agreement are set forth in order below.

I. THE EUROPEAN RECOVERY PROGRAM

The versions of the two Houses were in agreement as to appropriations to be authorized for the European recovery program. In relation to finance the principal differences concerned the guaranty

provisions. Otherwise the committee of conference was concerned mainly with provisions strengthening the purposes and refining administrative standards for the program.

Free movement of persons within Europe.—The House bill (sec. 102 (a) (1) added to the findings and declaration of policy (sec. 102 (a)) of the Economic Cooperation Act of 1948, as amended, language to point out the advantages enjoyed by the United States in the absence of "barriers to the free movement of persons" in implicit contrast to western Europe.

The Senate amendment contained no equivalent language.

The provision is retained in the conference agreement (subsec. 102 (a)).

Progress toward unification.—The House bill (sec. 102 (a) (1)) amended the declaration of policy in the act (sec. 102 (a)) to state—

* * * the policy of the people of the United States to encourage the economic unification and federation of Europe * * *.

The Senate bill left the phrase as at present—

* * * the policy of the people of the United States to encourage the unification of Europe * * *.

The conference agreement (sec. 102 (a)) keeps the present language but inserts the word "further" before "unification."

The inclusion of the word "further" indicates the recognition by the Congress that what the participating nations have accomplished so far in the direction of unification is by no means all that must be accomplished if the hopes on which the European recovery program is based are to be fulfilled.

The committee of conference was divided as to the desirability of specifying a political development as an objective of United States encouragement in connection with a program primarily economic in character.

The Senate members maintained that explicit mention of such an objective in the act might actually retard the development of the unity which is sought. The counterview, put forth by the House members, was that political steps must accompany and in some instances precede the economic steps necessary to a realization of the objectives of the European recovery program, and that the language of the act should reflect this.

No difference was indicated as to the desirability of the ends which the proposed language would make explicit.

The position of the House of Representatives on the matter in question has been consistent from the beginning. Two years ago, in reporting the original legislation for the Economic Cooperation Administration, the Committee on Foreign Affairs observed:

* * * It is * * * implicit in the program that at its end lies, not only economic cooperation in the form of customs union and the elimination of trade and economic barriers * * * but also closer political and cultural bonds.
* * *

Divided and engaged in nationalistic rivalries, the participating countries will find it difficult to sustain their free institutions and independence and to increase their standard of living. * * *

Again, a year ago, the House sought to amend the act so as to express the purpose of the American people "to encourage the unification and federation of Europe." The words "and federation" were deleted in conference.

The renewed attempt to make the political objectives explicit has resulted only in the introduction of an adjective. What is important, however, is the substance of policy, not the precise content of words.

The necessity of a vastly more energetic and fundamental approach to a solution of the problem of political diversity within western Europe remains part of the irreducible facts. That is even more apparent now than it was 2 years ago when the Committee on Foreign Affairs made its observation about the integral relationship between economics and politics in the future of western Europe.

In its interim report in 1948 the Organization for European Economic Cooperation expressed the idea:

Plans to increase supplies within Europe itself and to develop the resources of Europe by more capital investment will only be fully effective if the goods produced can move as freely as possible.

To move as freely as possible means to move without impediment. The removal of impediments to trade within Europe means the creation of a unified market. That requires establishment of political unity. That is the fundamental logic of the situation.

The participating countries have made some progress in removing trade barriers, but they have not approached the situation wherein goods "can move as freely as possible."

In order to encourage the participating countries to take the further steps which are so necessary but which they appear so reluctant to take, the legislation now reported for final action by the House authorizes the channeling of funds into specific measures to liberalize trade. To that end, moreover, is included a provision, which originated in the House, earmarking \$600,000,000 for that precise purpose. The provisions concerned are discussed later in this statement.

It is hoped that such concrete measures will hasten further steps to unshackle trade.

Yet the question still rises whether such steps, if confined to the economic sphere, will be enough.

In a large measure the political state is the essential condition of economic life. Americans learned this in the eighteenth century. The existence of the Federal Republic of the United States is a result of the lesson. Quite apart from trade barriers or deliberate public restrictions on movements of capital and labor between separate countries, the mere existence of a political boundary beyond which one is subject to a different law, a different currency, and a different governmental policy makes international business necessarily more risky than business at home. Economic growth, the making of new economic relations, thus tends to be retarded to the extent that it must cross national boundaries. This has become increasingly true as the economic role of the state has expanded and as the economic significance of national boundaries has so greatly increased.

With its potential strength divided into a large number of compartments, western Europe simply has not been able to muster the strength to participate successfully in the competition supplied by advanced producing areas—notably the United States—which are able to draw on greater volumes and diversity of resources.

It may be argued that effective free trade among sovereign states can be established simply by agreements to refrain from interfering with it. Such agreements can accomplish much in helping marginally

to reduce trade barriers. Equally certainly they cannot create for the individual international trader or investor such a feeling of security, such an absence of extraordinary risk, as he has in doing business within his own country, and they cannot make adequate adjustments for differences in standard of living. The freedom of trade necessary for a truly unified market can exist only if such agreements are effectively—and that means politically—enforceable.

The premise behind the relevant language in the House bill was that no political form less authoritative than a federation would be adequate to create a single market and a single monetary system and to guarantee the necessary freedom of movement of goods or money and of people throughout western Europe.

The failure to include the words at issue in the objectives of encouragement by the United States declared in the act does not abate the necessity before the participating countries of choosing the right course and of taking adequate steps along that course while there is still time.

During the conference a cabled message, sent in response to an inquiry originating in the committee of conference, was received from the Honorable Dean Acheson, Secretary of State. Its gist was that special statutory encouragement of political federation of Europe was not needed to secure the desired objective. While the conference was still in progress, announcement was made of the proposal put forth by M. Robert Schuman, Foreign Minister of France, for economic unity and eventual political federation of Germany with France and western Europe. The Secretary's message and the announcement of the Schuman proposal influenced the House members of the committee of conference in accepting the more inclusive but less specific words "further unification."

Purposes of the program.—The House bill (sec. 102 (a) (2)) added "increased productivity, maximum employment, and freedom from restrictive business practices" to the objectives of the European recovery program stated in the act (sec. 102 (b)).

The Senate amendment contained no equivalent language.

The relevant provision is retained in the conference agreement (sec. 102 (b)).

The sense of the words "maximum employment" in the provision in question was discussed in the committee of conference. It was pointed out that the phrase is included in the declaration of policy of the Employment Act of 1946 (Public Law 304, 79th Cong.). It was pointed out also that "the prevention of unemployment" is stated as an objective in the preamble of the constitution of the International Labor Organization, of which all countries participating in the European recovery program are members, with the sole exception of the Federal Republic of Germany (which is as yet ineligible for membership in international organizations such as the International Labor Organization). Thus the words actually introduce no novelty into the area of economic policy concerned in the European recovery program. The phrase is not an endorsement of any such theory or policy or national economic planning as might be contrary to the objective of unification as expressed in the act.

Fees in connection with investment guaranties.—The conference agreement (sec. 103 (a)) modifies the language in the act (sec. 111 (b) (3) (ii)) authorizing a fee not to exceed 1 percent per annum of the

amount of a guaranty issued by the Administrator under authority of the act. The charging of a fee is made mandatory. The 1 percent maximum is retained for guaranties of convertibility of earnings on such investments. For coverage of types of risk not heretofore included within the authorization in the act—guaranties against confiscation or expropriation by a participating country—the maximum is set at 4 percent per annum on the amount of the guaranty.

Neither the House bill nor the Senate amendment included the provision discussed above. It was added as an integral part of the agreement covering the new type of guaranties. (The new type of guaranty is further discussed two topics below under the heading "Scope of guaranties.")

It is not to be understood that either maximum is to be standard for either type of coverage. The language permits the Administrator to vary the charge in accord with the degree of risk assumed and the nature of the investment.

Definition of investments with respect to guaranty provisions.—The House bill (sec. 102 (b) (1) (i)) altered the meaning of "investment" as related to the guaranties which the act (in sec. 111 (b) (3) (iv)) authorizes the Administrator to make. It eliminated the words defining "investment" to include—

the furnishing of capital goods, items, and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950.

It substituted language defining "investment" to mean—

contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country and approved by the Administrator as in furtherance of the purposes of this Act, the purchase of a share of ownership in any such enterprise, or participation in royalties, earnings, or profits of any such enterprise.

The Senate version (sec. 103) kept the language of the existing act save for striking out the date "June 30, 1950," and substituting the phrase "after the end of the fiscal year in which the guaranty of such investment is made."

The conference agreement includes the essentials of both versions (sec. 103 (b)).

The language thus picked up from the Senate amendment insures the continuation of the authority granted last year to the Economic Cooperation Administration to make guaranties in connection with long-term contracts for the furnishing of capital-goods items and related services where delivery and payment are not to be completed prior to the end of the fiscal year in which the guaranty is made. The Economic Cooperation Administration anticipates that all such payments falling due before June 30, 1952, will be met from appropriated funds to the extent such funds are determined by the Administrator to be available for the purpose. To the extent such funds are not available, and for payments falling due after June 30, 1952, guaranties invoked would be paid from the public-debt funds provided for the purpose. If payment is made on a claim arising under a guaranty, the local currency involved will become the property of the United States, and will be used or converted in accordance with arrangements to be negotiated with the government of the participating country concerned.

Scope of guaranties.—The House bill (sec. 102 (b) (1) (ii)) broadened the scope of guaranties which the act (sec. 111 (b) (3) (v)) authorizes the Administrator to make. To the present guaranty of convertibility of earnings on approved projects, it added in the following words a guaranty covering losses due to circumstances beyond the scope of normal business risk—

* * * the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of one or more of the following causes: (a) Seizure, confiscation, or destruction by any government; (b) destruction by revolution or war; (c) any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued. * * *

The Senate amendment did not add to existing authorized coverage.

The conference agreement (sec. 103 (c)) adds to the present authorized coverage the following:

* * * the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of expropriation or confiscation by action of the government of a participating country. * * *

The difference regarding scope of guaranties was argued more exhaustively than any other issue in the conference. The compromise language, noted above, was offered from the Senate side. The provision falls considerably short of what the House has sought for two successive years. It does not embrace the risks of war and political violence which would be included under the House proposal. The language accepted, however, represents broadest extension of the guaranty obtainable within the limits of the will of the committee of conference.

The provision is so written as to provide an option between the type of coverage available under the act at present and the coverage to be made available when this bill becomes law. Either type or both types may be contained in a particular guaranty.

The Administrator's authority is not mandatory in any sense. The new type of coverage is made available and optional. It will embrace acts of confiscation or expropriation by the Government of a participating country at any time during the period of the guaranty.

The term "participating country" is understood to be a geographical identification; by that is meant that the country concerned must be one participating in the program during the life of the program. The term thus applies to a successor government or governing authority. Since the period of guaranties will outrun by several years the period of the program, it is necessary to make this distinction. It should be understood also that the expression "participating country" continues to include not only its metropolitan area but also subordinate or colonial areas.

Limit on total amount of guaranties.—The House bill (sec. 102 (b) (1) (iii)) raised from \$150,000,000 to \$300,000,000 the total amount of guaranties which the act (sec. 111 (b) (3)) would authorize the Administrator to extend. It added an expression of the intent of the Congress—

* * * that the guaranty * * * should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this act * * *.

The Senate amendment contained no equivalent provision.

The conference agreement (sec. 103 (d)) makes the figure \$200,000,000. It retains the expression regarding maximum use of the guaranty.

Public credit transactions.—Reflecting the proposals previously noted with respect to raising the ceiling on guaranties, the House bill (sec. 102 (b) (2)) sought to raise by \$150,000,000 the public credit transactions authorized by the act (sec. 111 (c) (2)).

The Senate amendment contained no equivalent provision.

The conference agreement (sec. 103 (e)) limits the increase to \$50,000,000 above the present authorization.

Use of authorized funds to promote liberalization of trade among participants.—The House bill (sec. 102 (b) (3)) amended the act (sec. 111) so as to authorize transfer of funds to, or in support of, institutions set up by participating countries to liberalize trading arrangements. Such funds would be used on terms set by the Administrator and designed to promote multilateral European trade.

The Senate amendment (sec. 102) contained a provision similar in general purpose to the above.

The conference agreement (sec. 103 (f)) follows the relevant language of the Senate version.

The principal effect of the agreement in this respect is to eliminate from the text the following part of the House provision:

The Administrator shall apply the terms set forth in paragraph (1) of subsection (c) of section 111 and paragraph (6) of subsection (b) of section 115 with respect to funds transferred * * * to the extent that such funds are not made repayable to any central institution or other organization described * * * above. With respect to such funds transferred * * * as may be repayable to such institution or organization the Administrator may establish such other terms and conditions as he may find appropriate in the circumstances after consultation with the National Advisory Council on International Monetary and Financial Problems.

In the light of assurances from the Economic Cooperation Administration that the above would be complied with fully in the execution of the new authority, the House Members of the committee of conference agreed to the striking out of the above language.

Minimizing of requirements.—The Senate version (sec. 104 (a)) added to the act (sec. 112) an instruction to the Administrator so to conduct procurement as to—

* * * minimize the burden of the European recovery program on the American taxpayer by reducing the amount of dollar purchases by the participating countries to the greatest extent possible, consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery.

The House bill contained no equivalent language.

With minor rhetorical changes, the provision is included in the conference agreement (sec. 104 (a)). It was the understanding in the committee of conference that the language thus included should not be interpreted in such a way as to prejudice such efforts as those now being made by the Government of the United States to obtain, on behalf of petroleum produced by American companies, equitable treatment in foreign markets consistent with the balance-of-payment needs of the participating countries concerned. (This problem is referred to again three topics below, under the heading "discriminatory trade practices.")

Petroleum supplies.—The House bill (sec. 102 (c) (1)) deleted from the act (sec. 112 (b)) an instruction to the Administrator to base petroleum procurement and development policies on "the present and anticipated world shortage of petroleum."

The Senate version contained no such repealer.

The conference agreement (sec. 104 (b)) conforms to the House version, as is appropriate in view of the change in circumstances since the original enactment.

Required apportionment of procurement between wheat and wheat flour.—The House bill (sec. 102 (c) (1)) repealed a requirement in the act (sec. 112 (c)) that at least 12½ percent of all wheat procured in the United States for the European recovery program and financed by grant must be in the form of flour.

The Senate amendment contained no equivalent repealer.

The conference agreement (sec. 104 (b)) conforms to the House version.

The relevant provision of the act involves the principle of maximum return. That is the principle reflected in the language added by section 104 (a) of the conference agreement, discussed two topics above under the heading "Minimizing of requirements." In view of the addition of the new instruction to the Administrator to minimize the impact on the American taxpayer, the retention of the flour requirement would be anomalous.

The requirement in question has also affected adversely the interests of the American wheat producer. The European countries have their own milling facilities. They prefer to mill their own flour because it is less expensive that way, because they usually mill more of the husk than American millers do, and because they get the byproducts that way. Accordingly, they tend to prefer to use free dollars for wheat and get it from competing sources. The American wheat producer thus incurs a disadvantage in the European market.

Discriminatory trade practices.—The Senate bill (sec. 104 (b)) added to the act (sec. 112) an expression of the sense of the Congress that no participating country should—

* * * maintain or impose any import, currency, tax, license, quota, or other similar business restrictions which discriminate against citizens of the United States or any corporation, partnership, or other association substantially beneficially owned by citizens of the United States, engaged or desiring to engage, in furtherance of the purposes of this title, in the importation into such country of any commodity, which restrictions are not reasonably required to meet balance of payments conditions, or requirements of national security, or are not authorized under international agreements to which such country and the United States are parties.

The House bill contained no equivalent language.

The relevant provision is included in the conference agreement (sec. 104 (e)). To it has been added, at the instance of the House managers, an instruction to the Administrator to take appropriate action within his powers in any case of such discrimination as found by the Department of State.

The language concerned was originated with the intention of strengthening the position of the United States Government to obtain, on behalf of petroleum produced by American companies, equitable treatment in foreign markets consistent with balance-of-payments needs of the participating countries concerned.

As was brought out in the committee of conference, the language may also serve in relation to such situations as that alleged by certain American complainants in French Morocco. Without prejudging the merits of any such complaint, the language is intended to emphasize the desirability of proper defense of the rights of United States nationals wherever actual violations are demonstrated. It does not disturb the primary responsibility of the Department of State as the principal agent for defense of American rights in such instances. The matter of the Morocco complaints and of the action of the committee of conference in relation thereto is discussed again at a later point in this report.

Wheat and wheat-flour prices.—The House bill (sec. 102 (c) (4)) amended the act (sec. 112) to apply the price provisions of the International Wheat Agreement of 1949 to wheat and wheat flour procured from program funds for transfer to countries party to the agreement and credited to their guaranteed purchases thereunder.

The Senate version contained no equivalent language.

The substance of the House provision is retained in the conference agreement (sec. 104 (d)). The text has been modified to conform to that used in the International Wheat Agreement Act of 1949 (Public Law 421, 81st Cong.), and to make the price policy concerned applicable to wheat and wheat-flour procurement for all foreign assistance and foreign relief programs. This price policy applies to purchases from private sources as well as from public sources.

Procurement of baled cotton.—The Senate version (sec. 104 (c)) sought to add to that part of the act (sec. 112 (1)) dealing with purchases of agricultural surpluses a statement that—

A bulk purchase * * * does not include the purchase of commodities customarily sold in containers or packaged form,

The House bill contained no such provision.

The relevant language of the Senate version is included in the conference agreement (sec. 104 (c)) modified to confine its application, however, to the procurement of raw cotton in bales. The provision is not intended to warrant any relaxation of the policy of the Economic Cooperation Administration to insure that program funds are prudently expended to procure commodities at prices not higher than United States market prices.

In the review of the procurement policies of the Economic Cooperation Administration in the committee of conference, it was pointed out that under the first regulation of the Administration, issued May 15, 1948, suppliers were required to certify that the contract price—does not exceed the established or market price, whichever is lower, for the commodities current at the time the contract became binding.

In the first appropriation bill providing European recovery program funds the House sought to ban the purchase of commodities for the program at prices higher than those prevailing in the United States. The language was stricken by the Senate because it was considered unworkable. However, the Senate Committee on Appropriations expressed its sympathy with the intent of the provision, and included in its report (S. Rept. 1626, 80th Cong.) a statement that—

no funds made available under this act should be used to purchase commodities, except under limited special circumstances, at more than the current market price in the United States at the time of the purchase, making adjustments for differences in the cost of transportation to destination, quality, and terms of payment.

Some deviations from this general price policy will normally occur in the ordinary course of business. However, the Administrator is expected to limit strictly material deviations from this general price policy.

In conference at that time the substance of the House provision was restored as section 202 of the Foreign Aid Appropriation Act, 1949 (Public Law 793, 80th Cong.). This provision was added to the Economic Cooperation Act of 1948 as section 112 (e) by Public Law 47, Eight-first Congress.

The committee of conference was advised of, and approved, the Administrator's position that he should follow the policy of insuring so far as practicable that procurement financed by Economic Cooperation Administration funds is made at prices not in excess of the current United States market price, with the qualifications concerning cost of transportation to destination, quality, and terms of payment.

Limitations with respect to use of funds.—The House bill (sec. 102 (d) (1) (i)) set aside for purposes related to the liberalization of trade, including transfer to institutions set up by participating countries to liberalize trading arrangements, \$600,000,000 of the authorized appropriations for the fiscal year 1951.

The Senate amendment (sec. 102) set a \$600,000,000 limit on the money authorized to be transferred to such institutions.

The conference agreement (sec. 105 (a)) includes the essentials of both of the above as provisos to the authorization for appropriations in the act (sec. 114 (c)).

Use of counterpart funds.—The House bill (sec. 102 (e) (1)) amended the act (sec. 115 (b) (6)) with regard to permissible uses of local currency funds which a participating country is required by its bilateral agreement to deposit in amounts equivalent to assistance received in the form of grants. The effect of the change would be (a) to permit the use thereof in furtherance of any central institution or other device formed by two or more participating countries for purposes of liberalizing trade and (b) to remove with respect to such use the restriction that such funds be used within the country concerned.

The Senate version (sec. 106) sought similar ends by adding to the act (sec. 115) an expression of—

* * * the sense of the Congress that as much as possible of the local currency deposited * * * after June 30, 1950, shall be held or used within such country for such * * * purposes set out * * * (facilitating the development of transferability of European currencies or promoting the liberalization of trade * * *) or otherwise consistent with the declaration of policy * * * of this act, as may be agreed to by such country, by the Administrator, and, if the Administrator so designates, by any central institution or organization formed to further the purposes of this act by two or more participating countries.

The conference agreement (sec. 106 (a)) is generally in keeping with the House version. The language is modified so as to remove almost entirely the existing restriction confining the use of such funds to the area of the depositing country. Under the language they may be used beyond the confines of such country not only in furtherance of trade-liberalizing devices (as in the House version) but also for any purpose of the act. The restriction is maintained only in relation to the portion reserved for the United States for local currency expenses.

The relaxation of the restriction is consistent with, and conducive to, the wider use of counterpart funds in developing in the participating countries a pattern of freer trade with one another and with other countries. In the view of the committee of conference this step is

in the spirit of the Senate expression in the Senate version that "as much as possible" of the counterpart funds should be used to promote the liberalization of trade.

Treaty compliance.—The Senate version (sec. 106) sought to add to the act (sec. 115) a provision forbidding the expenditure of counterpart funds by any country having a dependent area which fails to comply with treaty obligations to the United States. The Senate version (sec. 107) also sought to add a provision to the act stating—

The terms of any treaty to which the United States and any participating country are parties shall remain in full force and effect until superseded by a new treaty ratified by the Senate unless, prior thereto, it expires by its own terms.

The House version contained no such provisions.

The conference agreement omits them.

The relevant provision of the Senate version was designed to deal with a situation in Morocco, where a number of Americans have complained of alleged discriminatory acts of local officials against United States nationals engaged in business. This topic was discussed briefly above in connection with the language pertaining to discriminatory trade practices. As noted, the language of the Senate version, strengthened at the instance of the House members of the committee of conference, has been included in the conference agreement.

The committee of conference took note of a reassuring letter of May 5, 1950, from Administrator Hoffman to the Honorable Tom Connally, chairman of the Committee on Foreign Relations of the Senate, which letter is quoted. (The "amendment" referred to in the letter is the above-discussed amendment in the form prior to the addition of strengthening language in the committee of conference):

An amendment has been proposed to * * * which would prohibit release of counterpart funds to any country so long as there exists a violation of a treaty between the United States and a dependent area of that country.

This amendment is aimed at alleged discriminations against American businessmen in Morocco. A similar amendment was carefully considered by the Foreign Relations Committee, which decided that it was not necessary in view of arrangements made with the French Government to deal with this situation by the Department of State, the Department of Commerce, and ECA. These arrangements have been operative since December 31, 1949. They provide a consultative machinery in which American consular representatives can take part in the consideration of actions of the local French authorities in Morocco with respect to the granting of import and exchange licenses in circumstances where discrimination against American traders in the area is claimed to exist. If such local consultation does not satisfactorily take care of any particular complaint, the matter can be raised on a diplomatic level with the French Foreign Office and this has, in fact, been done when it appeared necessary. ECA is of the opinion that these arrangements should be adequate to protect American citizens against improper discriminations, and that a mandatory requirement to immobilize the entire counterpart account (which is used for large and important projects connected with the recovery of the entire French union) is a wholly excessive sanction.

Furthermore, the * * * amendment * * * gives the Administrator an explicit basis in granting dollar assistance or in acting on proposals to release counterpart, for taking action to see that discriminatory business restrictions against United States citizens are terminated. Under this provision, I would consider myself bound to take suitable action in accordance with the intent of this provision in cases where it is established to the satisfaction of the responsible United States Government authorities that such discriminations are not corrected. Hence the * * * amendment gives assurance that discriminations against American businessmen can be dealt with promptly and effectively.

The committee of conference took note also of a memorandum of May 9, 1950, from the Department of State reviewing the problem in detail and stating the same conclusions as the above-cited letter.

In view of the above communications the committee of conference concluded that no provision additional to that added to the act in relation to discriminatory trade practices would be necessary.

Emigration.—The House bill (sec. 102 (e) (2)) added to the Administrator's duties under the act (sec. 115 (e)) the duty to—

* * * encourage emigration from participating countries having surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized.

The Senate version contained no equivalent language.

The conference agreement (sec. 106 (b)) includes the House provision.

II. ASSISTANCE IN THE FAR EAST

The differences between the two versions concerning assistance in the Far East related to (a) the purposes for which residual China aid funds might be spent and to the standards controlling such expenditures, (b) a restriction on assistance to the Republic of Korea, and (c) the restatement of a United States policy in relation to the Far East.

Identification of funds.—The House bill (sec. 103) identified the funds by reference to Public Law 793, Eightieth Congress. It referred to sums "unobligated as of June 30, 1950, or released from obligation thereafter."

The Senate amendment (sec. 302) referred to the funds as those appropriated by section 12 of Public Law 47, Eighty-first Congress, and as "now unobligated or hereafter released from obligation."

The conference agreement (sec. 202) follows the Senate version. Thus the funds will be immediately available, and it will not be necessary to wait for the close of the current fiscal year before beginning the new activities authorized.

Aid to Chinese scholars.—The House bill (sec. 103 (b)) sought to authorize the expenditure of \$6,000,000 of the residual China aid funds for assistance to selected Chinese citizens for study, teaching, research, and other academic pursuits in the United States. It proposed also to relax bans on employment for such selected Chinese citizens.

The Senate bill contained no equivalent provision.

The conference agreement (sec. 202) retains the language of the House version, modified so as to permit the expenditure of funds for all necessary transportation and emergency medical expenses for the selected Chinese citizens concerned.

It is necessary to add some clarification as to the types of individuals eligible for such assistance.

In reporting the bill (H. R. 7797) to provide foreign economic assistance the Committee on Foreign Affairs included in its initial discussion of title I of the bill (see pp. 44-45 of pt. 2, H. Rept. 1802, 81st Cong.) a memorandum from the Department of State indicating five types of assistance to Chinese scholars contemplated under a projected program involving a sum of \$8,610,000. The fifth on the list was as follows:

(e) Scholarships for Chinese in free Chinese territory, to be selected on a competitive basis.

In a superseding report the committee omitted the Department of State memorandum, except for certain excerpts, and referred to only four types of contemplated assistance. (See p. 47 of pt. 5, H. Rept. 1802,

81st Cong.) The type noted above was omitted in the above-quoted excerpt. The view of the Committee on Foreign Affairs was that the assistance be channeled to individuals already out of China and that no effort to recruit recipients of the proffered aid should be made. This was reflected also in the decision to restrict the assistance to \$6,000,000 rather than approving the larger sum suggested by the Department of State.

In the committee of conference, however, it was brought out that in some cases it might be advantageous to the United States and to the individuals to make assistance available to persons now within non-Communist areas of China. There was no disposition to interdict assistance in such cases. On the other hand, there was no disposition favoring a large and energetic attempt to recruit recipients of such assistance from Chinese territories. In other words, assistance in category (e) noted above should be administered with great moderation. Such assistance should not be carried on in such manner and at such scale as to prejudice the interests of individuals concerned in the other four categories.

Assistance to China and in the general area of China.—The House bill (sec. 103 (a)) reserved \$40,000,000 of the residual China aid funds for assistance to areas of China found by the President not to be under Communist control. The bill (sec. 103 (c)) sought to make the balance of such funds available for assistance in the general area of China. In each case such assistance would be conformable with applicable provisions of the Economic Cooperation Act of 1948, as amended.

The Senate version (sec. 302) made the reserved figure for economic aid to China \$50,000,000. It also made the balance available for economic assistance in the general area of China. It made such assistance in either case subject to the purposes of the China Aid Act of 1948 and to "such terms and conditions as the President may determine." The restriction "not under Communist control" was applied in both instances. The Senate version specifically mentioned Formosa and Hainan as eligible places. It further provided that 10 percent of the funds concerned should be available for humanitarian relief "through the American Red Cross or other volunteer relief agencies" in event of natural calamity in any part of China. This was made subject to safeguards which the President might find necessary to prevent discrimination in distribution and to safeguards relevant to publicity about the source and scope of the assistance.

The conference agreement (sec. 202) retains the House figure of \$40,000,000 for assistance to China (the specific reference of the Senate version to Hainan is omitted). The conference agreement reserves a specific sum, \$8,000,000, for disaster relief in China. The specifications and qualifications of the Senate version are retained. The latitude of executive discretion as to type and terms of assistance in China and in the general area of China will be equivalent to that now obtaining with respect to assistance in China under section 12 of Public Law 47, Eighty-first Congress. The additional qualification reserving funds for use in China "so long as the President deems it practicable" was accepted upon informal assurances of the intention of the Secretary of State that the funds should be reserved for such purpose so long as there is practical access to any portion of China, such as Formosa, remaining free of Communist control.

The phrase "general area of China" is to be interpreted along the lines of the explanation made of the phrase in the conference report in connection with the Mutual Defense Assistance Act of 1949 (see p. 15, H. Rept. 1346, 81st Cong.).

One additional point should be made clear. The House bill referred to assistance to be carried on along the lines of the Economic Cooperation Act of 1948, as amended. This was to be applicable both to assistance in China and in the general area of China. It was intended thus that the programs should be carried on by the Economic Cooperation Administration and that they be planned and administered on a broad scale so as to obtain maximum results in recovery, rather than being carried along on a piecemeal, project-by-project basis. In yielding on this language and agreeing to the Senate version in this respect, the House members of the committee of conference took into account that the Senate language reflects the same intent. It refers to the China Aid Act of 1948 and to section 12 of Public Law 47, Eighty-first Congress. These references were taken as sufficient assurance that the programs will be carried on along the lines intended in the House bill.

Aid to Korea.—The Senate version (sec. 202) would have repealed by omission section 3 (b) of the Far Eastern Economic Assistance Act of 1950:

Notwithstanding the provisions of any other law, the Administrator shall immediately terminate aid under this Act in the event of the formation in the Republic of Korea of a coalition government which includes one or more members of the Communist Party or of the party now in control of the government of northern Korea.

The House bill left the provision intact.

The conference agreement (sec. 107) is in keeping with the House version.

Joint organization in the Far East.—The House bill (sec. 104 (d)) added to the Far Eastern Economic Assistance Act of 1950 an expression—

* * * favoring the creation by the free countries and the free peoples of the Far East of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

The Senate version contained no equivalent language.

The conference agreement omits this. The House members of the committee of conference agreed to the omission since identical language is contained in the Mutual Defense Assistance Act of 1949.

III. ASSISTANCE TO PALESTINE REFUGEES

The versions of the respective Houses in relation to assistance to Palestine refugees were alike in substance. Only two minor differences required attention.

Authorization of contributions.—The House bill (sec. 202) authorized the Secretary of State to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

The Senate amendment (sec. 402) authorized the President to make such contributions.

The conference agreement (sec. 302) follows the House version.

Authorization of advances.—The House bill (sec. 203 (b)) provided for advances by the Reconstruction Finance Corporation to the Secretary of State.

The Senate amendment (sec. 403 (b)) provided for such advances to the President.

The conference agreement (sec. 303 (b)) follows the House version.

IV. THE TECHNICAL COOPERATION PROGRAM

Differences between the two versions relating to the technical cooperation program (Point IV) were more numerous than with respect to any other aspect.

The differences arose principally from the course of development of the legislation in the respective Houses.

In the House the legislation in the form originally proposed by the President was introduced July 12, 1949, as H. R. 5615. On August 16, 1949, the Honorable Christian A. Herter introduced H. R. 6026, a bill bearing on the same general objectives. This latter bill, however, supported by various business groups, was designed to emphasize the creation of a favorable climate for foreign investment as a necessary condition for realizing the objectives which the technical cooperation program was to promote. The Committee on Foreign Affairs held extensive hearings on the two bills in the closing weeks of the first session. Between the sessions discussions were held among supporters of the respective bills in the House, business leaders, and members of the Department of State. The purpose was to reconcile the differences between the two bills. Agreement resulted, and identical bills, H. R. 6834 and 6835, were introduced by the Honorable John Kee, chairman of the Committee on Foreign Affairs, and Mr. Herter on January 18, 1950. It should be emphasized that these bills did not contain any provisions for guaranties of investments. After additional hearings and consideration in executive session, the Committee on Foreign Affairs developed a modified text, subsequently introduced as H. R. 7346. This became title III of H. R. 7797, and as such was further amended during consideration by the House.

The Senate, however, acted on the basis of the original proposal from the Executive.

The elements developed in the House version during the course of a long legislative history were the principal points of difference. In the main these pertained to statements of principles linking technical cooperation and the problem of creating a proper climate for investment, standards for bilateral programs and programs carried on through international organizations, refinements of administration, and the amount of the authorization.

To labor the details of the resolution of the differences would require too much space. The matter can be summed up by saying that the conference agreement follows the substance of the House version save for the exceptions which, along with matters requiring further clarification of legislative intent, are noted below.

Labor standards in relation to investment.—The House bill (sec. 302 (c)) in discussing the climate of investment, referred to the requirement of—

* * * confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will negotiate adequate wages and working conditions for local labor. * * *

The Senate amendment contained no similar provision.

The conference agreement (sec. 402 (c)) substitutes the word "provide" for the word "negotiate" in the above language. This change is without prejudice to the principle of collective bargaining. It was made with a view to the point that in some instances the obstacle to collective bargaining in an underdeveloped area may be due to circumstances inherent in the local situation rather than to an attitude of the investor.

International action regulating labor standards.—The House bill (sec. 302 (d)) set forth that international agreements on labor standards would serve to bring about—

greater production and higher standards of living in the economically underdeveloped areas and international trade between these areas and the economically advanced areas of the world * * *

Such agreements would be—

* * * negotiated through the United Nations and its specialized agencies or otherwise * * *

They would embrace—

* * * fair labor standards of wages and working conditions, including the encouragement of collective bargaining between management and labor.

The Senate amendment contained no such provision.

The provision is omitted in the conference agreement. The omission is without prejudice to the stated objective of the language. It was the view of the committee of conference, however, that the contemplated international agreements involved a question of public policy which was not sufficiently explored in the development of the Point IV legislation and that the essential relevance of the provision to the Point IV program was not adequately demonstrated.

Review of projects.—The House bill (sec. 303 (b)) required the application of various criteria in the review of requests by other governments for technical assistance, including the criterion of the relation of the project to "balanced and integrated development of the country or area concerned."

The conference agreement (sec. 403 (b)) retains this language.

The words "balanced and integrated" require some explanation. Their meaning becomes clear only when considered in relation to the question whether the intention is to seek balance and integration within the particular underdeveloped area concerned or balance and integration within the pattern of world trade. In the first sense the phrase might be liable to interpretation in support of programs of national self-sufficiency. That is not the sense intended. The latter sense is the one intended. The phrase is not to be taken as a warrant for subverting the Point IV program to promote national self-sufficiency as an objective in the economic development of underdeveloped areas. The phrase, moreover, is to be interpreted as warranting the rejection of projects which do not meet actual economic needs and which are not in step with a concerted program of economic development.

Termination of programs.—The House bill (sec. 311 (b)) instructed the President to terminate a technical assistance program upon being directed to do so by a concurrent resolution of Congress.

The conference agreement (sec. 411 (b)) retains the provision, with a modification to make clear that a concurrent resolution in such case should contain a finding rather than a directive.

Institute of International Technical Cooperation.—The House bill (sec. 312) authorized the President to create an Institute of International Technical Cooperation.

This is omitted in the conference agreement. The omission indicates the intention that the organization to be established for administering the Point IV program shall be within the limits of existing Federal agencies.

Compensation for program chief.—The House bill (sec. 313 (a)) set the compensation for the head of the Point IV undertaking at \$16,000 a year.

The Senate version (sec. 507 (a)) made it \$15,000 a year.

The conference agreement (sec. 413 (a)) is consistent with the Senate version.

Compensation of persons employed for duty abroad.—The House bill (sec. 313 (c)) made Foreign Service compensation rates mandatory for all persons employed under the program for duty outside the United States.

The Senate version (sec. 507 (c)) provided an option.

The conference agreement (sec. 413 (c)) follows the Senate version. The flexibility provided will make it possible in some instances to save money in the administration of the program, according to information furnished in the conference. The provision also protects the rights of persons briefly detailed from other Government positions to duties abroad in connection with the Point IV program and to persons detailed from other Government jobs with fixed special statutory status in regard to pay and retirement (for example, Public Health officers and Engineer Corps and Medical Corps officers).

Investigation of employees.—In providing for investigation of employees by the Federal Bureau of Investigation, the House bill (sec. 314) left a 6-month leeway for those already in Federal service.

The Senate bill (sec. 511) omitted such a provision for leeway.

The conference agreement (sec. 414) permits a 3-month leeway.

Size of authorization.—The House bill (sec. 316 (a)) authorized \$25,000,000 for the first year (including \$10,000,000 already authorized for agencies carrying on technical assistance programs).

The Senate amendment (sec. 508) set the figure at \$45,000,000 (also exclusive of the noted existing authorizations).

The conference agreement (sec. 416 (a)) sets the figure at \$35,000,000 (also exclusive of the noted existing authorizations).

V. INTERNATIONAL WELFARE ACTIVITIES FOR CHILDREN

The Senate version (sec. 601) extended 1 year, to June 30, 1951, the present authorization of appropriations for the United Nations International Children's Emergency Fund. The Senate version (sec. 602) made residual funds from existing appropriations available for another year to June 30, 1951.

The House bill contained no such provision.

The position of the House Members of the committee of conference was based on the terms of Public Law 170, Eighty-first Congress, en-

acted July 14, 1949, to extend the authorization for contributions to International Children's Emergency Fund 1 year to June 30, 1950. That legislation carried a proviso, which was written into the measure during consideration in the House and which stated:

* * * in authorizing such continued extension of United States participation in the International Children's Emergency Fund, it is the expressed intention of the Congress that such participation by the United States shall cease on June 30, 1950.

The House members voiced criticism of the expansion of the Children's Emergency Fund into nonemergency activities beyond the scope for which it was established. They were critical of efforts to convert the fund from a temporary agency into a permanent fixture. Most of all, they were critical of the disregard by members of the agency of the expressed will of the Congress in regard to United States withdrawal. It was brought out also that as long as the present arrangement was continued, with its high ratio of contribution on the part of the United States, other governments would be reluctant to enter into active negotiations for a better coordinated arrangement.

The arguments from the Senate side emphasized the importance of the work done in the field of welfare for children on an international scale. The Senate members were apprehensive of the possible effect on world opinion if the United States were to withdraw while the fund was still a going concern. In this view, they minimized the import of the mandate of the Congress.

Discussion established a common ground. On the House side there was no disposition to cease or impair United States support in the field of international child-welfare work. The point of the House position was only that such work must be established on a more soundly coordinated basis. The Senators were not disposed to defend the self-perpetuating tendencies of the Fund. They were anxious principally to avoid any possibility of a hiatus in United States support of international child-welfare work.

The essential points of the compromise worked out on this common ground were as follows:

First, as to the sum involved. The figure in the new authorization is \$15,000,000. This is \$10,000,000 less than the sum involved in the extended authorization in the Senate version. In the absence of definite data as to actual needs, the committee of conference accepted this figure uncritically. The reduction to actual needs, if a reduction is necessary, can be accomplished in a subsequent appropriation. It should be taken into account that as of June 30, 1950, the International Children's Emergency Fund may be expected to have an unobligated balance equivalent to approximately \$24,000,000.

Second, as to the degree of executive discretion provided in relation to amounts to be contributed. The President is authorized by the new language to make contributions—not directed to make them, as in the existing International Children's Emergency Fund Assistance Act of 1948. He will be expected to use his authority prudently with a view to actual needs and to the desirability of the earliest practicable transfer of the international children's welfare programs concerned from the present temporary agency to a permanent arrangement within the United Nations framework. The President, moreover, is released from the formula of the existing act for balancing United

States contributions against contributions by other governments in the ratio of 72 to 28. This ratio, which has become fixed in practice although not specifically required by law, was established in an earlier phase of more pressing need. It should be modified in the direction of equalization of burden. The new language contains discretion sufficient to this end.

Third, as to the recipient of the contributions. The existing act authorizes contributions solely to the International Children's Emergency Fund. This was established, as its name implies, as a temporary agency to fill a need in the postwar situation on a stopgap basis until the abatement of the emergency and until the tasks could be taken over by permanent agencies in the United Nations framework. The organization has broadened its activities in fields not intended at the time of its origin. Its very existence, moreover, has tended to prevent the establishment of programs operated by permanent international agencies in the fields in which the Children's Emergency Fund was established only as a stopgap. The new language will afford the executive sufficient leeway to enable this Government to precipitate the necessary and desirable transfer of international child welfare activities and get away from the "emergency" basis without at the same time running the risk that resources to deal with actual needs may lapse. With this wider discretion, the executive should be able to exercise influence toward the orderly liquidation of the International Children's Emergency Fund at an early time and at the same time avoid prejudice to the interests of needy children. It should be emphasized that the authorization in this bill is not, and is not to be construed as, a pledge of contributions to any existing or contemplated international organization. Under the new language, the President would be expected to withhold contributions from the existing agency unless there is a showing of need; in the meantime this Government should press for the establishment of the operations concerned on a more fully coordinated basis within the permanent framework of the United Nations. Such a development is desirable as it will reduce the present unnecessary duplication of organization and effort in international activities related to health and nutrition.

JOHN KEE,
JAS. P. RICHARDS,
THOMAS S. GORDON,
JOHN M. VORYS,
FRANCES P. BOLTON,

Managers on the Part of the House.



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of them has not come to an agreement, but the two larger ones have done so.

Mr. RUSSELL. Does not the bill affect all three of them?

Mr. O'MAHONEY. Yes; but it would require all three of them to sign at the same time. So it is desired to have the contracts for the first two put into immediate effect.

Mr. RUSSELL. I am most interested in what the Senator from Wyoming says, because I believe he was the author of this legislative proposal originally.

Mr. O'MAHONEY. I beg the Senator's pardon, but I was not.

Mr. RUSSELL. At least, the Senator from Wyoming was in charge of the bill on the floor of the Senate, was he not?

Mr. O'MAHONEY. I do not recall that I was.

Mr. RUSSELL. Perhaps it was the Senator from Montana [Mr. MURRAY].

Mr. O'MAHONEY. He might have discussed it. This matter was presented in May 1948 by, I think, the Senator from Nebraska [Mr. BUTLER].

Mr. RUSSELL. Does the bill extend for 1 year the time of all the contracts?

Mr. O'MAHONEY. It merely extends the period within which the contracts may be signed.

Mr. RUSSELL. Does the Senator apprehend that the enactment of this measure will conclude the matter?

Mr. O'MAHONEY. I do, positively.

Mr. ECTON. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. ECTON. I thank the Senator from Wyoming for bringing up this matter at this time.

I merely wish to say, by way of explanation, that this bill is beneficial to the United States Government as well as to the three irrigation districts.

I think all of us understand how difficult it is to get three separate irrigation districts to agree on the same terms. Two of them already have agreed. The other one has not been able to complete the necessary negotiations and come to an agreement.

All that this measure does is permit the repayment period to be extended 1 year.

I sincerely hope the Senate will see fit to permit this bill to pass at this time.

Mr. O'MAHONEY. Mr. President, I renew my request for immediate consideration of the bill, which I have just reported.

The PRESIDING OFFICER. The bill will be read by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 8199) to amend certain provisions of the act of May 25, 1948 (Public Law 554, 80th Cong.), relating to the Flathead Indian irrigation project.

The PRESIDING OFFICER. Is there objection to the request for the immediate consideration of the bill?

There being no objection, the bill (H. R. 8199) was considered, ordered to a third reading, read the third time, and passed.

Mr. O'MAHONEY. Mr. President, I ask unanimous consent that the report which I have submitted on the bill may be printed at this point in the Record.

There being no objection, the report (No. 1738) was ordered to be printed in the Record, as follows:

The Committee on Interior and Insular Affairs, to whom was referred the bill (H. R. 8199) to amend certain provisions of the act of May 25, 1948 (62 Stat. 269) relating to the Flathead irrigation project, Montana, having considered the same, report thereon with the recommendation that it do pass without amendment.

This bill has been considered by the Committee on Public Lands of the House; on May 15, 1950, that committee submitted its report (H. Rept. No. 2050) recommending its passage and on May 19, 1950, it passed the House.

This bill, if enacted, will extend the period of time allowed irrigation districts of the Flathead irrigation project to execute new repayment contracts provided for by section 3 of the said act of May 25, 1948. The contracts with the Secretary of the Interior required by said act of May 25, 1948, must contain provisions whereby the irrigation districts (1) obligate themselves to repay the construction costs chargeable against all irrigable lands embraced within the respective districts contracting (exclusive of Indian-owned lands on which the collection of construction costs is deferred) to the extent and in the manner prescribed by sections 1 and 2 of the act; (2) consent to such revisions in the limits of cost for the project, or any division thereof, as the Secretary of the Interior and the districts contracting may mutually agree upon in order to facilitate the making of improvements and extensions to the irrigation and power systems; (3) provide for the redetermination by the Secretary of the irrigable area of the project, or any division thereof, and for the exclusion of lands from the project with the consent of the holders of any water rights that would be canceled by such exclusion; and (4) make such other changes in the existing repayment contracts as the Secretary and the districts contracting may mutually agree upon for the accomplishment of the purposes of the act.

There are three irrigation districts embracing non-Indian owned lands on the Flathead Indian irrigation project, namely, the Flathead, the Jocko Valley, and the Mission irrigation districts.

The Flathead district comprises approximately 70,000 acres of irrigable land under assessment for operation and maintenance. The Mission district comprises approximately 13,000 acres of such land, and the Jocko Valley district comprises approximately 6,000 acres of such land. The Flathead and Jocko Valley districts, comprising approximately 85 percent of the total irrigable assessable area, have each executed a repayment contract on the form approved by the Secretary of the Interior as provided for in the act of May 25, 1948.

The Flathead and Jocko districts, however, cannot now receive the benefits of the said act of May 25, 1948, because the Mission district has as yet not met the requirements of the act. In view of the fact that the two districts which have already complied with the act embrace the great majority of the lands in non-Indian ownership within the Flathead Indian irrigation project, it seems reasonable and just that the provisions of the act should be permitted to become effective with respect to the lands included within their boundaries, notwithstanding the failure of the third district to complete action on a new repayment contract. The interests of the United States would also be served by such action, since the provisions of the new contracts are beneficial to the United States as well as to the irrigation districts.

Under the provisions of this bill, an additional period of time, namely, to May 25, 1951, would be accorded the Mission irriga-

tion district in which to receive the benefits of the act of May 25, 1948, by executing a contract conforming to the terms and conditions of that measure.

This bill, if enacted, will also permit a possible immediate settlement of the obligations due the Indians of the Flathead reservation provided for under the provisions of said act of May 25, 1948.

S. 3524, introduced by Senator ECTON, and S. 3535, introduced by Senator MURRAY, which bills are now pending before your committee and which bills are identical with that of H. R. 8199.

Under date of May 15, 1950, the Secretary of the Interior submitted his report on said bills S. 3524 and S. 3535. The suggested amendments by the Secretary of the Interior are embodied in the text of the House bill (H. R. 8199) as herein recommended passage.

The Secretary of the Interior indicates that the Bureau of the Budget has no objection to the enactment of this bill.

A copy of the said report of the Secretary of the Interior, dated May 15, 1950, is attached hereto and made a part of this report, as follows:

UNITED STATES
DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D. C., May 15, 1950.
Hon. JOSEPH C. O'MAHONEY,
Chairman, Committee on Interior and
Insular Affairs,
United States Senate.

MY DEAR SENATOR O'MAHONEY: This is in further reference to your requests for reports on S. 3524 and S. 3535, bills "To amend certain provisions of the act of May 25, 1948 (Public Law 554, 80th Cong.), relating to the Flathead Indian irrigation project."

I recommend that this legislation be enacted with the clarifying amendments hereafter suggested.

The non-Indian landowners on the Flathead Indian irrigation project, Montana, will benefit materially by having the irrigation districts embracing their lands accept the provisions of the act of May 25, 1948, within the time allowed by law for that purpose. Section 3 of the act in question now requires such acceptance to be manifested, through the execution of new repayment contracts by all of the irrigation districts on the project, within 2 years after the approval of that act. One of the three districts has not as yet executed the new contracts. The enactment of S. 3524 or S. 3535 would permit the two districts which have accepted the act to obtain its benefits, and would allow the third district an additional year to complete the steps incident to such acceptance.

The contracts with the Secretary of the Interior required by the act of May 25, 1948, must contain provisions whereby the irrigation districts (1) obligate themselves to repay the construction costs chargeable against all irrigable lands embraced within the respective districts contracting (exclusive of Indian-owned lands on which the collection of construction costs is deferred) to the extent and in the manner prescribed by sections 1 and 2 of the act; (2) consent to such revisions in the limits of cost for the project, or any division thereof, as the Secretary of the Interior and the districts contracting may mutually agree upon in order to facilitate the making of improvements and extensions to the irrigation and power systems; (3) provide for the redetermination by the Secretary of the irrigable area of the project, or any division thereof, and for the exclusion of lands from the project with the consent of the holders of any water rights that would be canceled by such exclusion; and (4) make such other changes in the existing repayment contracts as the Secretary and the districts contracting may mutually agree upon for the accomplishment of the purposes of the act.

There are three irrigation districts embracing non-Indian-owned lands on the Flathead Indian irrigation project, namely, the Flathead, the Jocko Valley, and the Mission irrigation districts. The largest of these is the Flathead district with approximately 70,000 acres of irrigable land under assessment for operation and maintenance of the project. The Mission district has approximately 13,000 acres of irrigable land under assessment for such charges; and the Jocko Valley district has approximately 6,000 acres of irrigable land under such assessments. The Flathead and Jocko Valley districts, comprising approximately 85 percent of the total irrigable assessable area, have each executed a repayment contract on the form approved by the Secretary as provided for in the act of May 25, 1948, and the contracts so executed have been confirmed by proceedings in a court of competent jurisdiction. These districts accordingly have complied with the terms and conditions of the act.

The Flathead and Jocko Valley districts, however, cannot now receive the benefits of the act of May 25, 1948, because the Mission district, has, as yet, not met the requirements of the act. In view of the fact that the two districts which have already complied with the act embrace the great majority of the lands in non-Indian ownership within the Flathead Indian irrigation project, it seems only reasonable and just that the provisions of the act should be permitted to become effective with respect to the lands included within their boundaries, notwithstanding the failure of the third district to complete action on a new repayment contract. The interests of the United States would also be served by such action, since the provisions of the new contracts are beneficial to the United States as well as to the irrigation districts. The enactment of this legislation would afford an appropriate means of remedying this situation.

Under the provisions of these bills an additional period of time, namely, to May 25, 1951, would be accorded the Mission irrigation district in which to receive the benefits of the act of May 25, 1948, by executing a contract conforming to the terms and conditions of that measure. In the meantime, the repayment obligations of that district under its existing contract with the Secretary of the Interior would remain in full force and effect.

These bills also would permit the settlement of the obligations due the Indians of the Flathead Reservation under subsections 5 (a) and 5 (b) of the act of May 25, 1948. These subsections deal with obligations long outstanding. Further delay in their settlement would be disadvantageous to both the Indians and the United States. The proviso to these bills is designed to make possible an immediate settlement, as lands substantially in excess of the 70 percent there specified are embraced within the two irrigation districts which have already executed repayment contracts pursuant to the act.

For purposes of clarification, it is recommended that at page 1, lines 9 and 10, the words "by May 25, 1951, as provided for in said act," be deleted, and that the words "conforming to the provisions of said act on or before May 25, 1951," be inserted in lieu thereof.

For like purposes, it is recommended that at page 2, lines 8 and 9, the words "provisions and requirements of section 5 of said act shall be effective," be deleted, and that the words "appropriation authorizations of said act shall be effective, and moneys appropriated thereunder shall be available for expenditure," be inserted in lieu thereof.

Since the time for acceptance of the provisions of the act of May 25, 1948, will expire on May 25 of this year, the enactment of this legislation prior to the latter date would be most desirable.

The Bureau of the Budget has advised that there is no objection to the submission of this report to your committee.

Sincerely yours,

MARTIN G. WHITE,
Acting Secretary of the Interior

AMENDMENT OF ECONOMIC COOPERATION ACT OF 1948—CONFERENCE REPORT

Mr. CONNALLY. Mr. President, I call up for the consideration of the Senate the conference report on House bill 7797, known as the ECA bill.

The PRESIDING OFFICER. The report will be read.

The legislative clerk proceeded to read the report.

(See conference report printed in the RECORD on May 18, 1950, pp. 7313-7317, Senate Doc. No. 168.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. KNOWLAND. Mr. President, will the Senator from Texas yield for a question relative to the conference report?

Mr. CONNALLY. Yes; if I may first proceed to discuss it.

Mr. KNOWLAND. Does the Senator from Texas plan to make an explanation of the report?

Mr. CONNALLY. Yes; if I get a chance to do so.

Mr. President, this is the conference report on the ECA bill. It was unanimously reported by all the conferees, the Senate members of the conference committee being the Senator from Texas, chairman, the Senator from Georgia [Mr. GEORGE], the Senator from Utah [Mr. THOMAS], the Senator from Wisconsin [Mr. WILEY], and the Senator from New Jersey [Mr. SMITH]. The conferees on the part of the House were Representatives JOHN KEE, JAMES P. RICHARDS, THOMAS S. GORDON, JOHN M. VORYS, and FRANCES P. BOLTON.

Mr. President, I wish to say that after considerable time spent in adjusting the differences between the two Houses the report was signed by each of the 10 conferees on the bill. The conference report has already been adopted today by the House of Representatives. So there ought not be much controversy or division with respect to action on this measure.

Mr. TAFT. Mr. President, will the Senator yield to me for a moment?

Mr. CONNALLY. I yield.

Mr. TAFT. I wish to give notice that I intend to make a major effort to have the report rejected because of the substantial change and additions to the point 4 program. It seems to me that we have here an absolutely new bill, one which should be debated at length, and that it should not be considered that in this case we are merely asked to give casual approval to a conference report which has been submitted.

The point 4 program is similar—

Mr. CONNALLY. Mr. President, is the Senator from Ohio asking me a question?

Mr. TAFT. No; I am only giving notice. Apparently the Senator from Texas suggested that this conference report should be approved as a matter of course.

Mr. CONNALLY. Oh, no; I did not.

Mr. TAFT. I wish to indicate my opposition to such a course.

Mr. CONNALLY. The Senator from Texas did no such thing, notwithstanding the supererogation of the distinguished Senator from Ohio, who seems to know more about less than anyone else I know.

Mr. TAFT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Ohio?

Mr. CONNALLY. I yield.

Mr. TAFT. What does the Senator mean by "supererogation"? I want an explanation of the term.

Mr. CONNALLY. The Senator can look in the dictionary for it. I do not have time to educate the Senator from Ohio.

Mr. President, there was no difference between the total amounts carried in the House and Senate bills, so that question was not in conference. One question which arose was that of so-called political federation. The House of Representatives insisted upon inserting in the bill a provision encouraging European unification and political federation.

Mr. DONNELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Missouri?

Mr. CONNALLY. I yield.

Mr. DONNELL. I wanted to ask whether, by the term "federation," the Senator had reference to the world federation movement?

Mr. CONNALLY. No.

Mr. DONNELL. Or whether it referred merely to the federation of European countries.

Mr. CONNALLY. That is all.

Mr. DONNELL. It referred merely to the European countries.

Mr. CONNALLY. It did not refer to a world federation. But the Senate insisted upon striking the words "political federation." We thought it went beyond the proper function of the United States to insist or suggest to European nations that they have a political federation. We did approve of their economic unification in connection with their recovery under this program. The Senate was successful in striking out the language "political federation of Europe." The language which was finally adopted was "to encourage the further unification of Europe." We inserted the word "further" to indicate that the economic unity which had already been achieved should continue. But we stopped short of political federation.

Another point in issue was that the House bill increased the amount for guaranties from \$150,000,000 to \$300,000,000, and protected American investments in Europe against seizure or confiscation, destruction, revolution, war, and so on and so forth. The Senate did not agree to the provisions of the House bill. Finally, however, it was agreed that the amount for guaranty purposes would be cut to \$200,000,000. The guaranty purposes include the convertibility of

currency. In the case of funds which may be accumulated in Europe by way of American investments we guarantee the convertibility of their currency into United States currency. We limited the guaranties to convertibility of currency and "to expropriation or confiscation by action of the government of a participating country." The House language was very broad. The House wanted to guarantee investments and business ventures abroad against many contingencies, including expropriation and confiscation. We insisted that it was beyond the proper function of this bill to offer guaranties of such a broad character.

Mr. MILLIKIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Colorado?

Mr. CONNALLY. I yield.

Mr. MILLIKIN. Will the Senator distinguish between the point 4 part of the bill as it left the Senate and as it returns? Or is he in process of doing that now?

Mr. CONNALLY. No; I am going to do that a little later. We finally agreed to guarantee the convertibility of currencies—as does the existing law—and "to extend guaranties against expropriation or confiscation by action of the government of a participating country." The House wanted that to be by the action of any government or public authority in Europe anywhere. We, however, took the position that if we could limit it to the confiscation or expropriation by a government which was one of the participating countries, the United States would probably incur no risk whatever. If a participating country should confiscate or expropriate the property of American citizens, the United States could take recourse by withdrawing or cutting off their funds as a participating country, and thereby protect itself. So the House agreed to that change.

As most Senators know, we have had considerable discussion about the Moroccan amendment. Certain persons around the Capitol have been constantly advocating the view that American citizens are being discriminated against in respect to their trade in Morocco, and they have insisted that radical action be taken against France and against Morocco until such discriminations cease. While the Senate amendment relating to this question was not accepted by the conferees, another amendment was added to the broad provisions of the Senate bill designed to protect American business interests against discrimination. The amendment reads as follows:

In any case where the Department of State determines that any such discriminatory restriction is maintained or imposed by a participating country or by any dependent area of such country, the Administrator shall take such remedial action as he determines will effectively promote the purposes of this subsection.

Progress has already been made in eliminating those discriminations by an arrangement under which the Secretary

of State and the Moroccan authorities established, as it were, a joint commission composed of the American consul and appropriate Moroccan authorities. Anyone who has a complaint may file it with that Commission, where it will be investigated and necessary action taken to eliminate the cause of complaint. That has already worked to great advantage, but it has only been in operation a few months. We enlarged upon that protection by directing the Administrator, whenever it appears that there is discrimination against American citizens or against American trade, to take such action as may be appropriate.

In the case of China, the House accepted the Senate provision that \$8,000,000 of the assistance provided for the general area of China be made available for relief on the continent of China. Those funds have already been appropriated and made available, but are unexpended. In view of those funds, the House agreed to that provision. The Senate in turn accepted the House provision that \$6,000,000 of the funds be made available for the assistance of Chinese students in the United States. I think most Senators are familiar with the arrangement with respect to Chinese students.

The Senator from Colorado wanted to know about point 4. Allow me to say to the Senator, Mr. President, that in the main the Senate restricted and cut down the powers which the House sought to give under point 4. In the final analysis, the action of the Senate was that point 4 should be restricted to technical advice and assistance, without furnishing funds beyond those provided for technical assistance, or guaranteeing funds, and without American investments in any large degree.

Mr. ROBERTSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Virginia?

Mr. CONNALLY. I yield.

Mr. ROBERTSON. Was the Russell amendment with respect to point 4 of the Senate bill retained in conference?

Mr. CONNALLY. What amendment?

Mr. ROBERTSON. The Russell amendment, which provided that those in charge of the program should frankly tell everyone that they were planning for them, but that we made no commitments to pay for the improvements.

Mr. CONNALLY. Let me check on that. I will get that information for the Senator in a minute. I want to get the exact language. I think if the Senator will turn to section 416 (b) of the bill he will find that while the part of the Russell amendment he refers to was not accepted by the conferees, the bill does provide that there is no commitment under point 4 to supply funds, commodities, or services to any of the participating countries.

There was quite an effort in the conference committee to encourage the investment of American capital abroad under the point 4 program. The Senate conferees accepted the language which had been worked out on a bipartisan

basis with the House and which meets with the approval of various American business interests. It is merely a statement of policy. It does not carry any specific provisions or commitments.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. MUNDT. Will the Senator tell me whether the amendment offered by the junior Senator from South Dakota and accepted by the Senate, to the effect that the personnel must be investigated by the FBI before being employed, has been retained?

Mr. CONNALLY. I will say to the Senator that it has been retained.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I yield.

Mr. DONNELL. I note in section 402, under title IV, appearing on page 8 of the printed conference report, language referring to technical assistance, capital investment, and so forth, and I should like to ask the Senator a question about it. In the last sentence of subdivision (c) of section 402 it is provided as follows:

It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation;

The question I desire the Senator to enlighten us upon is whether there is any agreement of any character as to any protection of any kind against the making of an intergovernmental agreement which would obligate our country to guarantee to investors that they will not be deprived of their property without prompt, adequate, and effective compensation. In other words, is there any danger of our country being involved in agreements that investors will not be deprived of their property without prompt, adequate, and effective compensation?

Mr. CONNALLY. There is no such specific commitment in the bill. These are high-flown expressions designed to create the right kind of climate, if the Senator knows what is meant by that statement.

Mr. DONNELL. Mr. President, will the Senator yield further?

Mr. CONNALLY. I yield.

Mr. DONNELL. I appreciate the Senator's frankness, and I am wondering if he agrees with me that sometimes we make a mistake by putting in such high-faluting language that persons reading it do not know whether we intend to go through with it. Is it not a mistake for our country to be using this high type of language which may make investors think they will not be deprived of their property without prompt, adequate, and effective compensation? Should we not say only what we mean, and mean what we say?

Mr. CONNALLY. That is a fine principle to which we can all subscribe; but if the Senator has been in a conference committee, as I am sure he has been many times, he knows that sometimes we have to give and take, in order to reach an agreement. But in this case, an

investor who is going abroad to invest a large amount of money would be a foolish man if he did not consult a good lawyer like the Senator from Missouri, or the Senator from Wisconsin—

Mr. DONNELL. Or the Senator from Texas.

Mr. CONNALLY. No; I am not available.

Mr. DONNELL. There is no need on the part of our Government to guarantee investors that they will not be deprived of their property without prompt, adequate, and effective compensation.

Mr. CONNALLY. In the conference we resisted any such idea.

Mr. DONNELL. Any idea that we are either morally or legally binding ourselves to such a guaranty?

Mr. CONNALLY. That is correct. Of course, what may follow after we create this fine climate, I do not know. Treaties might be made, but there is no authority in the bill to do that.

Mr. DONNELL. Mr. President, will the Senator yield for one or two brief observations?

Mr. CONNALLY. I yield.

Mr. DONNELL. Regardless of the vote on this particular conference report, I should like to be recorded as being opposed to the use of language which holds out in glittering generalities some assurance to persons to whom we do not intend to give assurance. Again, I want to say that I am in favor of using only language that means what we intend it to mean, and that we should never use language which, in glittering generalities, holds out hopes to which we do not bind ourselves.

Mr. CONNALLY. I heartily agree with the view of the Senator in that respect.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SALTONSTALL. It is my understanding that the language does not involve any obligation, as the Senator from Texas has said, and it is not in any way saying something which we do not mean, because it merely provides, as the Senator from Texas has said, a climatic background in which treaties can be made, but if such treaties are made, they must come before this body for ratification. So there is nothing in the bill to create a false impression.

Mr. DONNELL. Mr. President, will the Senator yield for one further question?

Mr. CONNALLY. I yield.

Mr. DONNELL. I understood the Senator from Massachusetts to use the words "climatic background." What does he mean by that?

Mr. CONNALLY. He means a favorable background, warm in the winter and cool in the summer.

Mr. DONNELL. Still, the logic, in my mind, is that when Congress is declaring that the bill involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation, it seems to me that this "warm in the winter and cool in the summer" proposition is holding out to investors a belief that we are assuring them that they may be the recipients of guar-

anties by our Government. Personally, I do not like this kind of language. It seems to me we should say whether we are or are not going to do any such thing. I am not opposed to the conference report, because the Senator has given us an interpretation, and I have great respect for his judgment and for his interpretation.

Mr. CONNALLY. I thank the Senator. The Senator from Missouri, I think, is somewhat unduly alarmed. The language is as follows:

In the case of investment this involves confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes, and observe local laws, and will provide adequate wages and working conditions for local labor.

That means that it simply contemplates a favorable and friendly attitude, if they will obey the laws of the country, pay their local taxes, and will conserve and develop local resources. There is nothing wrong there.

I do not know what is the high-falutin language the Senator is talking about, unless it is this:

It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation.

There is no guaranty there except that if by treaty or otherwise we work out an appropriate agreement with other countries, investors will not be deprived of their property. Something of that kind would be necessary before there could be much encouragement for an investor to enter those countries. I read further:

That they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.

There is nothing there about guaranties except a concern for the foreign investor to see that he is given some degree of protection and is not to be subjected to all the hazards of a road agent, as in the olden days, or of a highwayman in these days.

Mr. DONNELL. Mr. President, will the Senator yield further?

Mr. CONNALLY. I yield.

Mr. DONNELL. When I used the expression "high-falutin language," I thought the Senator from Texas had used some such expression. Perhaps he did not. At any rate, the language is, "It involves." I do not know what "it" means. It is very hard to tell what "it" is.

Mr. CONNALLY. It is a neuter pronoun.

Mr. DONNELL. I believe it has something of a neuter character. Nevertheless, I do not know what is meant by "it" in the context—that "It involves confidence," and so forth. However, regardless of the meaning of the word, the phraseology is:

The Congress hereby finds * * *. It involves confidence on the part of investors,

through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation.

The question I desire to ask is twofold. In the first place, what is the real purpose of putting that language in the measure? In the second place, does it not undertake to tell an investor that if he invests his money he will be benefited by some future or perhaps even an existing intergovernmental agreement, or otherwise, to the effect that he will not be deprived of his property without prompt, adequate, and effective compensation?

Mr. CONNALLY. He does not get any guaranty. It is to be presumed that his Government would in the future undertake to see that his property was protected.

Mr. DONNELL. What is the purpose of putting the language in there?

Mr. CONNALLY. That is the reason for it.

Mr. DONNELL. What is the reason?

Mr. CONNALLY. We are trying to encourage the American investor to undertake an enterprise in a foreign country.

Mr. DONNELL. The encouragement which is held forth is a representation of some kind that if he makes an investment he will not lose his property without prompt, adequate, and effective compensation. Who will give him that guaranty?

Mr. CONNALLY. There is no guaranty in that.

Mr. DONNELL. Mr. President, I shall not labor the point further. However, it illustrates the idea I have in mind, namely, that it is a striking illustration of the use of language which may hold out glowing and glittering hopes, with no intention on the part of our country to bind itself. I do not like it. I want that clear on the record.

Mr. SALTONSTALL. Mr. President, may I say a word, in the form perhaps of a question, if the Senator will yield?

Mr. CONNALLY. I yield.

Mr. SALTONSTALL. If the Senator from Missouri will read the first sentence of the language which he has been discussing—and I may say that I am not the author of the report, and I have had nothing to do with it—I think he will see what is meant. I believe the last sentence must be read in connection with the first sentence in subsection (c). I agree with the Senator from Texas that it holds out no false hopes. All it is is an effort to promote private investment, without making any guaranties by our Government. So far as the language is concerned, all it means is that when private investors are prepared to go into these fields, they can come to our Government and go to the other government and ascertain what agreements have been made and what protections are given to them, without any idea of guaranties being provided. They may or may not go ahead, as they please. I do not agree with the Senator from Missouri that this language holds out false hopes.

Mr. DONNELL. Will the Senator from Texas yield for one further question?

Mr. CONNALLY. Yes.

Mr. DONNELL. The Senator from Massachusetts has indicated that this sentence should be read in connection with the first sentence. I agree that it should be. I read the first sentence:

The Congress hereby finds as follows:

(c) Technical assistance and capital investment can make maximum contribution to economic development—

It covers not only technical assistance, but capital investment—

can make maximum contribution to economic development only where there is understanding of the mutual advantages of such assistance and investment and where there is confidence of fair and reasonable treatment and due respect for the legitimate interests of the peoples of the countries to which the assistance is given and in which the investment is made and of the countries from which the assistance and investments are derived.

Mr. President, I see nothing at all in that sentence which limits even remotely the application of the sentence which reads:

It—

Whatever "it" means—

involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation.

The Senator from Texas has indicated that the purpose of the language which I have quoted, and to which I object, is to give warmth in winter and—in other words coolness in summer, a desirable atmosphere—and assurance of security. I take it he means also, on the part of investors; and he further told us—and I have no doubt he is correct—that there is nothing in this language which binds us in any way. However, it illustrates what I have said, that we are using glittering generalities and glowing expressions that may raise expectations which, on the other hand, we immediately tell the persons who entertain the expectations that there is no basis on which to found them, because we have not bound ourselves.

Mr. CONNALLY. Mr. President, allow me to say to the Senator from Missouri that he has a regular FBI intellect. He probes into these matters and imagines boogers in every bush. There are no boogers here. Let us consider this language. If the Senator will bear with me I should like to read it:

Technical assistance and capital investment can make maximum contribution to economic development only where there is understanding of the mutual advantages of such assistance and investment and where there is confidence of fair and reasonable treatment and due respect for the legitimate interests of the peoples of the countries to which the assistance is given and in which the investment is made and of the countries from which the assistance and investments are derived.

Is there anything wrong with that?

Mr. DONNELL. Not a thing in the world.

Mr. CONNALLY. Does the Senator complain about that?

Mr. DONNELL. No.

Mr. CONNALLY. Does he believe in sending people to other countries to make investments and before they leave telling them: "Go over there and get robbed if you want to. We are not going to do anything for you. Go over there and get skinned. Get your property ravaged. Get your hide tanned, if necessary. We are not going to do anything for you." However, if we have a guaranty of mutual agreements, we have some hope of building up the undeveloped countries, and at the same time aiding American investors. We are saying, "We are not going to guarantee you anything. We are not going to send an army over there to defend your property. But if by agreements with foreign governments later on we can aid you and aid the other country, we are going to do it." Is there anything wrong with that?

Mr. DONNELL. Will the Senator permit me to answer?

Mr. CONNALLY. I do not yield now.

Mr. DONNELL. I beg the Senator's pardon.

Mr. CONNALLY. I want the Senator from Missouri to tell me if there is anything wrong with that. Is there anything wrong with what I have said?

Mr. DONNELL. Is the Senator permitting me to answer?

Mr. CONNALLY. Yes.

Mr. DONNELL. I should like to answer.

Mr. CONNALLY. Not with a speech. I want an answer.

Mr. DONNELL. I cannot speak without speaking. I cannot discuss a matter without alluding to it.

Mr. CONNALLY. I have observed that the Senator from Missouri cannot speak without a great deal of speech.

Mr. DONNELL. I thank the Senator from Texas for his observations and keen powers of analysis. If he will yield, I should like to say that the point I make is this: I see no objection to the opening sentence, which is a mere recital of the fact that technical assistance and capital investment can make maximum contribution to economic development only where there is the understanding to which he refers. However, the point to which I invite his attention is that in the creation of this climate, warmth in the winter and coolness in summer, we go a little further and we find that in this act "the Congress hereby finds * * * It"—whatever "it" means—"involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation."

As a concluding point of my answer to the Senator I would say that it seems to me that almost anyone who reads that, and reads about the intergovernmental agreements or otherwise, on which the investor can base his confidence that he is not going to be deprived of his property "without prompt, adequate, and effective compensation," may have very good grounds for thinking and believing that the Government of the United States is going to make intergovernmental agreements by which he will not

be deprived of his property "without prompt, adequate, and effective compensation." If it does not mean that, the climatic influence to which the Senator has referred is a delusion and a snare, and means nothing more than a lot of language which is like sounding brass or a tinkling cymbal.

Mr. CONNALLY. Very well, Mr. President. The Senator from Texas is about to tell what "it" means. Most boys learn what "it" means while they are in the first grade.

The Senator from Missouri agrees to and has approved subsection (c) up to the language "In the case of investment this involves confidence on the part of the people of the undeveloped areas." Does the Senator suppose the people of the undeveloped areas would let investors come into their countries and invest their money if the people of the undeveloped areas did not have some confidence in their conduct?

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. Go ahead.

Mr. DONNELL. I should like to ask the Senator if there is anything in the sentence about the confidence on the part of the people in the undeveloped areas as to whether that confidence is to be based on the intergovernmental agreements. There is nothing like that there, but there is in the next sentence, when we get down to "investors."

Mr. CONNALLY. Very well. I can read. I will come to that.

Mr. MILLIKIN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Colorado?

Mr. CONNALLY. If he will not ask irritating questions, as the Senator from Missouri does. [Laughter.]

Mr. MILLIKIN. In the bill as it left the Senate there was a 5-year term provided, and I ask whether it is in the conference report.

Mr. CONNALLY. Has the Senator read the conference report?

Mr. MILLIKIN. I have not had time to read it. I am trying to find out about it.

Mr. CONNALLY. I shall have to check. I do not think that language was carried into the conference report.

Mr. MILLIKIN. Let me ask the Senator another question.

Mr. CONNALLY. I hope the Senator will bear with me until I can answer the Senator from Missouri, if I do not provoke him into another speech.

Mr. MILLIKIN. I am worried about that, too; but I wonder if the Senator would answer another question on my part before he launches into another speech.

Mr. CONNALLY. Very well.

Mr. MILLIKIN. When this measure was before the Senate on a previous occasion, it was represented that this was merely a simple technical assistance act.

Mr. CONNALLY. That is correct.

Mr. MILLIKIN. What has all this tripe we have been discussing to do with a simple technical assistance act?

Mr. CONNALLY. Because the House had a great, long, ambitious program of investments abroad, with guaranties, and

a lot of stuff we had to get rid of, and in order to do that we had to take some of their language. As I recall now, the Senator from Missouri was in favor of guaranteeing Americans who invest their money abroad.

Mr. DONNELL. Mr. President, if the Senator will yield—

Mr. CONNALLY. He was in favor of guaranteeing their property and their profits, if I am not mistaken.

Mr. DONNELL. Is the Senator referring to the senior Senator from Missouri?

Mr. CONNALLY. I am referring to the junior Senator from Colorado.

Mr. MILLIKIN. Merely to clear the Senator's mind, he is very much mistaken if he believes that I have committed myself in any way to any part of this foreign-investment program. I tried to make it clear in the preceding debate that before I could commit myself to it I would like to have more facts than we have had so far. I notice here a news release, which I do not vouch for, which says that—

The House Rules Committee refused, on a 5 to 4 vote today to clear for House action President Truman's point 4 legislation to encourage American investments in underdeveloped areas of the world.

All I am driving at is, if that is not the foreign-investment program, or the prelude to it, what is the purpose of all these pompous words?

Mr. DONNELL. Mr. President, will the Senator permit me to ask one question so that I may know what he means?

Mr. CONNALLY. Not yet.

Mr. MILLIKIN. Wait a moment until I get an answer.

The PRESIDING OFFICER. The Senator from Texas declines to yield to the Senator from Missouri.

Mr. CONNALLY. The Senator from Colorado knows what the purpose of this provision is. It is a part of the broad plan of a lot of people who are thinking of economic rehabilitation all over the world. They conceived the idea that we could send to these undeveloped areas technicians; and the testimony is all to the effect that the countries do need them. The testimony also is that we have not enough of technical assistance to go around. Those who are interested in this provision want us to help develop these foreign areas so that they can stand on their own legs, so that the United States will not have to continue sending them money, and will not have coming along economic-aid bills, and probably military-aid bills, and things of that kind. It may not work. Is the Senator able to peer into the future and see all the defects of this system? Of course he is not.

Mr. MILLIKIN. I am not able to peer into the future and see all the defects of this system, but I am able to peer into this conference report.

Mr. CONNALLY. The Senator from Colorado says he can peer into this conference report, but he admitted a moment ago that he had not even read it.

Mr. MILLIKIN. I did not say I had. I said I wanted to.

Mr. CONNALLY. I hope the Senator will, and if he does, he will not ask so many questions.

Mr. MILLIKIN. I will ask more.

Mr. CONNALLY. I now yield to the Senator from Missouri.

Mr. DONNELL. Mr. President, I wish to ask the Senator from Texas a question. He spoke of the Senator from Colorado not having read the conference report. I understood the Senator from Texas would have to dig into the contents of the conference report to find out whether the 5-year provision was in it.

Mr. CONNALLY. That is not in it.

Mr. DONNELL. Has the Senator ascertained that since he made the statement a few minutes ago?

Mr. CONNALLY. I have verified it, because I know how "technological" the Senator from Missouri is. If the Government can possibly secure his services, we would like to send him to some of these undeveloped areas as a technician, as a technological adviser.

Mr. DONNELL. I merely wanted to ask the Senator from Colorado—

Mr. CONNALLY. He has not the floor. I do not yield for that purpose.

Mr. DONNELL. When the Senator from Colorado used the term "tripe"—

Mr. CONNALLY. He did not say "trite," he said "tripe."

Mr. DONNELL. Tripe—t-r-i-p-e. I ask the Senator from Texas if he does not understand that what the Senator from Colorado referred to was the language in subdivision (c) of section 402, set forth on page 8 of the conference report. Is not that what the Senator from Colorado meant, according to the Senator's understanding?

Mr. CONNALLY. I do not know what he referred to.

Mr. DONNELL. I ask permission of the Senator from Texas to ask the Senator from Colorado if that is not what he referred to.

Mr. CONNALLY. I decline to yield for that purpose. I am not carrying on a school for instruction amongst these gentlemen.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Ohio.

Mr. TAFT. What concerns me is whether this program is intended to be confined to the technical assistance provided for in the Senate bill, or whether the language is not now so broad that it includes also the promotion of the flow of investment capital? I call the attention of the Senator to section 403, on page 8, where it is stated:

It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions—

And so forth. Then in subdivision (b) it is provided:

In reviewing requests of foreign governments for aid for such purposes—

And so forth. It seems to me perfectly clear that under section 403 we provide not only for technical assistance, but we also anticipate a program for the flow of investment capital. I desire to find out if that was the intention of the conferees.

Mr. CONNALLY. I first desire to say to the Senator that I want to finish my colloquy with the Senator from Missouri as to what "it" means.

"It" evidently refers back to the case of investments. The report says:

In the case of investment this involves confidence on the part of the people of the undeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will provide adequate wages and working conditions for local labor.

That is "it." "It" is what has gone before. "It" involves confidence on the part of investors. The Senator would not want us to stimulate an investor to go abroad unless he had some confidence in his enterprise. He would not want him to go forth and pour his money into a well, he would not want him to pour it into a creek. The Senator would want him to think, if he invests his money, that he has some hope of getting his investment back, of having it protected. I assume the Senator from Missouri would fill him up with a lot of gloomy forebodings—"We want you to know that if you undertake to do this you have to look after yourself. We are not going to do anything for you. God help you. We cannot. We are going to stay here at home. Take your money and go over to an undeveloped country but we will never undertake to help you."

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. DONNELL. What is it the Government is going to do with him then, through intergovernmental agreements or otherwise, by way of agreement with him to guarantee his investment?

Mr. CONNALLY. That simply means that if he invests his money abroad this country will undertake to secure agreements with the country where he is, that his property will not be confiscated, that he will not be robbed, that he will not be hijacked, that he will not be flim-flammed. Yet the Senator is against that. Is the Senator against that?

Mr. DONNELL. Mr. President, I certainly am not against any policy by which the other government shall see to it that American investors are not deprived of their property. But—

Mr. CONNALLY. Do not answer with a "but." I do not want the Senator to answer with a "but."

Mr. DONNELL. Mr. President, will the Senator again yield?

Mr. CONNALLY. I yield.

Mr. DONNELL. Here, however, is a finding of Congress that something involves confidence on the part of investors, through intergovernmental agreements or otherwise. That is to say agreements by this Government with some other government. Certainly it is intergovernmental agreements to which reference

is made, and apparently it is closely connected with the assurance that the investor will not be deprived of his property without prompt and adequate and effective compensation. The point I make is that we are using high-sounding, glittering language, and yet we are told by the Senator, and I have no doubt that he is correct, that there is no intention to bind ourselves to anything. Again I repeat, I do not like that kind of language.

Mr. CONNALLY. Very well. There are many things the Senator does not like, and there are many things he has to put up with. This Government has been making treaties with various countries, including some of undeveloped areas. I shall not mention them by name, but there are many of them. Why? We are not making those treaties in behalf of the other governments. We are making those treaties in behalf of the citizens of the United States and the trade of the United States.

Let me finish my answer to the Senator from Colorado.

It involves confidence on the part of investors, through intergovernmental agreements—

There is nothing wrong with that. We have to agree to it before we can have intergovernmental agreement. Suppose another country should say, "Yes, we want to protect your people. If they come over to us and invest with us we will not confiscate their property." But the Senator from Missouri says "I will never agree to an intergovernmental agreement to protect our citizens' property. I will not agree to it." I continue to read—

or otherwise—

Leave the gates wide open—

or otherwise, that they will not be deprived of their property.

That ought to be good American doctrine. Does the Senator want them to be deprived of their property? We are trying to protect their property. We are trying to make that property productive in undeveloped areas. We are trying to make that property helpful to these backward people. I continue to read:

It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation—

Is there anything wrong with that? I think it is a poor government that would not have enough concern for its citizens to undertake to see that foreign governments guarantee compensation for the property of which they may be deprived.

I continue to read:

that they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property—

What? Are we going to agree that a foreign government can protect citizens of the United States? My God, we cannot agree to any intergovernmental

agreement of that kind, to protect the lives of our citizens over there on peaceful missions, indulging in an effort to rebuild these backward countries. No, we will never agree to any intergovernmental action of that kind. No, we will not do it.

that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.

What is wrong with that I cannot see. The fact that the draftsmen used language which does not measure up to the standard of some of those who read it is not our fault. We are only one House. The other House probably has better draftsmen than we have. They put in some of this high-flown language, but anyone who reads it with an understanding mind will have no trouble whatever in finding out what it means and what it does not mean.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. TAFT. Will the Senator answer the question I asked him, or would he like to have me ask it again?

Mr. CONNALLY. Will the Senator ask his question again. His questions are not always the same.

Mr. TAFT. What I wanted to know was this: Does the bill now extend the action of the United States from mere technical knowledge and skills and the encouragement to the flow of investment capital by agreements with nations and with individuals? I point to the bottom of page 8 of the report where it is said to be our policy to encourage the exchange of technical knowledge and skills and the flow of investment capital, and in the next paragraph (b), five lines from the bottom:

In reviewing requests of foreign governments for aid for such purposes—

Namely for the flow of investment capital as well as skills and knowledge.

If the Senator will refer to the bottom of page 9, section 405, he will find this language:

The President is authorized to—

* * * * *

(e) to make and perform contracts or agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons.

So that a contract can be made a guaranty, or anything else, as I see it, under that provision.

The question I have in mind is this: Is this program now broadened from technical assistance to the promotion of the flow of investment capital? Is that intended by the conference committee?

Mr. CONNALLY. Has the Senator concluded?

Mr. TAFT. Yes; that is the question.

Mr. CONNALLY. I will say to the Senator from Ohio that that is not the case. It is still limited in our view to the extension of technological assistance. The House had a much more ambitious program. The Senate insisted that the bill be stripped in these regards of everything except technical assistance. And we feel

that we have in large measure done so. The Senator referred to section 405, paragraph (e) to authorize the President—

To make and perform contracts or agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency—

That does not mean anything except that people in this line of work can be employed or cooperate with the United States Government in carrying out its program of technological assistance. It does not mean anything about subsidizing anybody or guaranteeing anybody or investing any money—

Provided, That with respect to contracts or agreements which entail commitments for the expenditure of funds appropriated pursuant to the authority of this title, such contracts or agreements, within the limits of appropriations, or contract authorizations hereafter made available may, subject to any future action of the Congress, run for not to exceed 3 years in any one case.

That is a partial answer to the Senator from Colorado.

Mr. TAFT. I cannot understand why all this flow of capital and investment is mentioned if it is not intended to be done.

Mr. CONNALLY. Mr. President, I do not yield. The Senator did not ask me to yield to him. I am carrying on a conversation with the Senator from Colorado, and I do not yield to the Senator from Ohio.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. MILLIKIN. There was a somewhat similar provision in the bill when it left the Senate. The provision I was referring to was the provision that would bring the whole thing to an end, as I recall, at the end of 5 years. That is out; is it?

Mr. CONNALLY. That is not in the bill. The House did not agree to it. We took the language of the House bill instead.

Mr. MILLIKIN. Mr. President, will the Senator yield further?

Mr. CONNALLY. I yield.

Mr. MILLIKIN. What was the history of the Russell amendment?

Mr. CONNALLY. It is not in the bill.

Mr. MILLIKIN. The Russell amendment is not in the bill?

Mr. CONNALLY. No; not in the specific form contained in the Senate bill. We took the House language, which, in substance, takes care of the more important part of the Russell amendment.

Mr. MILLIKIN. May I ask the Senator one more question? In the House view of the conference report, does it open the door to investment?

Mr. CONNALLY. No; I do not think so.

Mr. MILLIKIN. Then why did they insist on all that language?

Mr. CONNALLY. We had them give up everything except the technological matter, and they wanted a little comfort out of it, so they insisted on putting in this language.

Mr. KEM. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Missouri.

Mr. KEM. I should like to ask the Senator from Texas whether it is contemplated that the words "the economic and social progress of all peoples" and "economically underdeveloped areas of the world," as those words appear in the conference report, include the areas behind the iron curtain?

Mr. CONNALLY. That statement in the conference report is a general statement, of course. I do not suppose that what the Senator has suggested was in the minds of the conferees particularly. We are not going to send them any technological assistance, which is what the conference report is dealing with at that point.

Mr. KEM. Is there anything in the conference report which would prevent the sending of technological assistance to countries behind the iron curtain?

Mr. CONNALLY. No; except that the United States is not going to do it. We are not going to appropriate any money for that purpose. No one in the Congress is contemplating doing that; it is not within our dreams or aspirations at all.

Mr. KEM. Mr. President, does the Senator from Texas feel that, if that is not the purpose, such broad language should not be used in the conference report?

Mr. CONNALLY. No; I do not think so.

Mr. KEM. What is the nature of the intergovernmental agreements which are proposed to be made under that portion of the conference report?

Mr. CONNALLY. None have been made yet, so it is impossible to tell their nature.

Mr. KEM. What is their nature to be?

Mr. CONNALLY. They would be certain agreements for the purposes proposed.

Mr. KEM. Are they to be treaties?

Mr. CONNALLY. The Senator from Missouri is an able lawyer, and if he wishes to suggest that they will be treaties, that is his privilege. However, how can any of us know that an instrument is until we see it. The Senator from Missouri may have a legal mind which enables him to look through walls, and so forth; but I cannot do so. I have to know the nature of an agreement before I can tell whether it is a treaty or what it is.

Mr. KEM. Mr. President, will the Senator yield for a further question?

Mr. CONNALLY. Yes; but I wish to conclude, for it is getting late.

Mr. KEM. I wish to ask what sort of agreements the Congress is to be asked to make with respect to authorizations under this measure.

Mr. CONNALLY. The Congress will not be asked to authorize anything except what is provided for in the bill.

Mr. KEM. What are the intergovernmental agreements which are to be made under the conference report?

Mr. CONNALLY. Anything that the Government of the United States wishes to make along the line of economic and

commercial relations; anything which we might agree to along those lines. That is a general statement, but that is all I can say.

Mr. KEM. By agreeing to the conference report, will we be authorizing that such agreements be made?

Mr. CONNALLY. No, of course not. We do not need to authorize them.

Mr. KEM. What are we doing by means of this measure, with respect to such agreements?

Mr. CONNALLY. We are not agreeing to anything.

Mr. President, I decline to yield further to the Senator, for he is not interested in getting information. He is interested, rather, in lecturing the Senator from Texas and in making a speech to the full galleries. So I have to decline to yield further.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. RUSSELL. I am sure the Senator from Texas will recall that my chief concern about point 4 was with respect to the future. All of us recall that a speech was made by an aide to the Government of the United States, without any authority whatever to bind the Congress, about assisting in the completion of the programs and the plans which were made under this technical assistance program.

For that reason, when the bill was before the Senate, I offered to an amendment submitted by the Senator from Texas an amendment reading as follows:

SEC. 509. The advancement of technical assistance or the preparation of plans for projects as authorized under this title does not constitute any obligation whatsoever on the part of the Government of the United States to make any loans or grants for the execution or construction of any project or for the completion of any program devised under this title. The President or the person administering this title under his direction shall give written notice to each recipient of funds or beneficiary under this title that such assistance in planning or programming shall not be construed as an obligation on the part of the United States to make funds available for the construction or execution of any project.

I should like to know from the Senator from Texas what objection raised in the conference committee caused that amendment to be deleted from the conference report.

Mr. CONNALLY. The objection did not come from the Senate conferees; it came from the House conferees. Since the conferees agreed to accept the House language on point 4 we were not able to get the amendment included in the bill in the form in which it had been presented by the Senator from Georgia.

I agreed with the Senator from Georgia about the amendment, and I supported his amendment when it was before the Senate.

Mr. RUSSELL. Yes; the Senator from Texas very kindly accepted it. But I regret very much that it is not included in the conference report.

Mr. CONNALLY. I wish it were although I think the main point in the Senator's proposal is taken care of by the language of the House bill.

Mr. RUSSELL. Not only is it not included in the conference report; but on one page of the conference report I find the statement that—

(c) Assistance shall be made available only where the President determines that the country being assisted—

(1) Pays a fair share of the cost of the program.

That provision clearly implies, to my mind, that the recipients of these funds will get the impression that there is an intent on the part of the Congress of the United States to provide funds for such projects which may be constructed in various parts of the world.

In view of the language of the conference report, I fear very much that in the next few months we may be confronted with requests for authorizations and appropriations of funds for the construction of dams and reservoirs in Afghanistan, for instance, or perhaps for roads in Indonesia. It seems to me that we are very likely to be confronted with requests for appropriations for such purposes, as a result of the provisions of the conference report.

Mr. CONNALLY. I say to the Senator from Georgia that I supported his amendment. However, no one of the conferees ever contemplated anything of the kind the Senator from Georgia has just referred to—namely, any obligation on the part of the United States to pay for any improvements abroad, or anything of that sort. In fact, all the conferees were very much opposed to that sort of thing. That is one reason why the conferees insisted that this provision be limited to one for technological assistance, not for investments.

Mr. RUSSELL. Then what construction would the Senator from Texas place on the language that—

(c) Assistance shall be made available only where the President determines that the country being assisted—

(1) Pays a fair share of the cost of the program.

Mr. CONNALLY. That will be in the event that a program is agreed upon.

Mr. RUSSELL. That is what I am talking about.

Mr. CONNALLY. But the United States does not have to agree to such a program. The Senator's argument was that representatives of the Bureau of the Budget would come before us with a great many estimates for incompleting works in various parts of the world.

Mr. RUSSELL. That is exactly what I apprehend may occur; that is the very thing I fear, namely, that by the elimination of the amendment to which I have referred, the conference report may be interpreted by the recipient countries as an undertaking on the part of the United States to build projects which are planned, and for which technical assistance is given; and that then they will approach our diplomatic representatives, and will say to them, "Our people understood that you were going to build this project."

Mr. CONNALLY. Mr. President, let me inquire just what language the Senator from Georgia has in mind.

Mr. RUSSELL. I am talking about the language in section 407, subsection

(c). In other words, I fear that the people of the recipient countries will say "We believed that you were going to help us build this project. If you do not do it, we are going to turn Communist."

Then perhaps the State Department would tell us, "We must build these projects all over the world, because if we do not, those countries will adopt a communistic system."

Mr. President, it seems to me that matter could have been simplified very easily in the conference report by including a statement to the effect that the advancement of technical assistance involves no obligation on the part of the United States to create or construct or build projects.

It seems to me that the impression to which I have referred will be created by the refusal to include such provision in the conference report.

Mr. CONNALLY. Mr. President, I am sure the Senator from Georgia is unduly alarmed in that respect, because the language at the beginning of section 407 is—

In carrying out the program authorized in section 405 of this title.

And section 405 begins with the words:

The President is authorized to plan, undertake, administer, and execute bilateral technical cooperation programs carried on by any United States Government agency—

And so forth. In other words, the conference report relates only to "technical cooperation," not to building roads, dams, or reservoirs. On the contrary, the conference report relates only to "technical cooperation," for the words of the conference report at that point are—

Technical cooperation programs carried on by any United States Government agency, and, in so doing—

And so forth.

Mr. RUSSELL. Mr. President, I merely wish to observe that I wish I could be as sanguine as is the Senator from Texas that that would be the ultimate result of the failure to include in this measure language to the effect I have stated.

Mr. CONNALLY. Mr. President, the Senator from Georgia is on the Appropriations Committee, and he is a much more powerful figure on that committee than the Senator from Texas ever hopes to be on any committee. All in the world the Senator from Georgia would have to do, if such a thing were to happen—although I do not think it ever would—would be to defeat the appropriation.

Mr. RUSSELL. Of course, Mr. President, I shall not undertake to discuss the Senator's gentle sarcasm with respect to me.

Mr. CONNALLY. Mr. President, I do not wish to be sarcastic at all. I do not yield further, if the Senator is going to insult me.

Mr. RUSSELL. Very well; if the Senator from Texas considers that to be an insult, I shall take my seat, and shall speak in my own time.

Mr. CONNALLY. Very well; let the Senator continue; I do not care.

Mr. RUSSELL. The Senator from Texas knows that I did not insult him. He knows very well that there was nothing insulting in the statement I made.

Mr. CONNALLY. Perhaps I used too strong a term.

Mr. RUSSELL. When the Senator from Texas said that my position on the Appropriations Committee made me much more important than the chairman of the Appropriations Committee is in regard to these matters, he knew that statement by him was made either in a spirit of levity or in a spirit of sarcasm. It had to be either one or the other.

Mr. CONNALLY. Very well. I will tolerate the Senator. Is that all the Senator from Georgia has to say?

Mr. RUSSELL. No. I merely wish to observe, if I may do so without offense to the Senator from Texas—

Mr. CONNALLY. Oh, yes; the Senator cannot offend me.

Mr. RUSSELL. His position in the past, as chairman of the Foreign Relations Committee, has certainly annulled any minute influence I might have on the Committee on Appropriations, because, when the authorizations are passed for these aid programs, the Appropriations Committee is immediately told by those administering them that the fact that the Senator from Texas has secured their passage in the Congress placed a moral obligation on the members of the Appropriations Committee to appropriate the money. That has happened time and again.

Mr. CONNALLY. The Senator from Texas never told the Appropriations Committee that.

Mr. RUSSELL. I did not say the Senator did.

Mr. CONNALLY. I never told the Senator from Georgia that. And if I were a member of the Appropriations Committee, and anyone told me that, I would tell him to go back and attend to his own business, that I knew what my obligations and duties and responsibilities were. Anyone with sense enough to come in the front door, knows that an authorization is never an appropriation of money.

Mr. RUSSELL. I did not say the Senator from Texas had made that statement. I said that those charged with responsibility for administering the programs had made that statement repeatedly in the Committee on Appropriations.

Mr. DONNELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Missouri?

Mr. CONNALLY. I yield for a question. I am tired of yielding for oratorical debates.

Mr. DONNELL. I wanted to ask the Senator, in view of the language which is found in section 402, along this line, for instance, in subdivision (b)—

The efforts of the peoples living in economically underdeveloped areas of the world to realize their full capabilities.

Is the Senator familiar with House bill 8083, which has been introduced in the House and which is the subject of a dis-

patch today on the ticker tape? A portion of that bill reads:

That it is the policy of the United States in the interest of its people as well as that of other people to promote the development of economically underdeveloped areas of the world, and it is the objective of this act to further this policy by encouraging productive investment in such areas.

To that end the bill purports to amend the Export-Import Bank Act by giving—I judge, to that bank—the power "to guarantee for an appropriate fee United States private capital invested in productive enterprises abroad," and by providing "that the aggregate amount of such guaranties at any one time outstanding shall not exceed \$250,000,000." Is the Senator familiar with that bill, and with the interpretation that certain Members of the House seem to have put on this policy of encouraging productive investment in such areas, to promote the development of economically underdeveloped areas of the world which are referred to in the conference report?

Mr. CONNALLY. Mr. President, I am sorry I did not hear all the Senator said.

Mr. DONNELL. I am sorry, too.

Mr. CONNALLY. The Senator is talking about a House bill. I am not concerned with any House bill. I am talking about the conference report on the ECA bill.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. DONNELL. Am I correct in understanding that much of the language in section 402 of the conference report was put in it at the request of the House conferees? Is that correct?

Mr. CONNALLY. I made some statement of that kind.

Mr. DONNELL. It is correct, is it not?

Mr. CONNALLY. I said it, and it is correct, as I intended.

Mr. DONNELL. That is correct. I merely wanted to be sure I was correct in my statement. Now, I ask the Senator whether he is familiar with the bill to which I alluded?

Mr. CONNALLY. No, I am not.

Mr. DONNELL. It is a bill which has been introduced in the House, and which has been considered by it, a bill, House bill 8083, which provides for the increasing of the powers of the Export-Import Bank, providing for the powers of that bank "to guarantee for an appropriate fee United States private capital invested in productive enterprises abroad."

Mr. CONNALLY. Yes, I know about that bill, but I am talking about the bill which is before the Senate. I am not concerned at the present time with the House bill to which the Senator refers.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. CONNALLY. I will yield once more. The Senator had better ask all his questions quickly, because I am going to cut him off.

Mr. DONNELL. Is the power to guarantee which is proposed in the bill, H. R. 8083, one of the intergovernmental agreements which are referred to in section 402 of the conference report?

Mr. CONNALLY. I do not care to discuss the language of the House bill or what the language of the House bill means. I have other language here—more language now than the Senator from Missouri can understand.

Mr. DONNELL. I guess that is true.

Mr. CONNALLY. I do not want to take up any more time. I decline to yield further, Mr. President.

The House bill called for \$25,000,000 for the point 4 program, and the Senate bill \$45,000,000. We agreed on a compromise and fixed the amount at \$35,000,000. So Senators can be relieved of \$10,000,000 worth of worry in that regard.

With respect to the children's fund, the Senate bill carried a provision for the continuation of that fund for another year. We had more pressure, more persuasion, more inducements, and more begging to include that again than for the inclusion of any other feature of the bill. The House version contained nothing about the children's fund. The conferees agreed upon an authorization of \$15,000,000 to enable the President to contribute to the United Nations, so as to support permanent arrangements for international children's welfare work, or to make contributions to the International Children's Emergency Fund. It will be recalled that a year ago there was a clause relative to this fund in a bill which passed both Houses. That bill carried a provision that the children's fund should expire on June 30 of this year. Therefore, if it were to be continued at all, it had to be through a new authorization.

Mr. President, I do not care to take up more time of the Senate. This bill has been before the House. It has been before the Senate on two former occasions. We have in two instances appropriated money for the European recovery program. From all the reports we have been able to obtain, our efforts to assist in the rehabilitation of Europe, particularly western Europe, have resulted in much advancement and progress. I do not, of course, question that we have made mistakes in the administration of the program and in the handling of our funds. I am sure mistakes have been made, but we are hopeful that by 1952 the European nations who have united in this program will be so nearly rehabilitated, will have so nearly gotten upon their own legs, and will have so nearly rehabilitated their industry and commerce and their trade one with another as to be able to proceed on the upward grade in the years to come, and that the United States Government will not be expected to carry on a program of this particular nature after 1952.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. THYE. Under point 4 the purpose apparently would be to encourage an American investor to go into a foreign country, where it may require 2 or 3 or 4 years for him to establish a business.

Mr. CONNALLY. That is true.

Mr. THYE. Is it expected that we would be completely out from under any

obligation of the point 4 program at that time? Am I to understand that?

Mr. CONNALLY. Not if certain clauses about intergovernmental agreements are retained in the bill. We might make some kind of intergovernmental agreements looking to the protection and sanctity of property and also the protection of persons. That would be the case very likely, if there should be any response on the part of other governments.

I have very little faith that the point 4 program will result in large investments abroad. I think, however, it will be of great benefit to the other countries from a technological standpoint. They will learn something of our skills, our methods, and our trades which will be greatly to their benefit.

Mr. THYE. Mr. President, will the Senator yield further?

Mr. CONNALLY. I yield.

Mr. THYE. The question which came into my mind when the point 4 program was first considered was the very fact which the Senator has just stated. We do not know how long it will continue. We do not know all the problems involved. Yet we encourage investors, by this very colloquy today, to invest their money abroad, and at the end of 2 or 3 years we may be relieved of any further responsibility. But the investor has invested his money, and we move out and leave him stranded there. He may be confronted with confiscation of his property. He may have invested \$10,000, \$50,000, or \$100,000, and he cannot take a dollar out of the country because we shall have forsaken him. We do not intend to continue any longer in protecting him or creating an atmosphere which would be wholesome for his type of business.

Mr. CONNALLY. I have already adverted in the course of the debate to the clause which provides for making agreements for the very purpose which the Senator has mentioned. It is not contemplated that we shall run off and leave the investors. The Senator knows all about businessmen. I know something about them also. Do not worry about businessmen going abroad and saying, "Do what you please with my money." They are going to look after their own interests. If they are robbed, it will be done while they are asleep.

Mr. THYE. I greatly appreciate the demonstration which the able senior Senator from Texas has given us. It was rather amusing to see the money and the knife come out of his pocket as he illustrated his point. But, nevertheless, I think a businessman would be very cautious and careful about investing his money abroad.

Mr. CONNALLY. He should be. He has no right to go into a country in which he knows he may have trouble, and involve his own Government in trying to protect him and defend him through the Treasury of the United States. Does the Senator complain about that?

Mr. THYE. The very colloquy taking place on the floor indicates that a businessman may find that we have created a "climate" and have tried to make him understand that there will be

an atmosphere friendly to him and conducive to his investing his money abroad, and when he has invested his money and has earned a few thousand dollars he cannot go forward unless the atmosphere continues to be friendly to him. He cannot take his money out, or sell his property and relieve himself from any future obligations, so far as his money and property are concerned. At the end of 3 or 4 years is the Government still going to maintain some responsibility to the businessman who invested his money, or will it turn away and leave him cold and thereby place him and all his earnings and his investment in jeopardy.

Mr. CONNALLY. I will say to the Senator that if the businessman earns his money honestly on his property in a foreign nation, the Government of the United States is not going to abandon him. Even after 2 years it will intervene and tell the foreign government, "You cannot do this to my citizens." We are doing that every day. The State Department has stacks of complaints on which it is working. The Government is intervening for the protection of its citizens in every quarter of the globe.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SALTONSTALL. By way of answer to the Senator from Minnesota and, perhaps, to the Senator from Missouri, let me inquire of the Senator from Texas if the Senator from Massachusetts is correct in saying that there is, first, a technological program for which the conference report authorizes an appropriation of \$35,000,000, limited to 3 years, and under that program the Government can spend funds in a foreign country in which it believes the program will be of assistance?

Mr. CONNALLY. That is correct.

Mr. SALTONSTALL. It can contract either here or abroad so as to go forward and create technological programs. That is the Government side of it.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. MILLIKIN. The Senator says it is limited to a 3-year program. It is limited to a contractual obligation.

Mr. SALTONSTALL. I thank the Senator from Colorado. The other program is one providing an atmosphere for private investment. The Senator from Minnesota inquires whether the Government is going to withdraw in 2 or 3 years and leave private investors in foreign countries. As I visualize the program, it is an entirely different one from the technological program. It involves discussions with other governments, let us say, a government in South America—Peru, for example. It involves possibly the creation of a favorable atmosphere through a bilateral understanding between the two Governments. Under such a bilateral understanding there will be provided not necessarily any guaranty to the investor. He may, if he so desires, put his funds in a private investment in Peru. If he does so, he has the understanding of the bilateral agreement creating the atmosphere under which he invested his money. That is an entirely

different program from the technological program which, as the Senator from Colorado rightly says, involves an obligation for not more than 3 years.

It seems to me that answers the Senator from Minnesota and does not deceive any private investor.

Mr. CONNALLY. I thank the Senator from Massachusetts.

Mr. SALTONSTALL. Am I not correct?

Mr. CONNALLY. The Senator is correct. His explanation is very clear. Without any act of Congress, without any appropriation, if an American citizen wants to go to South America or Central America and make an investment, the bill does not mean the Government abandons him and leaves him open to thieves and robbers. The United States Government insists on his protection and on the sanctity of his property.

Mr. MILLIKIN and Mr. DOUGLAS addressed the Chair.

Mr. CONNALLY. I yield, first, to the Senator from Colorado.

Mr. MILLIKIN. I take the liberty of agreeing with the Senator that at the present time an American who is injured abroad pursues his claim through the State Department, and the State Department move in its fashion to redress his injury; but he is an old man, with a hump on his back, before anything ever happens. So I do not think we can hold that out as a very good protection.

Mr. CONNALLY. I think the Senator is exaggerating very greatly. Only recently there was a settlement with Yugoslavia involving millions of dollars.

Mr. MILLIKIN. I happen to know of many claims in Mexico which are still unsettled and have been since the time of Woodrow Wilson.

Mr. CONNALLY. There are some in Mexico which ought not to be settled.

Mr. MILLIKIN. In Cuba the State Department has not yet settled a claim which our own Supreme Court has said is valid.

Some American businessmen want guaranties of their investments when they make them abroad. Who does not want such guaranties? An American citizen cannot have such a guaranty on his investment at home. He would like to be guaranteed a certain amount of money every year. So would the American farmer. The business community had better be watching carefully, because if it is good for them it will be good for every other group in this country.

Mr. CONNALLY. The Senator is correct.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SALTONSTALL. If my understanding is correct, there is in this bill no guarantee of any private investment.

Mr. CONNALLY. That is correct.

Mr. SALTONSTALL. That question will come up in future in connection with bilateral understandings which may be entered into. At the present time, through the Export-Import Bank, there are opportunities to make certain obligations on the part of the Government—

I am not quite sure just how far they go—if that bank so desires. Am I not correct?

Mr. CONNALLY. I assume the Senator is correct. I have not gone into that question.

Mr. SALTONSTALL. The point I should like to emphasize in the form of a question is that there are no guaranties, so far as private investments are concerned, in connection with point 4. There are guarantees so far as ECA is concerned.

Mr. GEORGE. Mr. President, if the Senator from Texas will yield, I will say that is correct. We felt impelled to accept some modified guaranty in order to get an agreement with the House.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. GEORGE. What I was going to say was that there are no express guaranties under point 4.

Mr. SALTONSTALL. That is correct.

Mr. CONNALLY. None whatever.

Mr. SALTONSTALL. What the Senator from Georgia has said is correct. While there are certain guaranties with relation to ECA, there are no guaranties so far as this article is concerned. It is intended to provide a favorable atmosphere for private enterprises.

Mr. MILLIKIN. Mr. President, will the Senator from Texas yield so that I may ask a question of the distinguished Senator from Massachusetts?

Mr. CONNALLY. I yield.

Mr. MILLIKIN. What is the Senator's view as to the need of all this language which has to do with private investment?

Mr. SALTONSTALL. It is my theory, in opposition to that of the Senator from Missouri, for whom I have the greatest esteem and good will and with whom I am in general agreement, that this is an effort, as the Senator from Texas has said, to create a favorable atmosphere, which in its present terms probably would not induce private investment to go abroad.

Mr. MILLIKIN. What is the use of putting it in the bill in conjunction with the provision for technical assistance? What has it to do with technical assistance?

Mr. SALTONSTALL. It has nothing to do with it.

Mr. MILLIKIN. Then it does not belong there.

Mr. SALTONSTALL. Oh yes. It was a part of the House bill. It is a part of this whole enterprise, as I see it, over the long pull after 1952, when ECA stops.

Mr. MILLIKIN. Is it the Senator's theory that it is in the bill as a part of the other program?

Mr. SALTONSTALL. It is my theory that it is in the bill in order to afford private investors the opportunity to study this program and to obtain such an understanding as may encourage private investment.

Mr. MILLIKIN. Is it the Senator's opinion that this is in the bill as part of a larger program, as distinguished from the limited technical aid program?

Mr. SALTONSTALL. It is.

Mr. DOUGLAS. Mr. President, will the Senator from Texas yield for a question in regard to title V?

Mr. CONNALLY. I yield.

Mr. DOUGLAS. May I ask the able Senator from Texas if the effect of title V is to give the President, in his discretion, \$15,000,000, if later appropriated, so that he may make "contributions to the United Nations, or any subordinate body thereof" for the purpose of the International Children's Fund?

Mr. CONNALLY. That is the purpose. It is to provide the President with \$15,000,000 so that he may cooperate with the emergency program, and in the meantime probably a permanent organization will be formed.

Mr. DOUGLAS. Would it permit the United States to make contributions to the International Children's Emergency Fund?

Mr. CONNALLY. Yes. That is what I was trying to tell the Senator?

Mr. DOUGLAS. I notice the use of this language: "To make contributions to the United Nations, or any subordinate body thereof." As I understand, the International Children's Emergency Fund is a subordinate body of the United Nations. May I ask if World Health and Food and Agriculture would be considered subordinate bodies, or whether they would be parallel bodies?

Mr. CONNALLY. It refers to subordinate bodies.

Mr. DOUGLAS. I understand other organizations have separate governing bodies, and therefore are not subordinate, but parallel. Is it the understanding of the Senator from Texas that the United States can give this money either to the International Children's Emergency Fund, World Health, Food and Agriculture, or to any new organization which may be formed?

Mr. CONNALLY. I think it ought to be limited to some permanent arrangement, particularly with reference to the Children's Fund.

Mr. DOUGLAS. It is primarily intended for the Children's Fund, is it not?

Mr. CONNALLY. That is true. It is primarily intended for the Children's Fund and for any permanent arrangement that may be developed by the United Nations.

Mr. DOUGLAS. It could not be shifted to other organizations?

Mr. CONNALLY. I think it would have to come within the designation that it must be a subordinate organization of the United Nations.

Mr. DOUGLAS. Is it now the opinion of the distinguished Senator from Texas that Food and Agriculture and World Health are not subordinate because they have separate governing bodies, and hence would be ineligible?

Mr. CONNALLY. I am not sure about that. I think they might be considered subordinate bodies of the United Nations.

Mr. DOUGLAS. I wish to congratulate the Senator from Texas for being able to bring back this concession. Will the Senator permit me to make an observation?

Mr. CONNALLY. Yes.

Mr. DOUGLAS. I hope the Senator from Texas will keep his eye on this matter, because if we may judge the State Department by its actions in the past, it has been the enemy and opponent of the International Children's Emergency Fund, and it is likely to give advice to the President which may lead him to divert the funds in other directions. I am very glad the Senator from Texas is now a watchdog on this matter to see that this fund is spent for the purposes which the Senate and the Congress designed, namely, for the aid of children primarily through the International Children's Emergency Fund.

Mr. CONNALLY. I want to say to the Senator from Illinois, however, that in the President's discretion some of this money may be allocated to any subordinate organization of the United Nations.

Mr. DOUGLAS. Yes.

Mr. CONNALLY. However, I think that ought to be an organization which is primarily interested in children.

Mr. DOUGLAS. And not Food and Agriculture or World Health.

Mr. CONNALLY. I do not want to mention those two organizations by name, because I have not been able to look very carefully into them.

Mr. DOUGLAS. Is it not true that the International Children's Emergency Fund is a going organization, and to scrap it and create a new organization would take up a great deal of time?

Mr. CONNALLY. It is not the purpose at all to scrap it.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield for an observation in answer to the Senator from Illinois?

Mr. CONNALLY. I yield.

Mr. SMITH of New Jersey. As I understand the situation, I am very glad to say, that originally the International Children's Emergency Fund was an emergency feeding fund growing out of the war. Plans have been made for some time, without an agreement having been reached, to turn it into a permanent fund under the United Nations. What is done by the conference report is to make funds available to the President of the United States so that he may work toward setting up a permanent organization or, as it is said in section 501 (a), "to support permanent arrangements within the United Nations structure for international children's welfare work." In subsection (b) it is provided:

If at any time during such fiscal year the President deems it to be in the interest of the United States, he is authorized to make contributions out of any funds appropriated pursuant to the authorization contained in subsection (a), to the International Children's Emergency Fund to carry out the purposes of the International Children's Emergency Fund Assistance Act of 1948, upon such terms and conditions as he may prescribe.

The reason that it was dealt with in this way is that the United States has been carrying the International Children's Emergency Fund on the basis of a 72-percent contribution by the United States as against 28 percent by the other nations. If we were to continue it as

heretofore with that percentage, probably there would be no incentive to put into effect the permanent plan, under which we would contribute approximately 40 percent of the funds necessary, on the basis of our contributions to the United Nations activities, with 60 percent being contributed by other countries. Therefore, it seemed wise to pursue this course until a permanent structure was erected. This provision was inserted on the insistence of the Senate conferees, because the House had determined to have nothing more to do with this cause. We were confident that the whole plan would die unless we provided for some continuing plan. It seemed to be the reasonable way to do it until a permanent plan is made.

Mr. DOUGLAS. Mr. President, I appreciate the statement of the Senator from New Jersey, whose contributions to this matter have been very great. May I ask his opinion on this point: Suppose the State Department gives the President advice that he should not make any contributions to the children's fund, and should shut off all money to it, with no other organization being created to take its place. Would that advice, in the opinion of the Senator, be a breach of the intention of Congress?

Mr. SMITH of New Jersey. It would be a breach, and the Senator from New Jersey, for one, and I think other members of the Foreign Relations Committee also, would be glad to wait on the President of the United States and give to him our interpretation of what this legislation is intended to accomplish.

Mr. DOUGLAS. I thank the Senator from New Jersey and the Senator from Texas, and I wish to say that I hope that members of the State Department will read the CONGRESSIONAL RECORD to find the clear intent of Congress on this matter.

Mr. SMITH of New Jersey. Does the Senator from Texas still have the floor, or has he yielded the floor?

Mr. CONNALLY. I yield the floor.

Mr. SMITH of New Jersey. Will the Senator yield to me for a brief statement about the matter we have been discussing?

The PRESIDING OFFICER (Mr. FULBRIGHT in the chair). Does the Senator from Texas yield to the Senator from New Jersey?

Mr. CONNALLY. I yield.

Mr. SMITH of New Jersey. Mr. President, the point has been raised, and I think as one member of the committee I should make a little explanation of my understanding of the way in which some of its provisions got into the bill.

In the first place, the discussion of point 4 came up because the Senate conferees were opposed to fixing guaranties, under ECA or otherwise, to any business enterprise which wanted to go abroad and do business there.

In the Senate version of the bill we merely provided for technical assistance for a period limited to the life of ECA, which was to 1952, and 2 years beyond that, making it 1954 or 1955.

When we met with the House conferees we found their object was to limit the bill to the other assistance, to which

they added the provision for what they called favorable climate for business enterprises which might go abroad, which might relieve the United States of making grants for dollar aid because of the amount private enterprise might be induced to put into business, thereby relieving the dollar situation.

The House conferees insisted on the House provision, and I may say for my colleagues on this side that the provisions for the encouragement of foreign investment were inserted by the House in collaboration with a number of Senators from this side. The Senator from Massachusetts [Mr. SALTONSTALL] and Mr. HERTER, of Massachusetts, in the House, were interested. In fact, it was largely inspired by the Massachusetts representatives in the House and Senate, on the theory that a favorable climate presented for business to go abroad might relieve the burdens in the future on ECA. However, there is not a word in the bill about any guaranty of any sort or description.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. MILLIKIN. What, then, is the purpose of this language in the report? If it does not do anything, how does it create a favorable climate?

Mr. SMITH of New Jersey. I think that if the Senator will really read it with care, he will see what the attempt is, namely, to create a climate, by bilateral agreements with countries to which our investors want to go.

Mr. MILLIKIN. Is the Senator now saying that this bill in its present form does lay a foundation for that?

Mr. SMITH of New Jersey. I think this bill does lay a foundation for that, if during the life of ECA private citizens desire to go to a foreign country and invest their money.

Mr. MILLIKIN. What does it do for such persons? The Senator is a member of the committee, and he should be able to tell me. I am asking the question. What does it do for such persons? Let us assume the distinguished Senator from Wisconsin [Mr. WILEY], who sits before me, desires to start a business in Brazil. What does the bill do for him?

Mr. WILEY. Mr. President—

Mr. MILLIKIN. I am not talking about Brazil nuts. [Laughter.]

Mr. SMITH of New Jersey. It prevents abuse of the investor. It protects him against undue discrimination.

Mr. MILLIKIN. Does it establish such an obligation on the part of the Government?

Mr. SMITH of New Jersey. No.

Mr. MILLIKIN. Then, what is the use of it?

Mr. SMITH of New Jersey. The best I can do is to use the language of the House conferees, and say that it is to create a climate which will be favorable to American business, so as to induce them to invest in these countries, and take off us the burden of making grants.

I can say to the Senator from Colorado that so far as I am concerned I felt that this whole program had to do with the objectives of ECA. I was in favor of not putting this new program in. I was in favor of the short-term

technical-aid program. But we made a compromise with the House conferees, because they were insistent on certain guaranties in the early part of the bill, and we finally agreed to leave in the provisions to create this climate, if they would take out the guaranties which we were opposing.

Mr. MILLIKIN. Coming back to the climate, what does it consist of?

Mr. SMITH of New Jersey. It merely consists of a little further definition of the relations between the United States and Brazil, which the Senator used as an example, for the protection of a business investor going into foreign countries.

Mr. MILLIKIN. Does the bill itself give those advantages to him?

Mr. SMITH of New Jersey. It merely provides that bilateral agreements may be made to create such a climate as will enable him to have greater protection from the government than otherwise he would have.

Mr. MILLIKIN. That is, in the future something might happen by way of a private bilateral agreement, or otherwise, whereby something favorable might happen. Is that what it amounts to?

Mr. SMITH of New Jersey. No; I do not think that is a fair statement.

Mr. MILLIKIN. How does this language help the American investor?

Mr. SMITH of New Jersey. If the Senator from Colorado were an American investor wanting to invest, we will say, in the Far East, let us say in Indonesia, I think he would feel some security if the United States Government were willing to make an agreement with Indonesia by which the Indonesian Government agreed that the Senator from Colorado, as a businessman, might have certain protections in going into that country and starting a business.

Mr. MILLIKIN. Now I am getting to what I want to find out. Does the bill give me that protection?

Mr. SMITH of New Jersey. The bill provides for protecting the Senator from Colorado in investing his funds.

Mr. MILLIKIN. Under this authority there would be an effort to make agreements, would there?

Mr. SMITH of New Jersey. Agreements with the countries concerned, to give the protection provided for in the bill.

Mr. MILLIKIN. Then this is the beginning of the point 4 program, is it not?

Mr. SMITH of New Jersey. I think it is fair to say that. I would say also that it adds to the technical-assistance program. The House has been working for over a year, with the collaboration of some Senators, on a program setting up a plan of this kind so as to furnish an incentive for business to go to other countries and invest funds for the development of underdeveloped areas, or areas where there is need for dollars. We desire to give assurance that the United States is interested in its citizens who may desire to invest in other countries.

Mr. MILLIKIN. The distinguished Senator is thoroughly aware of the fact that the Russell amendment has been eliminated, is he not?

Mr. SMITH of New Jersey. I am not sure it has been eliminated. I do not re-

call what the language of the Russell amendment was, but I read from section 416, subparagraph (b):

Nothing in this title is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries, or to any international organization.

Mr. MILLIKIN. That does not require our agents to bring to the specific attention of the beneficiary the information that there is no obligation of any kind.

Mr. SMITH of New Jersey. I do not quite understand the statement of the Senator.

Mr. MILLIKIN. The Russell amendment was intended to make it very clear, by direct representation to every beneficiary, that giving this technical assistance would not carry any other implication, and this language does not do that.

Mr. CONNALLY. Did the Senator read section 416 (b)?

Mr. SMITH of New Jersey. I just read it.

Mr. CONNALLY. It is not as comprehensive, probably, as the amendment of the Senator from Georgia, but it certainly hits the nail on the head because it says:

Nothing—

That does not mean "something," it means "nothing"—

Nothing in this title—

And this is the only title it refers to, so that it cannot mean any other title—

Nothing in this title is intended nor shall it be construed—

That means it does not intend to do it, but if it is done without the intention of having it done, it shall not be so construed—

as an expressed or implied commitment—

If anyone makes an express commitment, that is one thing, and it is not applicable here. If one makes an implied commitment, that is another thing, and it is not applicable. There can be neither an expressed nor an implied commitment.

Mr. SMITH of New Jersey. The Senator will recall—

Mr. CONNALLY. Just a moment. I continue—

to provide any specific assistance, whether of funds—

They cannot get any money under it, not a cent, not a dime, not a nickel, not a quarter—
whether of funds, commodities—

No food, no clothes, no shoes, no hats, no furniture, no nothing in the way of commodities—
or services—

They cannot make a man work, cannot give him a job—

to any country or countries, or to any international organization.

If that does not cover the landscape, I do not know what could.

Mr. SMITH of New Jersey. Mr. President, the Senator will recall that in our discussion of this matter we talked it

over quite fully, and we agreed we could not make the language any clearer or more distinct than it is. I am not quite clear as to the point made by the Senator from Colorado.

Mr. MILLIKIN. I think I explained my point, when I spoke of the Russell amendment. The amendment of the Senator from Georgia required that every agreement would have to tell every beneficiary in express terms that he must not figure on anything else than what was plainly stated there. The Senator from Georgia [Mr. RUSSELL] a short while ago made it very clear that he is not satisfied with the elimination of his amendment.

I bring to the Senator's attention a clause which was in the Russell amendment, which had a strong appeal to me as having curative value for the defects of the original bill; and that was the 5-year term. The Senator from Texas tells me that the 5-year term is out of the bill, which carries implications of permanency which the Senator assured me were not present. What has the Senator from New Jersey to say about that?

Mr. SMITH of New Jersey. What I have tried to explain to my colleagues in the Senate is that the bill which went to the conferees in just the form in which we passed it, contained the 5-year term. We had discussions with the conferees on the part of the House. The technical assistance program is still a part of the bill.

Mr. MILLIKIN. But not the 5-year limitation.

Mr. SMITH of New Jersey. Not the 5-year limitation. But the provisions of the bill themselves obviously will come to an end when the whole program stops, except for commitments which may have been made to carry out treaties. We have limited those commitments, as the Senator knows, to a 5-year period.

Mr. MILLIKIN. That is a progressive matter, as the life of the bill goes on.

Mr. SMITH of New Jersey. Yes. It is my own construction that it would have been wiser if we had held out against the House conferees on that point.

Mr. MILLIKIN. Oh, wise indeed is the Senator from New Jersey.

Mr. SMITH of New Jersey. That was my own desire originally. But when it came to agreeing with the conferees on the part of the House, we got them to give up all the guaranties to which we objected, to which I would not consent—I was opposed to guaranties of any kind—and we gave up our position as to private investments, to the end that the ECA funds would not have to be used in the form of dollars given by the Government, but as we hoped, could be provided by private investment.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. MILLIKIN. This matter came to the Senate in the relatively simplified form which it took after 2 days of hearings before the Senate Foreign Relations Committee. We were assured that it was a simple little thing; that we did not need to become alarmed about it; that it contained no larger impli-

cations. Now, by the testimony of the Senator from New Jersey, as well as the Senator from Massachusetts, we are embarked at the beginning with full point 4. Does the Senator believe that we should go into a program of that kind on the basis of a conference report?

Mr. SMITH of New Jersey. I do not quite agree that that is the case, because the House conducted long and extended debates on the subject; it was in the House bill, and the House conferees insisted upon it as a condition for taking out the guaranties to which we would not consent. I will admit that in agreeing to the report, in spite of the fact of being opposed to the change, I could not find anything in it to indicate that we are embarking upon a series of commitments, as the Senator from Texas has said. We are simply indicating that if private citizens want to invest funds in other countries before the end of the 5 years, or even after, it is the policy to enter into agreements with Indonesia or with Burma or with other countries, whereby we try to protect the investments against abuses that might occur. We do not guarantee a thing. We simply try to create a climate between these countries and the United States which is favorable, so that if the Senator from Colorado might want to build a power plant—and I know how imaginative Colorado people are—or invest in a power plant in Indonesia, his investment would be protected. He would not make such an investment unless the Government of the United States said to Indonesia, "If Senator MILLIKIN goes to your country with his friends and capital, we expect to have him treated as other people should be treated in dealing with matters of that kind, and we will expect the usual international courtesy."

Mr. MILLIKIN. If the Senator from Colorado went into Indonesia with his money, he would expect to take the risks of the venture and not ask the American taxpayers to assume them.

Mr. SMITH of New Jersey. If the Senator from Colorado went there he would take the risks, of course, and this bill would let him take the risks, but under the bill he would receive the usual international amenities, such as are given by his own Government, and have some assurance that the country in which he made his investment would protect him in the usual way from undue taxes, and so forth.

Mr. MILLIKIN. I merely make the observation that the Senator has held out the most barren sort of help to the American investor. We have been following diplomatic processes all over the world for years and years to protect the American investor. He is not protected. If anyone raises serious question about that I will bring cases to the Senate which will stack up that high [indicating], or even higher.

Mr. SMITH of New Jersey. Am I to gather that the Senator takes the position that we should offer no protection, no encouragement, no inducement of any kind, nature or description, for Americans to invest abroad in these troublous times?

Mr. MILLIKIN. I would take the position that the foreign country is the arbiter of whether our money is safe within its boundaries, and that we should not supply weaknesses in the programs of the foreign countries. We should not absorb their weaknesses. We should say to foreign countries that if they want American investments, through their own internal management, through their own internal treatments of our money, they must be fair to our investors; that our banks are bulging with money ready for venture capital and it will flow there whenever the investors receive that sort of guaranty; but the burden of guaranties should fall not upon the American taxpayer.

Mr. SMITH of New Jersey. In these provisions I can find no case in which the guaranty would fall upon the American taxpayer. There is no such thing in the bill as the Senator has just described. We have made no commitments. We are saying to the other governments, "You must make an agreement with us to protect our people by offering the necessary atmosphere for successful investment."

Mr. MILLIKIN. Then I suggest that the Senator has offered nothing.

Mr. KEM. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. KEM. I should like to receive a little more information about the inter-governmental agreements referred to in subparagraph (c) of section 402. Are these agreements treaties, or are they executive agreements, or are they neither?

Mr. SMITH of New Jersey. If the Senator will look at section 405 he will see what they are. Section 402 contains preliminary findings. Paragraph (c) of section 402 contains findings that we need confidence on the part of investors, and so forth, if they are to go into other countries and invest their funds. Section 405, as I recall—

Mr. KEM. I refer to paragraph (e) of that section.

Mr. SMITH of New Jersey. That paragraph provides:

To make and perform contracts or agreements in respect of technical cooperation programs—

And so forth. We find in section 407 the following:

In carrying out the programs authorized in section 405 of this title—

And there are certain paragraphs indicating the kind of things we would expect to have incorporated in the agreements in order to protect the investor.

Mr. KEM. When the agreement is made is it subject to approval by the Senate? Is the advice and consent of the Senate necessary in order that it shall become effective?

Mr. SMITH of New Jersey. I should think if the program is approved, the President, under this program, would be authorized to make agreements which met the simple conditions provided in the bill. In it there are no commitments by us in any way, shape, or manner. The bill simply indicates the kind of a set-up we would ask of a foreign country,

especially an undeveloped country; the kind of things we would expect such a country to do. We would expect it to enter into an agreement with our country that if the distinguished Senator from Missouri, to use his case as an illustration, as I previously did with respect to the Senator from Colorado, wants to make an investment in a country—and I make mention of the new Republic of Indonesia, or, let us say Korea, which is a sort of a protectorate of ours—if the Senator should go there to do business we would expect the Koreans or the Indonesians, as the case might be, to make a reasonable contract involving these points.

Mr. KEM. Would such contracts be binding upon the United States without any further intervention on the part of Congress?

Mr. SMITH of New Jersey. I do not believe the Senator will find any obligations that commit the United States in any way in dollars or cents or commodities. We have distinctly said we are not committed in such manner.

Mr. KEM. What is the use of making contracts if nothing is gained thereby?

Mr. SMITH of New Jersey. The contracts are to protect the investor.

Mr. KEM. Are they unilateral contracts, binding the other party, but not binding us to anything?

Mr. SMITH of New Jersey. The bill would create the climate under which our investors would invest in foreign countries. I think we are doing a great deal for those countries. I consider that to be a good consideration for the agreement which might be made. This is the kind of thing we have just done in a bilateral contract with Uruguay. This type of agreement has been just approved.

Mr. KEM. Do I correctly understand that the contract is wholly executed on the part of the United States, and that there are no executory provisions on our part at all?

Mr. SMITH of New Jersey. I think the whole program involves reciprocal benefits to both the United States and the countries on the other side, but not in the form of dollar-and-cents commitments, to judge from anything I could find by reading the conference report. In reading it, I do not see that anything so terrible is proposed on the part of the United States.

I would say that I was favorably disposed to this proposal as an action on our part in the ECA era.

Mr. KEM. Does the conference report contemplate any executory commitments on the part of the United States?

Mr. SMITH of New Jersey. With that question in mind, I would have to read the conference report very carefully, in order to see. I did not have in mind that there are any commitments which concerned me.

Mr. KEM. Assuming that the conference report does involve executory commitments on the part of the United States, should not such agreements or commitments be made with the advice and consent of the Senate, under the Constitution?

Mr. SMITH of New Jersey. If it took the form of a treaty with another country, certainly it should; there can be no doubt about that.

Mr. KEM. If it took the form of an executory agreement, it would require action on the part of both Houses of Congress, would it not?

Mr. SMITH of New Jersey. I may say to the distinguished Senator from Missouri that I have just been advised that the pending agreement with Uruguay is definitely a treaty. Our committee has reported it favorably. It will be before the Senate presently for ratification by two-thirds of the Members of the Senate as a treaty.

I assume that these agreements will be in the same form as that one.

Mr. KEM. May the Congress rely upon that, in connection with its vote on this measure—namely, that under this measure the executive branch of the Government will not undertake to make any agreements which are not brought to the attention of the Senate in the form of a treaty?

Mr. SMITH of New Jersey. I would say that if any treaties on the part of the United States were involved, that would be the way to deal with them.

However, I would have to study the conference report further in order to be able to answer in detail the Senator's question.

Mr. KEM. Under the terms of the conference report, would the executive branch of the Government be authorized to make an agreement to extend technical assistance to a country behind the iron curtain?

Mr. SMITH of New Jersey. Possibly the language of the conference report might be construed in that way; but I know from the conversations we had in the conference committee that the idea was that the entire purpose of extending technical assistance was to help countries which are resisting Communist infiltration, just as we used the ECA funds in the case of the cooperating countries in Europe to prevent the furtherance of the Communist movement.

Mr. KEM. Having in mind that the executive branch of the Government has in the past—for instance, at Potsdam—made with countries behind the iron curtain certain agreements which added greatly to their political and economic resources, should not the elected representatives of the people of the United States in this case safeguard the peoples' rights, to the extent that no such agreement made by the executive branch of the Government would be valid and binding?

Mr. SMITH of New Jersey. So far as I am concerned, as a member of the Foreign Relations Committee, if such an agreement came before the committee, I can assure the Senator—although I cannot necessarily commit my colleagues—that I would be definitely opposed to any agreement proposing to give technical assistance to any of the Communist countries or satellites.

Mr. KEM. But the Senator from New Jersey will agree, will he, that the trouble was that the transactions at Yalta and at Potsdam never came before the Foreign Relations Committee?

Mr. SMITH of New Jersey. I know that, and I continue to be critical of that.

Mr. KEM. Should not a burnt child avoid the fire?

Mr. SMITH of New Jersey. Of course a burnt child should avoid the fire.

Mr. KEM. So should not we do all we can to prevent the occurrence of similar transactions under the provisions of this measure?

Mr. SMITH of New Jersey. But it has never occurred to me that any of the provisions of this measure would be used to aid Communist countries.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. SALTONSTALL. I wish to call attention to section 402 (a), of the conference report, particularly the first sentence. That seems to me to make it very difficult to conceive that this measure could be used to aid countries behind the iron curtain.

Mr. KEM. That is the sentence which puts me on my guard. It reads:

The peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples.

In other words, that provision includes equally the peoples behind the iron curtain and the peoples in front of the iron curtain. That is what that language means; it means all the peoples of the world.

Mr. SALTONSTALL. Mr. President, will the Senator yield further?

Mr. SMITH of New Jersey. I am glad to yield.

Mr. SALTONSTALL. I would construe that language to mean free peoples and peoples who have a common interest in freedom.

I agree with the Senator from Missouri that, in a technical sense, he has read correctly that portion of the conference report.

Mr. MILLIKIN. Mr. President, will the Senator yield, to permit me to ask a question of the Senator from Massachusetts?

Mr. SMITH of New Jersey. I am glad to yield to the Senator for that purpose, if I may receive consent to do so.

The VICE PRESIDENT. Without objection, consent is granted.

Mr. MILLIKIN. Mr. President, will the distinguished Senator from Massachusetts please tell us what are the "free peoples" of the "underdeveloped areas of the world?"

Mr. SALTONSTALL. In response to the question by the very distinguished Senator from Colorado, who always phrases his questions most carefully and to his best advantage, I would say that I would conceive that perhaps idealistically all people want to be free. Certainly there are many underdeveloped people today—

Mr. MILLIKIN. The conference report, which is proposed to be enacted into law, does not refer to "people who want to be free."

My question is, Who are the "free peoples" of the "underdeveloped areas of the world?"

Mr. SALTONSTALL. Indonesia is an example of what I mean.

Mr. MILLIKIN. Would the Senator say that the people of Indonesia are a free people?

Mr. SALTONSTALL. They are people who are attempting at the present time with their very lives, and in accordance with the entire background of their history of the past few years, to help themselves.

Mr. MILLIKIN. Would the Senator from Massachusetts say that the people of the countries of Africa are "free peoples"?

Mr. SALTONSTALL. I would say that was a question which was more abstruse.

Mr. MILLIKIN. Would the Senator say that the people on the southern shores of the Mediterranean Sea, going over toward Persia and Arabia, are free peoples?

Mr. SALTONSTALL. I would say that in that area there are countries—Libya, for instance—which, with our help, have been making tremendous progress.

Mr. MILLIKIN. The term "free peoples" is another climacteric term, is it not?

Mr. SALTONSTALL. No; the Senator is wrong. It is an idealistic term.

Mr. MILLIKIN. It is full of obscuring smog, is it not?

Mr. McMAHON. Mr. President, will the Senator yield to me?

Mr. SMITH of New Jersey. Mr. President, I should like to say to the Senator from Colorado that I do not find in this title of the conference report the expression "free peoples of the underdeveloped areas of the world." So I wonder where the Senator gets that term.

Mr. MILLIKIN. The Senator from Massachusetts used that phrase.

Mr. KEM. Mr. President, I should like to invite attention to the fact that the conference report, in title IV, refers to "all peoples."

The VICE PRESIDENT. Does the Senator from New Jersey yield; and if so, to whom?

Mr. KEM. Mr. President, will the Senator yield to me?

Mr. SMITH of New Jersey. I yield.

Mr. KEM. Let me invite the attention of the Senator from New Jersey to the fact that in the first line of section 402 (a) of the conference report, in title IV, we find the following:

in the economic and social progress of all peoples.

Mr. SMITH of New Jersey. Mr. President, we should read the entire sentence, as follows:

The peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples.

I will stand by that, and I am sure the Senator from Missouri will, too.

Mr. KEM. Yes; but it seems to me that under that language the President would be fully justified in saying, "I am going to try to free some of the countries behind the iron curtain, so I will extend them some technological assistance under the terms of the ECA Act of 1950."

The question I have asked of the distinguished Senator from New Jersey is this: Is it the intention of the Congress to permit the President to do that, if he sees fit?

Mr. SMITH of New Jersey. Mr. President, the Senator from Missouri knows that so far as the ECA Act is concerned, it is limited to the ECA cooperating countries.

Mr. KEM. Yes.

Mr. SMITH of New Jersey. We have not gone beyond that, so far as I know.

Some implications of the sort the Senator from Missouri has suggested may be drawn from the language of the conference report; but of course we had no purpose or intention of that sort. Certainly any bilateral agreement which would be made would not be made, so far as I can see, with any of the satellite countries or any of the iron curtain countries or any countries that deny people their freedom.

We do not consider that the satellite countries are countries where people are free, and we do not propose to help countries where people are not free.

Mr. KEM. Mr. President, will the Senator yield further?

Mr. SMITH of New Jersey. I yield.

Mr. KEM. The Senator from New Jersey does not mean to suggest, does he, that title IV is confined to the Marshall plan countries?

Mr. SMITH of New Jersey. When we discussed this, the matter, it was our thought that we would move in the direction, primarily, of dealing with the southeast Asia situation, for instance, the situation in Indonesia, the situation in Burma, and so forth, where, if the people are helped by that means, not by force of arms, they might be aided in resisting the tide of communism.

Mr. KEM. The Senator from New Jersey will agree, will he not, that that would not include the countries in Europe behind the iron curtain?

Mr. SMITH of New Jersey. Yes. We also had in mind countries in South America, and so forth—in other words, countries where there is danger of the infiltration of Communist ideas.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. Yes, although I was about to yield the floor.

Mr. SALTONSTALL. I should like to ask a question in connection with a question which was asked a few minutes ago.

Mr. SMITH of New Jersey. Mr. President, it is always a pleasure for me to yield to the Senator from Massachusetts.

Mr. SALTONSTALL. It seemed to me that perhaps there was one thought the Senator from New Jersey, with whose point of view I am in accord, could have added with respect to the idea of creating a favorable atmosphere so as to enable private investors to put their funds in other countries. While I agree we do not offer much, if anything, though it is a start or a preliminary suggestion for working out this problem, yet there is an underlying thought which certainly is in the back of my mind and is in my heart today. That is our own security—the security of our own people in this country. We know that our own security will be promoted by building up other nations whose peoples are animated by the desire to be free and to lead a better existence. If through bilateral agree-

ments we can properly encourage our citizens who have the funds to invest, to go into those countries in the proper atmosphere, we are then building up security for our own people, our own children, and their children in this country. That is the real motive behind it.

Mr. SMITH of New Jersey. Of course, I agree with the Senator about that, and of course my own experience last year in the Far East gave rise to that very thought. What do those people want? They want help so they can get on their own feet and rid themselves of the old imperialism and the old colonialisms and be free. That, it seems to me, is the spirit of what we are trying to do here.

As I say, I originally felt that this proposal should not be tied into the pending ECA bill, but should be regarded as something for the future. But I found nothing in it that was in any way detrimental or threatening, or calculated to carry it beyond anything we have done before. I did not write the bill. I may say to the Senator from Colorado, perhaps there are more words in the provision than are necessary, but the spirit back of it is that of helpfulness to those who need help by the use of private funds.

Mr. SALTONSTALL. And it is for the benefit of the security of the people of the United States.

Mr. SMITH of New Jersey. Absolutely. That is vital in the whole picture. The whole ECA program is built around security. We would not have been going beyond a humanitarian effort, had it not been for that.

Mr. MILLIKIN and Mr. HUNT addressed the Chair.

The VICE PRESIDENT. Does the Senator from New Jersey yield; and if so, to whom?

Mr. SMITH of New Jersey. I am going to yield the floor, after I finish with the Senator from Colorado.

Mr. MILLIKIN. The Senator has been very generous and very helpful.

CONSTRUCTION OF BRIDGE OVER THE ANACOSTIA RIVER FROM EAST CAPITOL STREET

Mr. HUNT. Mr. President, I ask unanimous consent, out of order, for the immediate consideration of House bill 7341, Calendar No. 1574.

The VICE PRESIDENT. The Secretary will state the bill by title.

The CHIEF CLERK. A bill (H. R. 7341) to authorize and direct the Commissioners of the District of Columbia to construct a bridge over the Anacostia River in the vicinity of East Capitol Street, and for other purposes.

The VICE PRESIDENT. Is there objection?

Mr. SALTONSTALL. Reserving the right to object, I should like to ask the Senator from Wyoming one or two questions. He has called my attention to this bill. It involves the authorization of a new bridge over the Anacostia River at an ultimate expense of \$12,000,000. There are several amendments. This is a late hour in the Senate. We have not had a quorum. What assurance can the Senator give me that there is no objec-

tion on either side of the aisle to an important measure of this kind? I realize the need for speedy action.

Mr. HUNT. I thank the Senator from Massachusetts for asking that question, and I beg to advise him that first, of course, the bill has passed the House. It has been acted upon by the subcommittee of the Committee on the District of Columbia, and was reported unanimously by the full committee. It is approved by the National Park Service, the District Commissioners, the Bureau of the Budget, the Bureau of Public Roads, and the National Capital Park and Planning Commission, and in respect to design it will be passed upon by the Commission of Fine Arts. I think I can very honestly say to the distinguished Senator from Massachusetts that there is absolutely no objection to this bill on the part of anyone, so far as I know. The urgency of it I am sure the Senator understands.

Mr. HENDRICKSON. Mr. President, will the Senator yield?

Mr. HUNT. I am glad to yield to the Senator from New Jersey.

Mr. HENDRICKSON. I should like to say as a member of the subcommittee that I confirm everything the able Senator from Wyoming has said. The hearings were unanimous; that is to say, everyone was in accord. The need for the construction of this bridge was well established. Even the dispute as to its location was resolved with complete accord on the part of all who were present.

Mr. SALTONSTALL. Mr. President, will the Senator yield further?

Mr. HUNT. I yield.

Mr. SALTONSTALL. Will the Senator from New Jersey state that so far as he knows there is no objection by any Senator on this side of the aisle, so that in his opinion no one's rights are being infringed upon?

Mr. HENDRICKSON. Mr. President, I gladly state that there was no objection on the part of anyone, either on the opposite side of the aisle or on this side of the aisle, or on the part of anyone in the District of Columbia, or outside the District.

Mr. SALTONSTALL. There is no question that there is a great need for this bridge.

Mr. HUNT. It is urgently needed.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 7341) to authorize and direct the Commissioners of the District of Columbia to construct a bridge over the Anacostia River in the vicinity of East Capitol Street, and for other purposes, which had been reported by the Committee on the District of Columbia with amendments, on page 1, line 5, to strike out the word "line" and insert "vicinity"; on page 2, after line 2, to insert: "The Commissioners of the District of Columbia are further authorized and directed to proceed to acquire sufficient land along, or in close proximity to, Kenilworth Avenue in the District of Columbia, for a right-of-way of adequate width for the construction of a controlled at-

cess road to interconnect the Washington-Annapolis Freeway and the Baltimore-Washington Parkway with said bridge and its east approaches at or near the point where Kenilworth Avenue, if extended, would intersect said bridge and its east approaches"; and on page 3, line 23, after the word "Commission" to insert "and the Commission of Fine Arts".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read a third time and passed.

IDEALS FOR AMERICAN LIBERTY AND INDEPENDENCE

Mr. HENDRICKSON. Mr. President, on last Sunday, May 21, the citizens of this great Capital City gathered to mass the colors at the Washington Cathedral and to honor the men and women of the Nation who have fought and sacrificed for the ideals of American liberty and independence, and, in so doing, to rededicate themselves to the things of God.

The principal address on that occasion was delivered by the distinguished junior Senator from Pennsylvania [Mr. MARTIN], who is himself an outstanding defender of his country in peace and war. So inspiring is the message, Mr. President, that it merits the careful study of all Members of the Congress whose devotion to God and country come first in their scheme of things.

Therefore, Mr. President, I ask unanimous consent to have incorporated in the RECORD at this point in my remarks the address delivered by the Senator from Pennsylvania.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

We meet today in one of the world's finest buildings, dedicated to the glory of God.

We meet in the most beautiful capital city of the earth, in the greatest Nation of all time.

We are honored by the presence of groups of men and women who have fought and sacrificed for the ideals of American liberty and independence.

We meet on the holy day of the Sabbath. There is great patriotic and religious significance in these inspiring circumstances of time and place.

They are most appropriate for the beautiful ceremony of massing the colors.

They form an impressive setting for the reverent tribute we pay today to the memory of heroes who gave their lives in defense of their country and their flag.

We are so fortunate that the United States, from earliest colonial times, has been the home of deeply religious people.

Men of God shared the hardships of the pioneers. They braved the wilderness and crossed the mountains with the trappers, tradesmen, and settlers who pushed forward the western advance of our frontiers.

We have always recognized the importance of religion in the armed services by having chaplains of every denomination.

Woven into the strong fabric of our national existence there are bright threads of thrift, sacrifice, tolerance, peace, good will, and love of God.

As we give thought to the glorious pageant of our Nation's history we are impelled to ask:

Why has America made greater progress, in less than 230 years, than any other nation since the world began?

What made it possible for a little group of sparsely populated colonies on the Atlantic coast to expand their territory to the slopes of the Pacific?

Why were we able to build an industrial empire without equal in all history?

Why does our commerce extend to every corner of the world?

Why does our population, now multiplied 30 times, enjoy the best living standards and the highest cultural level of any people in the world?

Why were we able to build churches, schools, hospitals, research institutions, and centers of art and music for the benefit of all?

The answers may be found in the spiritual strength and character of our people, their love of freedom and their willingness to work and sacrifice.

Patriotic Americans have always been proud of their allegiance to this great country. They have always been willing to fight for it.

They have never considered it a sign of weakness to acknowledge their dependence upon God.

These reasons were summarized by a great historian when he was asked:

"Why has North America made so much greater progress than South America?"

He replied that the people who came to South America were in search of gold while those who settled North America came in search of God.

It is fitting on an occasion such as this to consider our national strength and the dangers that confront us.

Let us, for a moment, take an accounting of our assets and liabilities as a nation.

Listed among our assets are 250,000 churches of every denomination. They are in the great cities. They are in the mountain valleys. They are on the hill tops.

They are constructed of granite, of stone, of brick, and of wood. Some log churches still serve as houses of worship.

We give more for humanitarian purposes, to the Red Cross, to research foundations, to hospitals, and for higher education than all other nations combined.

We send our missionaries to preach the word of God to all the distant islands of the seas.

We have a diversity of industry, agriculture, and transportation greater than was ever dreamed of by the most optimistic a half century ago.

We have developed the rich natural resources of our country for the benefit of all mankind.

More homes, more life-insurance policies, and more savings accounts are owned by our people than those of any other nation on earth.

Our scientists, inventors, and technicians are daily devising new methods to aid in production and to make living conditions more pleasant.

We are pouring out billions of dollars to restore stability to the free nations of the world and to help them resist the advance of godless and churchless communism.

That is a wonderful list of achievements. We have a right to be proud of them.

Now what is there on the liability side?

We have allowed our material progress to advance beyond our gains in spiritual strength.

We have allowed envy, greed, selfishness, and lust for power to blind us to the eternal laws of God.

We have been indifferent toward law evasion, racketeering, chiseling, and other corrupt results of the desire for an easy way of life.

We are asking government to do many things for us that we should do for ourselves. We expect the Government to guarantee our loans, support prices for our products, build our homes, and take care of our personal needs.

Too many of us have begun to feel that government can plan better than God.

Let us look briefly at some actual conditions.

We pay too high a price for labor-management controversies. They could be speedily settled if each party were governed by justice, fair play, and honest recognition of the rights of the other.

The cost of two recent strikes reached the staggering total of \$3,400,000,000.

In addition, they inflicted severe hardships and suffering upon the families of workers deprived of their wages.

Too many such costly work stoppages will destroy the economy of the United States, and our way of life.

Labor and management each has its rights which should be respected and upheld, but they should always remember that the rights of the public are paramount to both.

It is so unfortunate that the world today is in a period of force rather than reason.

For 2,000 years men of good will have looked forward with hope and prayer to a world of peace and brotherhood, obedient to the will of God.

But twice within our own time the ruthless ambitions of tyrants and dictators have plunged the world into the cruelty and tragedy of war.

How can we prevent a repetition of war's death and destruction?

How can we assure the preservation of individual freedom and our form of government?

It seems to me that the following suggestions are sound Americanism:

1. We must willingly obey the laws of both God and man. Our obedience to law must be an inward expression and not under compulsion from an outward force.

2. Labor disputes should be settled without great losses. We must increase production.

3. All should willingly and enthusiastically serve the Nation, both in time of peace and time of war. We must be materially strong. We must be strong in military preparation. We must be strong in our spiritual attainments.

4. Our fiscal policies must be sound. America can save itself from communism if we keep ourselves out of governmental bankruptcy.

5. We want more individual freedom and less government paternalism.

6. There is too much centralization of government. When government directs when, how, and where we are to work and what we are to plant, production is lost and our liberties are curtailed.

7. Americans must live as Americans. There can be no divided allegiance. Subversive action must not be tolerated.

8. Let us continue to be a God-loving people. Let us fill the churches of every denomination. Let us preach righteousness, truth, tolerance, hard work, thrift, and the love of God.

9. Let us work for peace and good will but let us maintain our material, physical, and spiritual strength.

No one wants war, and no one is ready for war. But unfortunately, those working for peace do not seem to be strong enough in the spirit to carry us to that desired end.

What we need here at home is to keep solvent, work hard and have faith in ourselves. Let us live in peace and righteousness with each other and with prayer spread those ideals throughout the world.

On this beautiful occasion, with the massing of our colors in commemoration of the honored dead of all wars, let us rededicate our lives to our country and our God.

Let us resolve that this Nation, founded to sustain the God-given liberty of the individual, will not perish from the earth but will live forever and become stronger as the generations pass.

In making this resolve we must remember that God remains unchanged.

We must move ahead with faith in God and faith in ourselves.

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance.

Mr. MALONE obtained the floor.

Mr. LUCAS. Mr. President, may I inquire how long the Senator expects to speak?

Mr. MALONE. Perhaps 30 or 40 minutes.

Mr. LUCAS. Mr. President, I was wondering if the Senator would let the Senate take a recess at this time and get the floor tomorrow.

Mr. MALONE. With the understanding that the junior Senator from Nevada will have the floor upon the opening of the session tomorrow, I should be happy to yield the floor at this time.

The VICE PRESIDENT. Is there objection?

Mr. CONNALLY. Mr. President, reserving the right to object, I do not want to object, but when tomorrow comes, if the Senator can obtain the floor, I have no objection. I do not like to enter into agreements today as to what Senator will be recognized tomorrow. This is not the first time I have commented on similar situations. That is one of my policies. I have no doubt the Senator will obtain the floor in the morning, and I have no intention of objecting to his obtaining it, but I think it is bad policy to adopt a system whereby we undertake to control recognition of Senators.

Mr. MALONE. The junior Senator from Nevada would just as soon proceed at this time. It is nice of the senior Senator from Texas, however, not to object to his obtaining the floor tomorrow.

The VICE PRESIDENT. The Senator may proceed.

Mr. SALTONSTALL. Mr. President, will the Senator from Nevada yield for a question?

Mr. MALONE. I shall be happy to yield if I do not lose my right to the floor.

Mr. SALTONSTALL. I would respectfully inform the Senator from Texas that I believe there will be several more speeches tomorrow, and perhaps it would be better if we all started off fresh. I wonder if the Senator from Texas will not withdraw his objection to the Senator from Nevada proceeding tomorrow. I have been informed that at least two other Senators on this side of the aisle expect to speak on the subject tomorrow. So I do not think we shall save any particular amount of time if the Senator from Nevada proceeds at this time.

Mr. CONNALLY. I was not objecting on the ground of saving time. I was objecting on a question of policy, agreeing today what shall be done tomorrow. The rule is that the Chair shall give recognition to whatever Senator first addresses the Chair. I have no doubt that if the Senator from Nevada will keep that in mind he will get the floor tomorrow. I do not intend to object. I think the Senator would be better off if

he addressed the Senate tomorrow, thereby having more Senators to hear him, than to speak this evening with no one to hear him. I hope he will agree to that.

THE INCONSISTENT ECA (MARSHALL PLAN)

Mr. MALONE. Mr. President, the currency deflation by the British reduced the value of the pound by some 30 percent, and it has had the effect of enabling British industry to dump goods on the American market in very much increased quantities in competition with our working men and investors.

The distinguished Senator from Texas [Mr. CONNALLY] referred to the nations in which we were going to guarantee American investments—as "road agents." He said we were trying to develop backward areas through the ECA and point 4. I would say that we are using, in a large measure, the landlord system of developing backward areas.

BRITISH STRANGLEHOLD ON MALAYAN STATES

Through our ECA policies, and now the proposed point 4, we are enabling the British to maintain a stranglehold on the Malayan States—a backward area—for example, in Singapore, in the Malayan States, where the opposite of what we name as our objective is being maintained with our support. We are trying to develop the production of crude rubber, we say, and help the Malayan States. The price has actually risen from 17 cents a pound last December to 28 cents a pound as of today—but the Malayan people do not profit by the increase—the British, as landlords, take it all—in fact, reduced the Malayan wages through the reduction in the value of the pound—actually lowered the Malaysians' wages. In the case of tires in this country, based on the increased cost of the raw rubber, it means an increase to the average consumer of approximately \$1.10 per tire.

SLAVE LABOR AND DOLLAR POSITION

The net effect of the deflation of the pound 30 percent has been to decrease the production costs through deflation and of reducing the real wages paid the Malayan workers, while the British Government, with a stranglehold on the great world sources of this commodity, has charged what the traffic would bear, and the American Government, stockpiling rubber, seems to have no objection; indeed, our Government officials seem to be delighted that the increased price has substantially improved the British dollar position while holding the Malayan wages down to virtually the slave-level labor. We are also the real losers in addition to the Malayan labor, since we are the chief purchasers and the cost has been raised above the cost of the production of synthetic rubber in this country.

The latter subject, of course, raises a great question as to how the increase in price on a single product not produced in Britain could so spectacularly increase the dollar position.

BUILDING COMMUNISM IN BACKWARD COUNTRIES

If the British were acting even as honest brokers, Mr. President, this could not be so. The obvious answer is that Britain is getting the lion's share of the spread between the lowered wages of the

Malayan and the increased price to us, leaving the Malayan producer and worker sullen, resentful, and a real candidate for Russian blandishments. Russia is the real beneficiary. Britain is also selling to the Russian Government, in fact, promoting lively bidding between Russia and the United States for the rubber closely controlled by them with our help.

Mr. President, it is very evident what point 4 was proposed to do. The spokesmen for the administration were very frank some weeks ago to say that point 4 was to take the place of ECA and the Marshall plan as they were reduced.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Does the Senator from Nevada yield to the senior Senator from Massachusetts?

Mr. MALONE. I shall not yield for several minutes, Mr. President, until I have finished the particular point to which I am now addressing myself.

POINT 4 AND THE MARSHALL PLAN

Mr. President, it was very plain that point 4 is to take the place of the Marshall plan and ECA in 1952. There is always a new siphon into the United States Treasury.

BACKWARD AREAS

If there is any question about developing the backward areas, and that the distinguished Senator from New Jersey [Mr. SMITH] knew whereof he spoke when he said that part of the plan was to provide trade between all of the areas of Europe and Asia, let me call attention to the fact that on May 5, at page 6547 of the RECORD, the junior Senator from Nevada put in the RECORD a list of 96 trade treaties made by the 16 Marshall-plan countries with iron-curtain countries, under which they are and have been, since the close of World War II, selling them everything from ball bearings, tool steel, electrical equipment, to heavy road machinery, including locomotives and freight cars, that they need to fight a war with the United States of America and to consolidate their gains in eastern Europe and China.

The backward areas are doing all right—even Communist China—the British are taking care of them through Hongkong. Mr. President, I hope for the benefit of the senior Senator from Texas and others who have been so worried about getting the point 4—the bold new program—siphon into the United States Treasury this afternoon, that they are satisfied. For the past 4 hours on the floor of the Senate they have explained that we should adopt point 4—the bold new program which is on the President's "must" program—but that it would not mean anything.

UNITED STATES FURNISHING WAR MATERIAL TO RUSSIA AND IRON-CURTAIN COUNTRIES

For the last 2 years we have furnished the cash, the goods, and the industrial equipment, if you please, to the 16 Marshall-plan countries, so that they may do what?

So that they may furnish the goods needed by Russia and the iron-curtain countries to make war on the United States of America, and to consolidate

their position in eastern Europe and China. They are getting the necessary goods on the first bounce.

The Marshall plan ECA countries have proved that they have no regard for our safety or integrity through trading directly with the nations which we said we wanted to "contain" through the adoption of the Marshall plan.

Mr. President, I now yield to the senior Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the junior Senator from Nevada be given the floor tomorrow when the Senate convenes, in order that he may continue his remarks.

The PRESIDING OFFICER. Is there objection?

Mr. LUCAS. Mr. President, I shall not object, but I assume that if the Senator from Texas were here he would be on his feet.

Mr. MALONE. I suggest that the Senator send for him.

Mr. SALTONSTALL. I respectfully request that the Presiding Officer put the request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts? The Chair hears none, and it is so ordered.

RECESS

Mr. LUCAS. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 4 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, May 24, 1950, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 23 (legislative day of March 29), 1950:

IN THE NAVY

The following-named midshipmen (aviation) to be ensigns in the Navy, from the 2d day of June 1950:

Albert L. Abdon	Daniel C. Johnson
Warren J. Ackerman	Homer R. Johnson
Henry G. Bailey	Donald E. Keil
Franklin H. Barker	John W. Kelly
Robert J. Basso	Bruce R. King, Jr.
Fred J. Bellar, Jr.	Ben P. Kingsbury
Lawrence W. Burns, Jr.	Darrell F. Kirkpatrick
Dale E. Campbell	Charles P. Lamb, Jr.
Donald D. Casson	Henry C. LaFaro
Robert J. Ceremasak	Robert L. R. Lawrence
Robert D. Connolly	Paul W. Leinbach
Phillip L. Dafford	Arthur H. Leonard, Jr.
Lawrence C. Day	William J. Leonard
Robert F. Dreesen	Philip A. Lord
Lawrence F. Emigholz	Donald M. Lynam
John O. England	William J. Maier, Jr.
George A. Finke	Russell A. Marcellus
Francis L. Fleming	Billy W. Matthews
Thomas D. Fritsch	Phillip A. May
Howard E. Furgalack	Timothy J. McMahon
Thomas R. Galley	Joseph Meachum
Daniel E. Gillis	Robert D. Metzger
Arthur W. Goudey	Carl H. Molling
Carl A. Gray	Ralph C. Nash, Jr.
William A. Gregg IV	Robert A. O'Connor, Jr.
Donald F. Guertin	Valfrid E. Palmer
William A. Gureck	Engelbert G. Pezzel
John A. Hershel	William B. Pruitt
Herbert Q. Himes	Abram H. Quackenbush
Delbert D. Hofferth	Carmelo C. Restuccia
Bruce P. Hoffman	Carl W. Rochester
Paul I. Hunter	Roger E. Ruch
Selmer O. Iverson	Benjamin F. James, Jr.
Benjamin F. James, Jr.	John A. Schaefer

Harry G. Simmerman	Richard A. Trethric
Jack D. Slirrine	Ralph M. Tvede, Jr.
Daniel J. Sliwinski	Lawrence T. Vance
Jerome W. Smith	William B. Warwick
Robert W. Sommer	Glenn L. Wegner
Robert S. Stallings	Ronald B. West
David O. Story	Donald R. Wilson
Paul R. Streich	James K. Wilson
David T. Styles	Don L. Wuethrich
Gerald S. Talley	James C. Youngblood
John R. Thomson	Donald R. Zachary
Ronald G. Tinlin	Charles H. Zilch

The following-named (Naval R. O. T. C.) to be ensigns in the Navy, from the 2d day of June 1950:

Roderick E. Jensen.
Peter R. Kuhl.

Maurice G. Duncan (Naval R. O. T. C.) to be an ensign in the Navy, from the 2d day of June 1950, in lieu of second lieutenant in the Marine Corps, as previously nominated and confirmed.

Peter C. Conglis (civilian college graduate) to be a lieutenant in the Dental Corps of the Navy.

The following-named (civilian college graduates) to be lieutenants (junior grade) in the Dental Corps of the Navy:

Robert E. Austin	William L. Robinhold
Mark R. Budden	Paul E. Zeigler
Frederick J. Finnegan	

"J" T. Wallasley, Jr. (Naval R. O. T. C.) to be an ensign in the Supply Corps of the Navy, from the 2d day of June 1950, in lieu of ensign in the Supply Corps of the Navy, as previously nominated, to correct name.

Philip W. K. Sweet, Jr. (Naval R. O. T. C.) to be an ensign in the Navy from the 2d day of June 1950, in lieu of ensign in the Navy, as previously nominated and confirmed, to correct name.

House of Representatives

TUESDAY, MAY 23, 1950

The House met at 11 o'clock a. m., and was called to order by the Speaker pro tempore, Mr. McCORMACK.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, whose divine authority we cannot doubt and whose appeal of sacrificial love we cannot silence, we pray that we may obey Thy holy will more faithfully.

Give us a daring confidence in the reality and power of the spiritual forces during these days when burdened and broken-hearted humanity seems to be a discordant, confused, struggling mass with nothing to hold it together.

Inspire us to accept those principles and ideals which Thou hast ordained as the sure and strong foundation upon which to build a nobler civilization.

May all the members of the human family be brought into fellowship with our blessed Lord and find in His spirit the secret of good will and the joy of an enduring peace.

In His name we bring our petitions. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

THE LATE JOHN ANDREWS

The SPEAKER pro tempore. The Chair recognizes the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, it is with a heavy heart that I announce the death of a beloved friend, the former Clerk of the House of Representatives, presently a minority employee, John Andrews.

For more than 26 years he was a warm personal friend, one for whom I had a great deal of admiration and affection. He was a man with a fine personality. He had the ability to make friends readily and hold those friends to him with grips of steel. He was kind and sympathetic. He loved to serve his friends and all those who requested his services. He was a man of ability and character. For many years he served this country, both as a soldier in the First World War and in civilian life, with fidelity seldom exceeded.

When the Republicans came into control of the Eightieth Congress there was but one choice for Clerk of the House of Representatives, and that was John Andrews. As the Speaker of that body I can honestly and truthfully say that it was with rare ability and conscientious devotion to service that he served this House, for which he had the greatest respect. It appeared to me throughout his long public service he was guided by but one motive: How best to serve his country. I know he revered our

Congress, which many have said was the greatest legislative body in all the world. His purpose in his service here was to make the House of Representatives stand out stronger in the estimation of the people of the United States, because he realized that here in this Congress was where freedom was born and where it must be kept alive. So it is with a heavy heart that I announce the death of this good friend of mine. All of us have lost a dear friend and a wise counselor. Our country has lost an honest, faithful, conscientious public servant that it could ill afford to lose.

To his family and to his good wife I extend my deepest sympathy in their hour of bereavement. May they find sympathy and consolation in the realization that a good life is never ended. It shines on through eternity.

I yield to my good friend the distinguished majority leader.

Mr. McCORMACK. Mr. Speaker, it is with a heavy heart that I received the news of the death of my old friend John Andrews.

John Andrews was a member of the official family of the National House of Representatives. We of the House have a great fondness and attachment for everyone who constitutes the membership of the official family of the House from the Clerk of the House of Representatives down to each and every page. John Andrews not only was a member of the official family of this great body but also every one of us had for him a high regard for his integrity and character and a strong feeling of friendship for him. I was proud to number him among my close personal friends. That relationship existed between us in addition to the intense admiration I had for him as a man and as a member of the official family of this body.

John Andrews was a man of deep faith; he was a man who every day constantly had uppermost in his mind the fact that the journey of life is but the road or the avenue to eternal life with God Himself. John Andrews lived up to the spiritual principles he believed in; and I am confident, knowing John Andrews as I did, that his soul goes to meet the Maker with confidence of the favorable judgment that we all hope to receive when we take the journey into the Great Beyond.

His passing is a source of keen regret not only to the House but to every former Member who knew him; and to his many friends, not only here but throughout the country and back in Massachusetts; and to Mrs. Andrews and his loved ones I join with my distinguished friend from Massachusetts [Mr. MARTIN] in extending the deep sympathy of Mrs. McCormack and myself; and

with that goes, I know, the deep sympathy of every Member of this body.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield to one who probably was the closest friend John Andrews had in the House, my good friend the distinguished gentleman from New Jersey [Mr. CANFIELD].

Mr. CANFIELD. Mr. Speaker, the Chaplain today prayed for broken hearts, and there are many grieving hearts here in this Chamber at this hour and on the sidewalks of this the Capital City of the Nation.

Mr. Speaker, it was my privilege and good fortune to know Jack Andrews for 27 of the 33 years he labored on Capitol Hill. We were very close. He was sort of a combination of father and pal. When he was called away last night, I felt the loss of a large part of what I have known as my Washington.

Jack Andrews was one of the most Christlike men I have ever known. He was very devout, and he believed deeply that his mission on earth was to be helpful and kind to others.

He loved his country and was ready to die for it. He loved the House of Representatives, and he knew and had a good word to say for every Member and employee. The epitaph on his marker at Arlington could well bear the legend "He loved people."

Walking to the Capitol this morning from Jack's home on Fifth Street SE., I stopped to convey the sad news to his Chinese laundryman. Tears came to the latter's eyes as he said, "Good man—he always smile and say kind words." A few doors away the Greek fruit vendor asked me to sit down and tell him all the details. "I can't believe," was his comment. Sam, the barber, had already read the account in the morning papers, but he had this to say, "I wish God would send us more men like Jack." And I might add that in making my long-distance telephone calls this morning the Capitol operators spoke most feelingly of the loss of one who always remembered them. In fact, although he became Clerk of the House in the Eightieth Congress and the boss of hundreds of workers, he was always one to classify himself as one of the hired help.

My secretary said this morning that she had never heard Jack Andrews say an unkind word about anybody, and this truly was part of the pattern of his life. He always liked to be on the giving, not the receiving, end. It was hard for a close personal friend to do something for him.

In a large sense, Jack Andrews was a casualty of congressional pressures in these turbulent days. Those who know him well will never forget how he did his difficult part under the Reorganization

Conscientious, tireless, and energetic in the performance of his duties, he was ever willing to render friendly and helpful service to Members of the House and to many others who called upon him for advice and assistance. It was this tenacious devotion to duty, this persistency in carrying on his work, despite the repeated warnings of his doctor and his close friends, that directly led to his lamentable demise at an age when he was coming into the maturity of his gifts, powers, and rich experience.

John Andrews will be greatly missed in these halls and in this environment where he served so well and so unselfishly for many years. He will be widely mourned, not only by his devoted family, but by a host of friends in his home city of Salem and throughout the Nation. Men may come and men may go in this great Capitol of ours, but it is certain that there will be none who can fully take the precise place of this wholesome, kindly, generous soul, whom we knew and loved as a true American and dear friend.

We shall ever hold his memory dear and in our hearts we shall ever keep the inspiring recollection of John Andrews—faithful public servant, loyal friend and noble Christian gentleman.

To Mrs. Andrews and his family in this hour of great sorrow, I extend my deepest sympathy and condolence. May they find in the cherished memory of their loved one and the sustaining power of their Christian faith some measure of consolation for their great and irreparable loss.

Mr. REED of New York. Mr. Speaker, it is always a severe shock and a great sorrow when a friend is taken from us. Today we all mourn the passing of John Andrews, one of God's noblemen, a true patriot, a gentleman, and a Christian. Yes, we mourn the death of those whom we respect and love, but are we not selfish when we do so? If we have faith in God, do we not know that those who are taken from us are in a world of eternal peace and joy?

Life would be unbearable were it not for faith in a world to come where we in time can meet our departed loved ones face to face.

I have found comfort, as loved ones have passed on, in the words of Geoffrey O'Hara, "There Is No Death":

I tell you they have not died,
They live and breathe with you;
They walk now, here at your side,
They tell you things are true:
Why dream of poppies sod,
When you can feel their breath,
When flow'r and soul and God
Know there is no death!

I tell you they have not died,
Their hands clasp yours and mine:
They are now but glorified,
They have become divine,
They live, they know, they see,
They shout with every breath:
All is eternal life!
There is no death!

I extend my heartfelt sympathy to Mrs. Andrews.

Mr. MARTIN of Massachusetts. Mr. Speaker, I offer a resolution (H. Res. 609) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That the House has heard with profound sorrow of the death of Hon. John Andrews, an employee and officer of the House for more than 30 years.

Resolved, That as a mark of respect to his memory the Speaker appoint a committee of 10 Members to attend the funeral services.

Resolved, That the Clerk transmit a copy of these resolutions to the family of the deceased.

The resolution was unanimously agreed to.

The SPEAKER pro tempore. The Chair appoints the following Members as the committee to attend the funeral services: Mr. LANE, Mr. PHILBIN, Mr. KENNEDY, Mr. DONOHUE, Mr. FURCOLO, Mrs. ROGERS of Massachusetts, Mr. WIGGLESWORTH, Mr. CANFIELD, Mr. GRAHAM, and Mr. BATES of Massachusetts.

Mr. MARTIN of Massachusetts. Mr. Speaker, John Andrews' body will be at the Lee Funeral Home, Fourth Street and Massachusetts Avenue NE., until Friday morning. Funeral services will be held at St. Peter's Church, Second and C Streets SE., Friday morning at 10 a. m. Burial will be in Arlington Cemetery.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARSHALL. Mr. Speaker I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

MIDWESTERN MILK FOR EASTERNERS

Mr. MARSHALL. Mr. Speaker, I wish to call the attention of the Members to an article written by Alfred D. Stedman in the St. Paul Pioneer Press of May 21, 1950, which article I am extending in the Appendix of the RECORD. What Mr. Stedman says is important to people living in the eastern part of the country as well as to the people of our own section of the country. This article is written by a man who is well informed on midwestern agricultural policies and problems.

The Midwest is having a difficult time in connection with finding markets for its dairy products; it is having this difficult time because of trade restrictions and monopolies which are being built up around the eastern seaboard.

We produce just as wholesome milk in the Midwest; we have just as good health laws, just as stringent as those in the eastern milksheds.

Mr. Stedman's article definitely points out that the youngsters in some of these eastern cities are doing without wholesome milk products because these eastern milk monopolies build up artificial trade walls and barriers to keep the wholesome western milk out. These trade restrictions raise the price of dairy products to consumers to the extent that it deprives our families of a wholesome food product. It handicaps our farmers, labor, and business. It ought to be corrected.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House

for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

RANKIN ANSWERS PRESIDENT TRUMAN'S CHARGE OF OBSTRUCTIONISTS IN CONGRESS

Mr. RANKIN. Mr. Speaker, we are told that President Truman made a speech a few days ago in which he attacked the obstructionists in Congress.

I wish to call his attention to the fact that he has some obstructionists right under his nose, in the Bureau of the Budget, who seem to be carrying out the dictates of the railroad lobbyists in opposing the development of the missing link in our national defense program, as well as the missing link in our internal-waterway system.

I refer, of course, to that short, undeveloped stretch in our Gulf-to-the-Great Lakes waterway, usually referred to as the Tennessee-Tombigbee—which has already been authorized by Congress and signed by the President.

It will cut the water distance between the Gulf of Mexico and our atomic-bomb plant at Oak Ridge, Tenn., by more than 800 miles, cut the cost of transportation into Oak Ridge from the Gulf by anywhere from 50 to 75 percent, or more, and reduce the time of each trip anywhere from 10 to 15 days.

If we ever have another war it is going to be fought with airplanes and atomic bombs and this project is absolutely necessary for the defense of the Nation. We cannot afford to wait until our sleeping cities are awakened by the terrible music of bursting bombs.

But the railroad lobbyists do not want it. They would abolish the Great Lakes, if they could do it, wipe out transportation on the Gulf of Mexico, and close the Panama Canal.

The reason they do not want it is that it is the missing link in our internal waterway system, and will provide a slack water route from the Gulf of Mexico to the Great Lakes, to the Ohio River, the upper Mississippi, the Illinois, and the Missouri Rivers, and at the same time save the swift current of the Mississippi for downstream traffic.

None of these waterways has ever put any railroad man out of work, but they have brought about reduced rates, increased the traffic, and caused the railroads to employ more men.

But these railroad lobbyists represent the Wall Street investors, who are now trying to paralyze our internal waterway system, and to drive trucks from the highways and to prohibit the transportation of goods by air.

They know that the construction of this short, missing link in our internal waterway system will cut the cost of transporting a 14,000-ton barge load from the Gulf to the Great Lakes, or to any point on the upper Mississippi, the Illinois, or the Missouri, by more than \$20,000, and cut the cost of transporting it to any point on the Ohio River up to Pittsburgh, Pa., by more than \$22,000, and will cut the cost of transporting it to Oak Ridge on the Tennessee River by

more than \$30,000, and at the same time save the swift current of the Mississippi for downstream traffic.

But these Wall Street investors will not agree to that. They are merely looking for increased returns on their investments.

Every well-informed man today knows that our high-grade iron-ore supply in this country is being depleted. In a few years it will be exhausted. The only sources we have from which to replenish that supply are Labrador and Venezuela. These Wall Street obstructionists are bitterly opposed to the development of the St. Lawrence Inland Waterway, and seem to have it blocked indefinitely. They are joined in their opposition by John L. Lewis and the power trusts. The opposition points out, and the friends of the project admit, that this St. Lawrence project would be frozen up something like 5 months of each year, and that the Labrador supply of iron ore is 350 miles north of the St. Lawrence River.

John L. Lewis is opposed to it. He says its use would reduce the demand for coal in that area. The Power Trust is opposed to it, because it would produce around 12,000,000,000 kilowatt-hours of electricity a year, one-half of which would belong to the American side of the river, and would furnish a yardstick by which hundreds of millions of dollars a year would be saved by power consumers of New York, New England, and New Jersey—an area in which the overcharges for electricity amount to around a half billion dollars a year now.

The greatest deposit of high-grade iron ore the world has ever known has been discovered in Venezuela. It could be transported into the area where it is needed by way of this slack water route, along the Tombigbee up to the Tennessee, and then downstream on the Tennessee 215 miles to Paducah on the Ohio River, and then down the Ohio River 47 miles to Cairo. At the same time, as General Robbins pointed out, the swift current of the Mississippi would be saved for downstream traffic—the greatest inland waterway on earth for downstream traffic, and about the worst one for upstream traffic.

But no, this opposition, working through the Bureau of the Budget, would block the construction of this short, missing link in our national defense program and our internal waterway system, and force those great industries that have been built up in the Middle West, in such cities as Pittsburgh, Cleveland, Chicago, Cincinnati, and St. Louis, to tear down their plants and move them to the sea-coast.

I am reliably informed that to move the steel mills out of Pittsburgh, Pa., alone would cost more than a billion dollars.

We were told 2 years ago to wait until there was unemployment in the area where this missing link is to be constructed. That time has now arrived. We have the worst boll weevil condition that section has ever had, and those people need this employment now.

President Truman once told me he was as strong for this Tennessee-Tombigbee

inland waterway as I was. If that is true, he should call on the Bureau of the Budget to send up a supplemental estimate of funds to begin this work, and to speed it up with all possible haste.

To let those obstructionists block this project, in order to gratify the cupidity of certain railroad lobbyists or investors, would be the greatest blow that could be given to our national defense program at this time. It would be the greatest injury that could possibly be done to the people in those areas served by our internal waterway system.

It would do the State of Missouri more harm than anything else that has ever occurred.

I am taking this method of appealing to the President of the United States to have his Bureau of the Budget send us up a supplemental estimate of funds to speed up this necessary missing link in our great internal waterway system, as well as this missing link in our national defense program.

We cannot afford to wait.

PERMISSION TO ADDRESS THE HOUSE

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

FOREIGN ECONOMIC ASSISTANCE

Mr. MILLER of Nebraska. Mr. Speaker, we will soon have before us a conference report on the ECA bill. I have been reading some of the reports and the fine print in the ECA recommendations, with reference to where some of the taxpayers' money goes.

I am amazed to find that some of it goes to build a road project in Tanganyika—British East Africa; also to build irrigation projects in Uganda, Conakry, and Camerouns, all in British East Africa. I find that \$85,000,000 have been earmarked for starting these projects in far-away places.

This, Mr. Speaker, is just a beginning. Naturally, when we start an irrigation project, it must be finished. The total cost may well be 8 or 10 times the original authorization.

There is also an irrigation project in Jamaica; a food-development project in Mauritius. This is a British coaling station on a small island in the Indian Ocean.

There is money for a coastal road development in Cyprus and northern Rhodesia. There is money for soil conservation and road projects in Belgian Congo and several other projects in far-away places.

Mr. Speaker, the President, in his message to Congress, denied money for new construction in the United States. The above projects are new constructions under the ECA bill. Why should not the same rule apply to the taxpayers' money in these isolated areas as it applies to our good irrigation and flood-control projects in the United States? I would suggest to my colleagues that they read some of the fine print and the recom-

mendations made by Mr. Hoffman, of the ECA.

Mr. WILLIAMS. Mr. Speaker, will the gentleman yield?

Mr. MILLER of Nebraska. I yield to the gentleman from Mississippi.

Mr. WILLIAMS. I may say also that some of this money is being used to build a gambling casino at LeHavre, France.

Mr. MILLER of Nebraska. Mr. Speaker, the gentleman is correct. I understand there is money earmarked, not only for LeHavre, France, but for several other gambling establishments in France. I made a speech about the money to be spent for the gambling casino in LeHavre, France. I understand that the Washington department is frowning on this expense, but other gambling casinos are being considered.

I just cannot vote for this conference report because in my judgment the taxpayers of the United States would hardly approve of some of the ridiculous expenditures being authorized by ECA.

EXTENSION OF REMARKS

Mr. KEOGH asked and was given permission to extend his remarks and include an address delivered by the gentleman from New Jersey [Mr. HART].

Mr. TAURIELLO asked and was given permission to extend his remarks in two instances and include two resolutions.

Mr. MARSHALL asked and was given permission to extend his remarks and include a statement from the St. Paul Pioneer Press.

Mr. PRICE asked and was given permission to extend his remarks in two instances and in each to include a newspaper article.

Mr. LANE asked and was given permission to extend his remarks and include an editorial that appeared in the Christian Science Monitor and also an editorial that appeared in the Lawrence Tribune, of Lawrence, Mass.

Mrs. ST. GEORGE (at the request of Mr. SADLAK) was given permission to extend her remarks and include an article.

Mr. VELDE asked and was given permission to extend his remarks and include an editorial.

Mr. LEFEVRE asked and was given permission to extend his remarks and include an article.

Mr. SADLAK asked and was given permission to revise and extend the remarks he made earlier today.

Mr. WERDEL (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks.

Mr. MARTIN of Massachusetts asked and was given permission to extend his remarks and include a letter he sent to Secretary of State Acheson.

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950—CONFERENCE REPORT

Mr. KEE. Mr. Speaker, I call up the conference report on the bill (H. R. 7797) to provide foreign economic assistance, and ask unanimous consent, that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of May 19, 1950.)

Mr. KEE. Mr. Speaker, I yield myself 13 minutes.

(Mr. KEE asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Speaker, before us today for consideration is the conference report on H. R. 7797.

The bill may well be termed an omnibus bill, as it provides authorizations for appropriations for practically all programs of foreign aid throughout the world.

The authorizations as agreed to by your conferees are as follows:

New appropriations and extension of authority to use existing appropriations:

European recovery program-----	\$2,849,100,000
Economic assistance to the Republic of Korea-----	100,000,000
Assistance to China and in the general area of China-----	94,000,000
Assistance to Palestine refugees-----	27,450,000
Technical cooperation program (point 4)---	25,000,000
International welfare work for children----	15,000,000
Subtotal-----	3,110,550,000

Public credit transactions:

Additional authorization for investment guaranties in the European recovery program-----	50,000,000
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Total appropriations and public transactions-----	3,160,550,000
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It will be noted that five current programs of foreign aid are provided for in the measure, and the initiation of one new program is authorized. The new program is, of course, the so-called President's point 4 program for providing technical assistance and other aids of advancement to backward and underdeveloped countries of the world.

Your conferees are pleased to report complete agreement with the conferees of the Senate upon each and every provision of the measure.

We have brought to this House today a bill which in every substantial respect is the same bill the House approved a few days ago.

According to my quite unofficial count, there were 78 points of difference between the House and the Senate versions of the bill. We resolved every difference, and as one of the House conferees, I am deeply grateful to the conferees from the other body for their fine courtesy in yielding to us on most of the disputed points. Some of the matters in dispute were insignificant, many were of minor importance, a few more were extremely important.

The major differences were argued in an atmosphere of sincere contention tempered by mutual amity and respect.

The conference committee met through five working days. Nine sessions were held.

The result of all this effort is a fair balance of the views of the respective

Houses. It is a better bill than the version passed by either House. It is more representative of the will of the Congress as a whole.

On money matters the divergences were slight. The two Houses were already in agreement on the amounts of European aid, Korean aid, assistance in China, and the general area of China, and assistance to Palestine refugees.

The two versions differed with respect to the allocation of the residual China-aid funds among various objectives in the Far East. They differed also with respect to the size of the authorization for the technical cooperation program—that is, point 4. They differed finally as to the extension of a \$25,000,000 authorization for the International Children's Emergency Fund.

The allocation of residual China-aid funds in the conference agreement is a fair composite of the two bills. The amount reserved for non-Communist China—\$40,000,000—is the same as in the House bill—as against \$50,000,000 in the Senate bill. An authorization in the Senate bill for disaster relief in China is retained at a slightly reduced figure of \$8,000,000—as against approximately \$9,400,000 in the Senate bill. A House provision for \$6,000,000 for assistance to selected Chinese nationals for academic pursuits in the United States is retained.

The reserved funds for assistance in the general area of China thus become approximately \$40,000,000—approximately as they were in the Senate version and slightly less than in the House bill. The Senate provisions regarding qualifications and standards for assistance to China and in the general area of China are retained.

As to point 4 program money, the bill splits the difference between the Senate figure of \$45,000,000 and the House figure of \$25,000,000. It provides \$35,000,000, including \$10,000,000 in authorizations already in effect for the Institute of Inter-American Affairs and for technical assistance under the United States Information and Educational Exchange Act.

As to the International Children's Emergency Fund—an item included in the Senate but not in the House version—the conference bill trims the figure from the \$25,000,000 authorized in the Senate bill to \$15,000,000. It grants the President discretion as to what international agency or agencies may be the recipient. It also does away with the present formula regarding the ratio between United States contributions and other countries' contributions to the Children's Emergency Fund. The latitude allowed under the conference agreement should enable the President to act effectively to bring about the liquidation of the existing Children's Emergency Fund and bring about a more satisfactorily coordinated program in its stead without incurring the risk of a hiatus in United States support of international children's welfare activities.

While I am talking of money matters, I should mention the difference with respect to guaranties in the European recovery program. This was the most exhaustively considered difference

of all of those at issue in the conference.

The guaranty provisions in the House bill were all violently resisted by Senate conferees. In addition to (a) guaranteeing the convertibility of the currency, the House bill provided for a guaranty against seizure, confiscation, or destruction by any government; (b) destruction by revolution, or war; (c) any law, ordinance, regulation, decree, or administrative action which in the opinion of the Administrator prevents the further transaction of the business, and so forth.

The House receded with an amendment. The House had sought also to expand the permissible over-all amount of guaranties from \$150,000,000 to \$300,000,000.

The Senate had sought only to change the act so as to continue the present authorization for guaranties on long-lead industrial items, thus providing and equivalent for forward contracting.

The House conferees receded with an amendment guaranteeing the investment which the Administrator finds to have been lost by reason of expropriation or confiscation by action of the government of a participating country. It raises the ceiling on guaranties to \$200,000,000. It authorizes a raise in the fees charged for guaranties issued by the Economic Cooperation Administration.

Now let me state some of the main points regarding policy as distinct from money authorizations. I must limit the presentation. The list of all issues settled in conference runs into some dozens.

The House was upheld in general in its views regarding the aims of the European recovery program. The single exception is that the reference to political federation of Europe was stricken out. The United States interest in further integrating steps in Europe is indicated, however, by a reference encouraging further steps of unification.

The inclusion of the word "further" indicates the recognition by the Congress that what the participating nations have accomplished so far in the direction of unification is by no means all that must be accomplished if the hopes on which the European recovery program is based are to be fulfilled.

The members of the committee of conference were divided as to the desirability of specifying a political development as an objective of United States encouragement in connection with a program which is primarily economic in character.

The matter was compromised by the conferees on the part of the House receding and agreeing to the deletion of the words "political federation"; then at the insistence of the House conferees, the word "further" was inserted before the words "economic unification." The word "further" would mean that the Congress recognizes that progress has been made, but expects additional action.

Let me now say a word of acknowledgment of the work of the many Members on this side of the Capitol who contributed to the legislative development of the point 4 program.

As most of you know, the Committee on Foreign Affairs held some weeks of hearings last summer and fall on two measures dealing with technical cooperation programs.

One measure, introduced by me as chairman of the Committee on Foreign Affairs, embodied what may be called the administration proposal.

A companion version was that introduced by the gentleman from Massachusetts [Mr. HERTER] and reflecting generally the views of the American business community.

Between the sessions informal efforts, in which Members of this body, representatives of the executive establishment, and various private individuals participated, were continued with the aim of bringing out a compromise that would include the essentials of both the administration proposal and the Herter bill. These efforts were successful. The result was, I believe, a bill that included the best features of both versions. With certain minor modifications made by the Committee on Foreign Affairs after it resumed its deliberations in January, the compromise bill became title III of the House bill to provide foreign economic assistance.

It is now title IV of the conference agreement.

I say this advisedly. The conference agreement is, insofar as it relates to point 4, in every essential way like the bill we passed here 7 weeks ago. The only significant exception is with regard to the authorization, which splits the difference between the House and Senate versions.

The main result of the House victory on this point in the conference is to preserve the principle, which it brings out clearly, that Government assistance in the field of technical cooperation will be at most only a pilot effort. It can only point the way for economic development. The major results, in the last analysis, must be achieved by clearing the way for a larger opportunity for private investment. The language of the point 4 legislation does not carry stipulations or guaranties regarding private investment. It sets a tone. It creates a climate. It states a principle. It makes clear a set of facts.

A second result of the acceptance of the House language in the conference is to make clear the principles by which technical cooperation programs will be carried on through the agency of international organizations.

A third result—and here I make my tribute to the gentleman from Massachusetts [Mr. HERTER]—is to give him an acknowledged place as one of the architects of the point 4 program.

I turn now to some matters which, though of secondary importance, require a passing explanation, either in response to questions from Members or for the purpose of completing the legislative history.

A question has arisen concerning the rights of the United States in relation to any participating country's local currency which might become property of the United States as a result of the payment of a claim arising from a guaranty

made in connection with a long-term contract for the furnishing of capital-goods items and related services where delivery and payment are not to be completed prior to the end of the fiscal year in which the guaranty is made. This is discussed at the bottom of page 19 of the conference report. It is said there that the local currency thus received "will be used or converted in accordance with arrangements to be negotiated with the government of the participating country concerned."

I think the question will be cleared up by pointing out that the qualifying phrase "in accordance with arrangements," and so forth, modifies the word "converted" but not the word "used." If the United States should choose to use the local currency in the country concerned, it could do so without further arrangements. Obviously, however, some arrangement would be necessary for conversion, since circumstance would not arise unless the country concerned had exchange controls in effect.

Next, I should like to correct an editorial error in the statement of the managers on the part of the House included in the conference report (H. Rept. 2117). On page 25 we quote a letter from Administrator Hoffman to Senator CONNALLY. Preceding the quoted portion is a parenthetical statement explaining a reference to an amendment made in the letter. The parenthetical explanation pertains to the amendment referred to in the third paragraph on the quotation—not to the amendment referred to in the preceding two paragraphs. I hope that explanation will clear up a matter that might otherwise be ambiguous and confusing.

In other words, the following words which the report quotes from Mr. Hoffman's letter refers to the provision expressing the sense of the Congress in regard to certain types of unjustifiable discrimination against American business—section 104 (e) of the conference agreement, amending section 112 of the act:

Furthermore, the * * * amendment * * * gives the Administrator an explicit basis in granting dollar assistance or in acting on proposals to release counterpart, for taking action to see that discriminatory business restrictions against United States citizens are terminated. Under this provision, I would consider myself bound to take suitable action in accordance with the intent of this provision in cases where it is established to the satisfaction of the responsible United States Government authorities that such discriminations are not corrected. Hence the * * * amendment gives assurance that discriminations against American businessmen can be dealt with promptly and effectively.

It was in view of the above position stated by the Administrator that the committee of conference decided that any further provisions attempting to deal with the alleged discriminatory acts against Americans in Morocco would be unnecessary.

One final matter on which a word of explanation is appropriate for the sake of the legislative history, is the requirement in section 414 of the conference agreement. It deals with the security investigation of employees in the point 4

program. The language requires that reports by the Federal Bureau of Investigation be sent to the Secretary of State. The conferees are aware that the majority of the persons employed for service in this program will actually be recruited or assigned by other Federal agencies and that only a small portion will be recruited or assigned by the Department of State. It seems desirable, nevertheless, that there be a central control and a uniform standard, as the persons concerned, particularly those going abroad in the service of the point 4 program, will all be members of the foreign relations establishment of the United States Government. The language does not attempt to dictate the details of the security procedure to be followed in the executive establishment. It does, however, express the idea that the Department of State, as the agency having primary responsibility for the program in fact if not by legislative requirement, and also as the agency having primary responsibility for the conduct of foreign relations in general, shall have a central and controlling voice in respect to the standards to be applied in the evaluation of the reports of investigation.

I hope the conference report will be approved.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. KEE. I yield.

Mr. RICH. What is the total amount of this ECA assistance that we are contributing to these foreign countries for this year of 1950-51?

Mr. KEE. Three billion one hundred and ten million five hundred and fifty thousand dollars, with an additional \$50,000,000 authorization for guaranties which will be a public-debt transaction and requires no appropriation.

Mr. RICH. It is about \$3,000,000,000?

Mr. KEE. Yes, it is about \$3,000,000,000.

Mr. RICH. Mr. Acheson is on his way back home on a boat. He was over there and has made promises, according to the newspapers, that we are going to continue to furnish money to these ECA countries in future years, after the 1951 appropriation is spent. What truth is there in that statement?

Mr. KEE. I have no information whatever as to any promises made by Mr. Acheson.

I think if you will read the bills that have been passed out of the Foreign Affairs Committee, you will see that they have provisions in them that no future commitments are authorized or implied by any of the authorizations contained.

The SPEAKER pro tempore (Mr. BREMILLER). The time of the gentleman from West Virginia has again expired.

Mr. KEE. Mr. Speaker, I yield myself one additional minute.

Mr. RICH. Has Mr. Acheson any authority to commit this country to anything in those foreign countries?

Mr. KEE. The gentleman, being a Member of Congress, ought to be able to answer that question himself.

Mr. RICH. Well, I do not know. I have tried to find out. He is over there making promises. They said when we made the first ECA appropriation under

the Marshall plan that it was only for 1 year, and then they came in here the second year and said we were obligated because we promised.

The SPEAKER pro tempore. The time of the gentleman from West Virginia has again expired.

Mr. RICH. Now, do not give this thing up. This thing is too important for the American people. Take some more time.

The SPEAKER pro tempore. The time of the gentleman from West Virginia has expired.

CALL OF THE HOUSE

Mr. MILLER of Nebraska. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count.

Mr. MILLER of Nebraska. Mr. Speaker, I withdraw the point of order.

Mr. RICH. Mr. Speaker, then I make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and one Members are present; not a quorum.

Mr. PRIEST. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 171]

Allen, Calif.	Green	Murray, Wis.
Allen, Ill.	Gwinn	Nixon
Anderson, Calif.	Hall	Pfeiffer
Bennett, Fla.	Edwin Arthur	William L.
Bentsen	Hand	Pickett
Boggs, La.	Hare	Plumley
Bolling	Hébert	Poulson
Bonner	Heffernan	Quinn
Boykin	Hoffman, Ill.	Rabaut
Bramblett	Holfield	Rivers
Buchanan	Irving	Sadowski
Buckley, N. Y.	Jackson, Calif.	St. George
Burdick	Jensen	Scott
Carlyle	Jones, N. C.	Hugh D., Jr.
Case, S. Dak.	Judd	Scudder
Chatham	Kean	Secrest
Cooley	Kearney	Shelley
Crawford	Keefe	Sheppard
Crosser	Kennedy	Sims
Davis, Tenn.	Larcade	Smathers
Dawson	LeCompte	Smith, Ohio
Deane	Lichtenwalter	Stagers
DeGraffenried	McConnell	Stigler
Dingell	McDonough	Sutton
Dolliver	McKinnon	Walsh
Douglas	McMillen, Ill.	Welch
Doyle	McSweeney	Wheeler
Durham	Magee	Whitaker
Engel, Mich.	Mahon	White, Calif.
Engle, Calif.	Martin, Iowa	Wickersham
Fernandez	Miles	Widnall
Fugate	Miller, Calif.	Willis
Gary	Monroney	Wood
Gilmer	Morrison	

The SPEAKER pro tempore. On this roll call 329 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950—CONFERENCE REPORT

Mr. KEE. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. WIER].

Mr. WIER. Mr. Speaker, I rise at this time to voice the protest of an industry which is quite important and almost predominant in the city of Minneapolis.

As you know Minneapolis is the second largest milling center in the United States. For a long time it enjoyed the position of being the largest milling center in the country. In my district there are over 3,000 employees who try to eke out a livelihood in the milling industry.

Milling thrives as an industry not only in the city of Minneapolis, but almost every city in the United States. The employees of that industry are concerned with a section of this bill, and I hope that some Member of the conferees will further enlighten us in the RECORD on the question of the elimination in the conference of the 12½ percent milling section. I have over 50 letters from those engaged in this milling industry as a basis for my protest on the floor of the House against the elimination of that section requiring that 12½ percent of the milling be done in this country. That may not seem so important to some, but it is important to these people engaged in this industry. As I support, and have supported the reciprocal-trade agreements, and have supported ECA, I little anticipated that in so supporting such legislation I would be causing injury to the economic welfare of thousands and thousands of workers in America.

We depend upon the income of these people who are a part of our industrial empire to get the taxes in this country to pay the expenses involved in this ECA program. When the bill left the House, as shown by page 7 of the report, it provided for not less than 12½ percent of the grain to be milled in this country so that our workers would participate to some extent, at least, in this program.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. WIER. I yield.

Mr. VORYS. The gentleman is completely in error. When the bill left the House the provision giving flour a preference, and providing for the 12½ percent, was out of the bill. It was not repealed in the Senate bill, but the repealer of that requirement was in the bill as it passed the House, and it was so stated in the committee report.

Mr. KEE. If the gentleman will yield again, it was not in the bill when it came to the House. It was taken out in the committee.

Mr. WIER. I have the report, and on page 7 I find this, in section (c):

The amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour produced in the United States for transfer by grant to such countries under this title shall not be less than 12½ percent of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title.

I assume that that was in the bill some place.

Mr. KEE. What are you reading from? What is the date of it?

Mr. WIER. It is the Foreign Economic Assistance Report No. 1802.

Mr. KEE. Is that the report you are reading?

Mr. WIER. No. I have the conference committee report here, and what I am asking about is this 12½ percent, which is beyond what you say in this conference report, and which is not very explanatory to these people in my district who are deeply concerned. I am willing to grant some money, I am willing to grant some food, I am willing to grant the shipment of assistance over there, but I am not yet ready to grant both those and the employment that is in this country. In other words, I do not want to ship the jobs over there, too. I want to retain the jobs in this country.

Mr. GORSKI. Mr. Speaker, will the gentleman yield?

Mr. WIER. I yield.

Mr. GORSKI. The deletion of that provision is also causing a lot of trouble in my district. I have received a number of telegrams and letters with respect to it.

Mr. WIER. I am sure that Buffalo will be more interested than I am. I would like to have an explanation from some member of the committee why this 12½ percent, at whatever stage, was deleted.

The SPEAKER pro tempore. The time of the gentleman from Minnesota [Mr. WIER] has expired.

Mr. KEE. Mr. Speaker, I yield 5 minutes to the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Speaker, the gentleman from Minnesota [Mr. WIER] has requested that someone on the committee explain to the House why that 12½ percent requirement for American wheat flour was deleted from the bill. I will be glad to attempt to do that.

In the first place, the provision for 12½ percent for wheat flour manufactured in the United States was not in the House bill. It was in the Senate bill. The other body receded from its position. We all want to take care of all the industries in the United States that we can. Everyone on both sides of the aisle wants to do that, but we have first of all to take care of the interests of the American taxpayers as a whole. There is no reason in the world why the wheat miller in the United States should through this bill be subsidized by the American taxpayer. If that 12½ percent provision remains in the bill, it, in effect, means that the miller will be subsidized to that extent.

Let us get what we are up against. We want to use just as little of the taxpayer's money as we can in bringing about economic recovery in Europe. The Europeans do not want white bread. What is the use of sending something over there that will be a drug on the market? The counterpart fund will not be increased from the sale of white flour, because the French people, for instance, are not going to buy it. Then, too, the 12½ percent provision will mean that the wheat grower in the United States will be hurt because he cannot sell as much whole wheat. It will mean that the ECA countries will go on the Canadian market or elsewhere to buy wheat,

because they want the rough stuff and that kind of thing, for their bread. The wheat grower in the United States will be hurt if this provision remains in the bill.

If through this bill we are going to subsidize the manufacturers of certain products, then I want my section of the country to be taken care of too. The textile industry in the South is up against it right now to sell all of its output. Suppose there were included in this bill a provision that Europe had to take so much finished textile products, maybe a certain type of cloth which they do not need and would not buy. That would help the textile mills of the South, but it would not help the taxpayers of America, and it would not help the recovery program in Europe.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Iowa.

Mr. GROSS. Does the gentleman mean to say that the milling industry of this country could not mill flour for use overseas with hulls in it if they were wanted?

Mr. RICHARDS. No; they could do it, but there would be by products left here which could be used overseas. Then, too, the milling process here would be made expensive. Remember, there is no shortage of the by products of wheat in this country at this time. If there were a shortage and the American people needed it there might be some argument for your theory.

Mr. GROSS. But at least to the extent of the hulls that went into the whole wheat flour shipped abroad there would be that much less by products left to compete with American by products.

Mr. RICHARDS. As a matter of fact, the European people can get most out of this program if they buy the whole wheat. They want whole wheat bread; they do not want the white stuff. That is the real crux of it; they do not want white flour. They will not buy the white flour but they will take free dollars and buy wheat from Canada or somewhere else, and to that extent the American farmer would be hurt.

Mr. GROSS. By the same token, they would probably rather have sirloin steak than canned meat.

Mr. RICHARDS. I don't get the gentleman's point. As a matter of fact, he is offering them high-priced sirloin when they would prefer the cheaper cuts.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. AUGUST H. ANDRESEN. I am sorry they eliminated this provision with reference to flour, but what I wanted to ask, a question based on the gentleman's reference to textiles. There is a provision in the bill under which 4,500,000 or 5,000,000 bales of cotton will be sent out of this country to be made into textiles to be shipped back into the United States and to compete with our own textile industry.

Mr. RICHARDS. I am not asking favors for my part of the country; I

want wheat and flour to get the identical break that cotton gets.

Mr. KEE. Mr. Speaker, I yield such time as he may desire to the gentleman from Minnesota [Mr. BLATNIK].

Mr. BLATNIK. Mr. Speaker, in connection with title V of the conference report on international children's welfare work, I would like to read an extract from an official communique which the Department of State received on April 26, 1950, from our Ambassador to Yugoslavia, Mr. George Allen. This section has been declassified and given to me this morning. It reads as follows:

The embassy is increasingly impressed by the accomplishments and value of the UNICEF operations in Yugoslavia. Aside from the humanitarian aspects of feeding 1,500,000 children daily, UNICEF is the most effective tangible evidence of the United Nations as an operating world organization to the masses of Yugoslav people and is the only method now available to bring the existence of the United Nations home to them. Its activities are fully accepted and assisted by the Yugoslav Government and there is, fortunately, no effort by the Government to disguise the origin of the assistance or attempt to claim credit for the UNICEF operations.

The text of the law adopted by the conferees on the subject of international assistance to children certainly meets every fair-minded concern for any necessary changes in the organization. It should also go a long way toward meeting the expressed desire of a broad section of the American public, and the vast majority of the Congress, who want to see real effective and practical international aid provided for children.

The cable which I have just read from Ambassador Allen, who is situated in one of our most critical foreign posts, is an important testimony for the need to continue assistance to children on the basis of a supply operation, which gives tangible demonstration of the value of the United Nations, and the sincerity of American humanitarianism.

Last fall, as chairman of a select committee of the House Committee on Expenditures, with other Members of this body, I traveled in 14 countries of Europe and the Middle East and actually witnessed the field operations of this important organization. The mandate of our committee also directed us to study some of the permanent agencies referred to in this report. While I was impressed with the broad scope and high principles of these specialized agencies, I was convinced that international assistance to children must continue along the basic principles which have motivated the operation of the United Nations Children's Fund.

The raising of funds, the procurement and moving of supplies, arrangements with governments or national agencies within the assisted countries, the full accounting and reporting on the utilization of supplies and equipment shipped to the assisted countries, all involve a serious work and an organized network of staff experienced in supply distribution. It is not enough to conclude that other bodies could easily take over this responsibility until there is assurance that they are prepared for it; that they have the will to

raise the necessary funds; that they have the required field staff.

Our committee, which as far as I know, is the only committee of Congress to make an "on the spot" study of these organizations, I was convinced that none of the specialized agencies were prepared to take over this kind of a program. Moreover, it should not be forgotten, that within the period of its existence, the United Nations Children's Fund has raised almost as much money as the United Nations, and all of the specialized agencies together have received in the same period. This money has not been raised easily by UNICEF. It has been raised essentially on the basis of trusteeship which UNICEF has developed between the donor, whether a government or an individual, and the actual recipient of the relief. It would be an unfortunate delusion to believe that one section within the United Nations in a mechanical way could go out and raise funds from governments and individuals, in order to meet the continuing needs of children, and then have these funds disbursed in turn by other agencies who are not in direct and live contact with the donors.

The fundamentals of the question are simple and clear. In agreeing to authorize \$15,000,000, the conference reflected the will of Congress that material assistance should continue to go to children's aid. Congress does not want aid changed into international advice however competent at a high governmental level. It wants actual international aid getting right down to children. The function of the permanent agencies is advisory. The function of the Children's Fund is to provide material assistance on the basis of proved need. It does not provide technical advice. As far as children are concerned the two things go together. Both are needed. Instead of there being duplication at the present time, there would be gross duplication if the functions of the fund were made the same as those of the existing agencies, or if the money authorized in this bill were used to extend the type of work now being performed by these agencies.

Mr. Speaker, it would be sure folly for the United States Government to let this program of tangible assistance to children be absorbed in the advisory programs which perform such valuable complimentary services. In closing I ask unanimous consent to have a copy of a letter which I have written to Senator HUMPHREY on this subject inserted in the RECORD:

APRIL 25, 1950.

Senator HUBERT HUMPHREY,
Senate Office Building.

DEAR HUBERT: It is my understanding that you are one of the sponsors of S. 3420, a bill to continue United States participation in the United Nations International Children's Emergency Fund.

As you know, the select committee of the House Committee on Expenditures in the Executive Departments made a careful survey of this organization last summer and fall. We not only visited the headquarters of the organization and interviewed the personnel in every section of its work, but our committee also examined the field program in 14 countries of Europe and the Middle East.

As chairman of that committee, I would like to draw your attention to some of the

outstanding characteristics of this program which I believe merit the support it appears to have in the Senate.

First, I would like to pay tribute to the executive director, Mr. Maurice Pate, of Cape Cod, Mass., formerly of Denver, Colo. Mr. Pate first learned how to handle the problems of an international supply program when he served with Herbert Hoover in the American Relief for Belgium and the American Relief Administration in Poland. During the Second World War he served as director of the civilian relief program for the American Red Cross. In spite of submarine warfare and the bombing of Red Cross trucks overseas, 98 percent of Mr. Pate's supplies reached their destination.

The story of UNICEF is even more remarkable. Less than one-tenth of 1 percent of all UNICEF supplies have been lost through damage, pilferage, or mismanagement. A detailed system of commodity accounting is maintained for each step in the transportation of supplies from producer to ultimate consumer. Thus, UNICEF officials can tell at any moment the exact location of a load of Chicago meat or Wisconsin powdered milk.

This seems like a lot of work involving a big staff, but such is not the case. By wise planning and constant spot checking, UNICEF officials have reduced the cost of administration to less than 4 percent of the total program. Moreover, 2 percent of this cost is used to pay for technical experts associated with the milk conservation and medical programs.

In a world of distrust and fear, the Children's Fund is a concrete demonstration that international organization can work for the benefit of mankind.

Our committee was deeply impressed with the effective and efficient manner in which the International Tuberculosis Campaign was being conducted. We visited a state serum institute in Copenhagen, where the tuberculin and vaccine were being produced to protect millions of children against this dread disease. Without UNICEF supplies this joint endeavor (UNICEF, the Scandinavian Red Cross Societies and the World Health Organization), to conduct the first mass international medical campaign would never have been made. Today more than 30,000,000 children have been examined and vaccinated when necessary against tuberculosis.

In Vienna we saw the gigantic soup kitchens built by the Nazis to feed their occupation troops, now producing a nourishing hot meal for school children in all four zones. For UNICEF supplies are given without discrimination because of race, creed, color, or political belief.

Wherever these supplies go, however, the children and their parents know where they come from. In every country we found posters acknowledging this program as a United Nations effort. No one was surprised to see a United States congressional committee interested in these expenditures because American supplies and American personnel were prevalent in the program.

In Italy his Holiness the Pope expressed his deep concern for the future of international assistance to children. And well he might. We found millions of children in Europe who would have died without this international humanitarian enterprise. In Asia and in Latin America UNICEF programs are just now getting under way. The United States Congress cannot afford to let this program terminate.

The United States Congress was responsible for starting this program. Our matching formula has provided the incentive to make it successful. I earnestly hope we will continue to take the lead necessary to insure its continuation.

Sincerely yours,

JOHN A. BLATNIK,
Member of Congress.

(Mr. BLATNIK asked and was given permission to revise and extend his remarks.)

Mr. DONDERO. Mr. Speaker, will the gentleman yield me 2 minutes to ask a question?

Mr. KEE. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. My purpose in asking for this time is to ask the chairman of the committee a question. I am interested in the Children's Fund mentioned on page 14 of the report. The question I desire to ask is: Will a man by the name of Dr. Ludwig Rajchman who I understand is a top-flight Polish Communist be the chairman of the committee that will distribute this fund? And will a woman by the name of Mrs. Gunnar Myrdal wife of a prominent Swedish Communist who, I understand, introduced Trygve Lie to Stalin in Moscow recently, will these people have anything to do with the distribution of this money or this fund?

Mr. KEE. Answering the gentleman's question, of course, we have nothing to do and I know nothing about the organization except that a man by the name of Pate, I think it is, is known as the manager of this fund.

At the last session of this Congress an amendment was adopted to this bill in which it was stated positively that the children's fund was to end this year. That I stated on the floor of the House. Your committee of conference fought strongly against this fund. When we went into conference we found the Senate had placed a provision in this bill containing the children's fund.

Mr. DONDERO. The gentleman's committee should be commended for fighting against this item.

Mr. KEE. We argued it long, loud, and vociferously with the Senate. Finally we agreed to a compromise. If the gentleman will read the provision in the bill, this is a compromise agreement; \$15,000,000 only will be authorized. Whether the Appropriations Committee will appropriate it or not, I do not know. Then the fund is terminated and no more funds will go into the children's proposition at all.

The SPEAKER pro tempore. The time of the gentleman from Michigan has expired.

Mr. KEE. Mr. Speaker, I yield such time as he may desire to the gentleman from Mississippi [Mr. WILLIAMS].

[Mr. WILLIAMS addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. WILLIAMS asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. GORSKI].

Mr. GORSKI. Mr. Speaker, on behalf of the milling industry of Buffalo and its employees I want to strongly protest the elimination of the provision in the ECA bill whereby at least 12½ percent of the wheat shipped to European countries should be ground into flour in the United States.

Buffalo is one of the largest milling centers in the country and thousands of its citizens are employed in this industry.

At the present time the flour mills are operating on a part-time basis. This condition has existed for some months with a resultant low take-home pay for the mill workers. Naturally, this is not conducive to our idea of economic prosperity.

The workers in the milling industry are definitely interested in helping their less fortunate brethren abroad but feel that their livelihood should also be considered.

This is not the time to be thinking of eliminating the milling of wheat into flour in our home mills but rather we should be contemplating building up our own industry that we might be better prepared to increase our shipments abroad.

The action of Congress in eliminating this provision is a definite disregard for the people of this country who are citizens and taxpayers and I cannot too strongly couch my words of protest.

(Mr. GORSKI asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Speaker, the conference on this bill lasted for 5 days and many of the most interesting aspects of it cannot be discussed under the rules of the House forbidding references to Members of another body; however, the conference report represents in general the House bill. The changes and compromises have been very ably covered by the distinguished chairman of the Committee on Foreign Affairs.

It will be noted that this is a unanimous report. The House conferees, it seems to me, were a very able and cooperative team, carrying on an educational process which became necessary during the course of the conference, due to the fact that many important provisions of the bill the House had passed and which was pending in the Senate when that body acted, had never received any consideration by the Senate or its committees. I want to pay my tribute to our chairman the gentleman from West Virginia [Mr. KEE], to the gentleman from South Carolina [Mr. RICHARDS], and the gentleman from Illinois [Mr. GORDON], the Democratic members of the conference committee, and also my colleague the gentlewoman from Ohio [Mrs. BOLTON], for their able teamwork during the conference; this required persuasion and patience and sometimes firmness on the part of the House conferees.

We have as a result of this conference established that what is needed is not only a bipartisan foreign policy but a bicameral foreign policy. There are two bodies on Capitol Hill, both of which should be consulted in advance on foreign policies, during the course of legislation and after the legislation is in effect.

The issue of flour versus wheat has been mentioned here. It is interesting to find that that is the only complaint made by any special group today.

There are a number of commodities, such as cotton, and a number of industries, such as machine tools, that might profit by special consideration in this bill. All of American agriculture and a great many industries will profit from the foreign-aid plan carried on during the past few years and envisaged for the next 2 years. Your conferees, however, were adamant against raising the cost of foreign aid in any instance in order to furnish special aid to some domestic industry or branch of agriculture. We felt that the incidental benefit at a cost to all taxpayers was all the benefit that should come and that if subsidies are needed for our flour mills or for agriculture or for industry, they should be taken up on their own merits in separate legislation and should not be made a part of a foreign-aid program.

Remember, we are trying to promote European recovery in agriculture and industry. We are doing this to make Europe strong, for our mutual security in the face of the Communist threat. Industrial recovery means getting factories and mills going, and involves our sending equipment and raw materials for these factories and mills instead of sending relief supplies. After they get going, we want to stop sending wheat or flour, iron or finished products, cotton or shirts, unless they pay for them in dollars. Meanwhile, let us not increase the cost and decrease recovery by using foreign aid for domestic aid to special groups and industries.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. KEE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the matter now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. This morning I made a 1-minute speech on the floor about the expending of some \$85,000,000 in the four corners of the world for irrigation projects and road projects, and so forth, and the gentleman from Mississippi [Mr. WILLIAMS] spoke about some money being spent to build a gambling casino in Le Havre, France. Were those matters discussed in the committee about the necessity of this type of expenditure?

Mr. KEE. I do not recall anything being said about a gambling casino.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Nebraska.

Mr. STEFAN. Mr. Speaker, several Members have taken the floor recently and stated that ECA or Marshall-plan funds are being used for the repair and construction of a gambling casino in the city of Le Havre, France. The statements were absolutely correct, according to my investigation, but undoubtedly the newspaper releases upon which these

statements were based were somewhat premature. It appears that the ECA originally approved the reconstruction of casinos in France as a general rule, but wholesale improvement was made before an investigation was made of the entire breakdown of expenditures by projects. After the investigation was made on the breakdown of projects, the Le Havre casino reconstruction was rejected by the ECA on the grounds that this would not be an appropriate use of counterpart funds. Therefore, the 4,000,000 francs to be used for this purpose will be used for other purposes than those of repairing this particular casino.

I have been informed by the ECA that 95 percent of the counterpart funds deposited in the special account in France are owned by the French Government but under joint United States-French supervision and released periodically to the French Government for expenditures of their investment program. The French Government has prepared a list of projects or categories of projects belonging to their investment program which can be financed from counterpart funds this year—1950—when and if the funds are released.

The counterpart program contains a general section of tourist business, the item known as tourism, the development of which in France, the ECA states, is a most desirable investment objective. The agency states further that it did not possess the breakdown of that section until recently and obviously did not approve its details, although it did approve in principle the use of funds for this purpose. I am informed that the agency has full opportunity at all times to scrutinize the breakdowns for counterpart expenditures and to reject those items which do not seem justified.

Specifically, relating to the gambling casino at Le Havre, France, the ECA statement to me is as follows:

When ECA received recently the breakdown of the proposed expenditures from the French Government for tourism, it was noted that a contribution for the reconstruction of casinos in France was included. Casinos in France are leading civic centers including restaurants, auditoriums, shops, etc., and are important producers of foreign exchange since they are frequented by foreign tourists. It is for this reason that the French Government submitted these projects. However, French casinos generally have facilities for gambling under French Government license as a side activity. Therefore, the French proposal for reconstruction of the Le Havre casino was rejected by the ECA on the grounds that this would not be an appropriate use of counterpart funds.

Mr. KEE. I thank the gentleman.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Iowa.

Mr. GROSS. I wonder if the gentleman from Nebraska could say that the money will be spent for that purpose in Europe or anywhere in the world.

Mr. STEFAN. According to my statement just made, it will not.

Mr. MILLER of Nebraska. I am pleased to have the gentleman's explanation of that. I do not know how late the decision was made that he speaks about, but I did notice a headline from Paris,

dated May 9, which states that they were using funds for a gambling casino at Le Havre, France.

The ECA office here says, "This may seem frivolous expenditure, but it is important to help increase the town's revenues."

That is a quote from the ECA officials in Le Havre, France, so I am very happy to know that they have finally decided not to spend this money in Le Havre or any place else for that purpose.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Ohio.

Mr. VORYS. I would like to call attention to the fact that the bill as it comes back is \$245,000,000 below the budget request; \$250,000,000 below with reference to ECA, \$10,000,000 below with reference to point 4, but with \$15,000,000 unbudgeted in for international child-welfare work, as has been explained. Now, all of these authorized amounts are limitations on appropriations. Of course, the Committee on Appropriations will go ahead and consider within these limitations what appropriation should be recommended. But this reduction of \$245,000,000 is going to require a commensurate reduction in a number of proposals made by ECA when they brought their program here to the House earlier this spring.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Pennsylvania.

Mr. RICH. Notwithstanding the fact you are talking about these reductions, the fact is that we are going to appropriate about \$3,000,000,000 now for this ECA program; is that correct?

Mr. VORYS. It will be less than \$3,000,000,000. The total bill is \$3,110,550,000. That is the limitation placed upon the appropriations authorized in the bill.

Mr. RICH. Now let me ask you this: Have you considered or given any consideration on where you are going to get this money?

Mr. VORYS. Yes.

Mr. RICH. Where are you going to get it?

Mr. VORYS. We have given careful consideration to it, and we are going to get it the same place we get the rest of the money for our gigantic 1951 budget.

Mr. RICH. The fact is that you have \$3,000,000,000 in this bill, and you do not know where you are going to get the money. Neither the gentleman from Ohio nor any of the gentlemen on that side of the room know where you are going to get the \$3,000,000,000 that the American taxpayers are going to be compelled to pay into the coffers of the State Department for them to squander in foreign countries. I think it is about time you look after America and give your time and attention to the things that belong to America, instead of trying to look after the whole world. The quicker you do it, the better it is going to be for all the people of this country.

Mr. VORYS. This is an authorization bill with limitations on it. The appropriations will come later, but the appropriations will come from taxes and from

borrowing, the same as the rest of the appropriations this Chamber is considering for the current year.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield.

Mr. HOFFMAN of Michigan. It is perfectly obvious, I think, to everyone in the House where the money is coming from, and the gentleman from Pennsylvania knows it very well. It will come from bonds sold by the Federal Government to the American people. When those bonds come due, they will be paid back in dollars that will buy perhaps half as much as they will now.

Mr. KEE. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. WILLIAMS. Mr. Speaker, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Mississippi.

Mr. WILLIAMS. In the omnibus appropriation bill the House recently passed, funds were denied for any new construction on projects already authorized in the United States. I wonder if the gentleman can tell me how much of these funds is authorized for new construction on projects overseas, that is, public projects?

Mr. FULTON. There is an amount in this bill for new projects overseas, but the gentleman should not say, "If I do not get mine, I will not give you yours." That is not the proper basis of decision.

Mr. WILLIAMS. I did not ask the gentleman that question.

Mr. FULTON. The basis of decision is this: What is best for the interests of the United States of America in this troubled world of ours, and what is best for those democracies that are standing by us and were our allies during the war?

May I comment in answer to a question asked by my good friend, the gentleman from Michigan [Mr. DONDERO], concerning Mrs. Gunnar Myrdal in which there was an assumption that Mr. Myrdal, her husband, was a Communist. It is correct that both Gunnar Myrdal and his wife are from Sweden. So that the Congress might have their background, Mrs. Myrdal since 1946 has been president of the Swedish Federation of Business and Professional Women, and has been active in UNESCO work with the United Nations. Gunnar Myrdal, whom I have met at Geneva and with whom I have discussed European economic problems, certainly has a grasp of such problems, has been given a doctor's degree by Harvard University, and has been director of the Bank of Sweden, as well as Minister of Commerce of Sweden. Incidentally, Sweden has not done too badly economically, much to her credit.

Myrdal is my Director of the Economic Commission for Europe of the United Nations and recently returned from Moscow saying that he did not look toward much cooperation from the eastern European countries with the west. Certainly this is an independent judgment. He did not return with any Soviet party line and he did not come with any arrangement that had been made either for or on behalf of Stalin. He has done

a good job and tried to work with the Marshall plan people in Europe, as well as for peaceful adjustment between the east and west, which we all hope for. I believe he has done an excellent job for the United Nations.

May I also speak in regard to title V, the International Children's Welfare Work. The International Children's Welfare Work has \$15,000,000 authorized in this bill. This is to help the children abroad. The Congress has provided billions through the Marshall plan countries for industry and for the grown people, but it seems to me we should also think of the next generation. The man who is in charge of this operation—who has made it the most successful program in the United Nations—is an American businessman—the Executive Director, Maurice Pate. Mr. Pate assisted President Hoover when he was feeding Europe after the last war. He is a good American in charge of a good program to help these children all over the world. What fools we adults would be not to feed the children of the world in the guise of political expediency.

Dr. Rajchman was chairman of the Executive Board for the Children's Fund, but when the eastern European nations walked out of the fund last March, Dr. Rajchman severed his relations with the fund and his place has been taken by Dr. Sutch of New Zealand. So there is no doubt he has no present connection with the program.

You say, "What have they done?" They have done a remarkable job which has won world acclaim for American humanitarianism as well as the United Nations. For your orientation, I would like to point out certain high lights of this program.

First. The Children's Fund without any assessed basis of support has raised the following voluntary contributions:

Dollar equivalent	
Residuals transferred from	
UNRRA.....	31,845,504.85
Contributions and pledges from governments.....	104,700,987.91
Voluntary contributions from individuals through UNAC campaigns and other sources.....	11,833,498.67
Total.....	148,279,991.43

Second. Thus far, the equivalent of approximately \$145,000,000 of the above funds has been allocated to 54 countries or areas.

(a) At the present time supplementary food is reaching daily approximately 7,000,000 infants, children, and nursing mothers.

(b) The Children's Fund has provided raw materials in the form of cotton, wool, and leather, which in the receiving countries have been converted into clothing and shoes for 2,000,000 children.

(c) The medical program supported by the fund and carried on in cooperation with WHO, and in the case of tuberculosis testing and vaccination with the Scandinavian Relief Societies, have now reached 22,000,000 children.

(d) The milk-conservation plan of the fund carried on in cooperation with FAO has, or shortly will have, expended the equivalent of several million dollars.

Third. The above are the four principal programs in respect to size of funds invested, but the Children's Fund has given its support to a number of other smaller programs in respect to the well-being of children and mothers. At this time they are possibly at the peak of their work. However, with substantial stocks of dry powdered milk, principally skim milk, weighing as surplus on several producing countries, the continuing distribution of this milk is expected to serve as an added stimulus to the maintenance of child feeding in a number of countries. Just recently, for example, the fund has made arrangements to step up shipments of skimmed milk to India and Pakistan. Further amounts of 1,000 tons to India and 1,000 tons to Pakistan are now under way to these two countries for children in refugee camps.

Fourth. The operating principles of the fund are unique in foreign assistance programs.

(a) The fund's aid in all instances must be given on the basis of need, without regard to race, creed, nationality, or political consideration.

(b) The aid, insofar as possible, is given with lasting effect in view; that is, the fund seeks to make a permanent contribution to child welfare. The fund's aid is used to meet the immediate need in such a way that the programs in which it is now participating can in time be effectively taken over entirely by the assisted countries.

(c) Assistance is predominantly in supplies and equipment for child-care programs. The fund provides only supplies and equipment not available locally and necessary as part of a national program to meet a serious child-care problem.

(d) The imported supplies provided by the fund are "matched" with an equal amount of locally available supplies. In this way, an administrative and budgetary pattern is built up on national, provincial, and local levels, to carry on the programs when international assistance is no longer needed. Many of the child-care programs are relatively new to the recipient country and a pattern of education on the part of parents, teachers, and local volunteer groups is likewise built up for the continuation of such type program.

The "matching" provision has not been an easy one for some countries to meet; by the same token, however, the "matching" requirement has assured a vital local government interest in the program. Under this policy there is inevitably greater assurance of a continuing interest by the Government and a more permanent value from the programs conceived.

(e) The children's fund acts as trustee between the donor and the recipient. The Government, or designated relief agency of the assisted country, in its turn acts also as a trustee in distributing and accounting for the goods and services thus made available. In keeping with this agreement, the fund retains title to all supplies until they are consumed by the children; or in the case of nonconsumable items, until the equip-

ment is in use for the purpose intended or permanently and satisfactorily installed. A minimum number of international staff members are in each receiving country for the purposes of liaison, assessment of needs, and observation of the use of supplies.

(f) No supplies are provided until the country has entered into an agreement with the fund governing all aspects of the fund's relations with the recipient country. This agreement, which is in the form of a contract, provides, in addition to the nondiscrimination, "matching," and trusteeship principles discussed above, that the fund's representatives will freely observe the distribution and use of supplies; that supplies will bear the distinctive marking "UN Children's Fund"; that full public information will be accorded the fund's program; that the Government will maintain adequate accounting and statistical records and furnish the fund with such reports, records, and information as the fund may find necessary; that the fund's supply assistance is to cease, except under exceptional circumstances, if the Government exports any supplies of the same or a similar character; that the Government will assume all operational and administrative expenses connected with the reception and distribution of the supplies and for the maintenance of office expenses, travel, and so forth of the international staff. These Agreements have been fulfilled satisfactorily. On occasional instances, often on a purely local basis, some infraction is uncovered as a result of inspection. This is not surprising in view of the widespread character of this help. For example, food is distributed through over 45,000 schools, child clinics, children's institutions, feeding centers, and so forth, some of remote rural regions which have never before had experience with this type of programs. Whenever infractions are discovered steps are taken by the fund to rectify the situation at once.

Thus the cases of Albania, Hungary, and Rumania, when these Governments wished to continue to receive the fund's help without a resident international mission, the sending of supplies to these countries was stopped.

All of these programs have been carried out in cooperation with the specialized agencies of the United Nations.

UNICEF does not give technical advice, or run technical demonstration. These functions are performed by the specialized agencies of the United Nations and will be expanded as part of the technical assistance program. On the other hand, the permanent agencies and the technical assistance program have no supplies with which to aid child-care programs. The Director General of WHO, commenting on this cooperation of the WHO executive board, stated:

The provision of supplies to governments by UNICEF for health projects has played a most important role in the promotion of many of these projects. Increasingly it has been demonstrated that WHO can act as the health agency to provide the technical advice and assistance in the initiation, approval, and development of projects for which supplies will come from another source.

Norris E. Dodd, Director General of FAO, made a similar statement in a recent speech:

One of the most regarding relationships has been with the United Nations International Children's Emergency Fund. A joint committee of FAO and the World Health Organization advised the fund on child nutrition. The FAO nutrition division has advised UNICEF on the purchase of foods for large-scale feeding programs for children and mothers. FAO also assisted UNICEF in a program for increasing the European indigenous supply of safe milk. UNICEF provided financial assistance and FAO supplied technical aid to European countries taking part in this program.

The following list demonstrates some of the specific methods in which this cooperation operates:

UNICEF—FAO—WHO

FAO and WHO established for UNICEF the fundamental nutritional principles to be followed in the development of supplementary feeding programs.

Methods: Advisory conference of experts; working party of staff members.

UNICEF—FAO

FAO advice to UNICEF on suitability and nutritional value of specific food products available to fund;

FAO advice on nutritional problems of specific UNICEF assisted programs;

FAO advice on planning and policy of UNICEF milk conservation project in Europe and on technical problems involved in procuring specific equipment.

Joint FAO-UNICEF undertaking in Central America with UNICEF supplies and FAO expert advice related to demonstration feeding and to national agricultural developments required to maintain and extend nutritional advances for children.

Methods: Consultations, seconding of FAO officials to UNICEF; joint FAO-UNICEF advisory panel on milk conservation project.

UNICEF—WHO

WHO has assumed following responsibilities for UNICEF medical supplies to governments for child-health programs:

(a) Approval of the types of child-health programs UNICEF may properly assist;

(b) Establishment of medical and technical standards to be followed in country programs;

(c) Provisions of experts to governments, upon their request, to survey specific needs, prepare requests to UNICEF, and develop plans of operations for the proposed program;

(d) Approval of individual country plans of operations;

(e) Approval of individual supply lists and supply specifications;

(f) Provision of experts, in agreement with governments, to assist in the implementation of the UNICEF-aided program;

(g) Technical follow-up, evaluating, and reporting on programs.

In addition WHO on a reimbursable basis administers UNICEF child-health fellowships in the Far East.

Methods: Joint UNICEF-WHO Committee on Health Policy composed of representatives of the executive boards of the two agencies determines general policies of assistance to countries' health programs; consultation; use of WHO expert committees, secretariat, consultants and seconded experts; WHO participation in medical subcommittee; development of joint procedure for selection and placement of WHO administered UNICEF fellowships.

UNICEF—UNESCO

UNICEF mission personnel in certain countries provide screening evaluations to

UNESCO educational reconstruction program.

Methods: Use of UNICEF field mission personnel.

UNICEF—DEPARTMENT OF SOCIAL AFFAIRS

Social affairs officers advise UNICEF staff in countries where both are stationed on child welfare problems as they relate to UNICEF programs; child welfare consultants have been appointed to the fund's regional offices to give technical advice to regional offices, field missions, and as appropriate governments to help obtain maximum advantages for child welfare made possible by UNICEF supplies; administration by SAO on a reimbursable basis, of UNICEF child welfare fellowships in the Far East.

Methods: Consultations, seconding of officials; development of joint procedure for selection and placement of SOA administered UNICEF fellowships.

The United Nations Children's Fund program has been successful beyond my fondest hopes. When the program was not in the original 1948 Foreign Assistance Act, I felt the children should be included, and submitted the original amendment in the committee for the United States participation in this program on the basis of a matching contribution by other member nations. As you will remember, I spoke at that time on the floor explaining the program to the House, and the program remained as a separate title in the ECA Act.

We should continue to protect these needy and deserving children.

Because of the statements in opposition to the program, and the evident lack of knowledge of its fine accomplishments, I have taken the time to state the progress and development of United Nations International Children's Emergency Fund.

(Mr. FULTON asked and was given permission to revise and extend his remarks.)

FOREIGN WASTE OF AMERICAN MONEY

Mr. RANKIN. Mr. Speaker, I shall be compelled to vote against this conference report.

I have protested from the beginning against financing the rest of the world out of the pockets of the overburdened taxpayers of the United States.

We are told that since July 4, 1946, the United States has poured \$1,500,000,000 into the Philippine Islands.

At this point I am inserting an article which appears in the June issue of the Reader's Digest, showing the corruption that prevails in the Philippines, which may be a sample of what is being done with the so-called Marshall plan money taken from the taxpayers of the United States, and given to certain leaders in various countries throughout the world.

The article referred to follows:

ARE THE PHILIPPINES GOING THE WAY OF CHINA?

(By Blake Clark)

The Philippines today are a China in embryo. The downfall of the Chinese Nationalist started with a corrupt government. Many high officials of President Quirino's Philippine administration are not only astonishingly dishonest—they even admit it. Mao Tse-tung's Red army in China began as a small but well-organized band aided by disillusioned farmers and villagers. Luis Taruc's efficiently trained, Communist-led Filipino Huks are even now holding their own against

the Philippine constabulary. Some people believe that but for their fear of United States intervention the Huks would attempt to take over the country.

Many unprincipled officials fatten off the impoverished people of the Far East, but none do so with such grace and good humor as the Filipino politician. "We're not angels," confesses former Senate President José Avelino with engaging frankness. "What are we in power for?"

Before assuming his seat in the Senate in 1946, Avelino had a bank account of \$3,000. By April 1948 he had deposited \$500,000. He gained a portion of this from the sale of United States Army surplus beer, ignoring the prohibition against a member of the government participating in such deals. Suspended from the Senate for this act, he brazenly ran for President of the Republic. Rejected overwhelmingly by the people, he was "forgiven" by President Quirino in a deal for political support and became again presiding officer of the highest lawmaking body in the land.

"Let's rehabilitate the country," exclaimed a politician when the United States turned over surplus property to the Philippine Government, "but let's first rehabilitate ourselves!" Officials allowed friends to negotiate contracts at low figures instead of competing with other bidders. They declared caterpillars, bulldozers and other valuable heavy equipment scrap and knocked it down to favorites by the ton. Despite former President Roxas' order that no agricultural equipment leave the country, ships piled deck-high with tractors pulled out of Manila Bay for China and Argentina.

Base superintendents, inspectors, and other employees pilfered stock piles. A buyer of hospital supplies would contract for a crate of gauze and, with the help of a conniving inspector, cart away a crate of surgical instruments. Probably as much scrap steel and spare parts went over the fence as were sold through the proper channels. In other parts of the world where the Foreign Liquidation Commission sold surplus, the total return was 19 percent of procurement cost. In the Philippines it was 4 percent. Had they realized the full 19 percent, the islands would have been \$175,000,000 richer.

Peso millionaires sprouted everywhere. Base superintendents bought movie theaters; society matrons built half-million-dollar apartment houses; businessmen salted away their take in enormous insurance policies; and officials' mothers-in-law, hitherto unsuspected of affluence, acquired some of the finest office buildings in the city. The city council demanded a member's take of 2 percent of the cost of new construction, in some cases running into thousands of dollars, before granting a building permit.

For corrupt politicians the new immigration quota offered a golden chance. The Philippine Government had limited the number of Chinese streaming into the islands to 500 per year. Speaker of the House Eugenio Perez secretly distributed the lion's share of the entrance permits among the representatives; Senate President Avelino supervised the allocation in his chamber after keeping some 40 to sell himself.

Wealthy Chinese desperate to escape from Communist China paid handsome sums to get their names on these lists. The usual price was \$1,500; some came higher. When Senator Lorenzo Tañada exposed this racket, he declared that of the nation's 24 Senators only seven were not accepting their share of the spoils.

An astonishing fraud developed in the official purchase of everyday articles. Francisco Martinez, treasurer of Quirino's Liberal Party in Leyte, was also treasurer of the province. In two years he bought from two favored Manila firms more than \$1,387,500 worth of school supplies at exorbitant prices.

He acquired enough carbon paper to last the province 152 years—at 54 cents instead of 4 cents a sheet. He laid in a 57-year supply of stencils at \$7.35 a quire when he could have bought them for \$1.75. He paid \$13.50 instead of 65 cents each for 10,000 small mattocks for school gardening. Office supplies overflowed the Leyte capitol store-room and filled a large Quonset hut bought specially to contain them.

The auditor general investigated and recommended Martinez' dismissal. Criminal prosecution was scheduled to follow, but Martinez is still treasurer of the Province and of Leyte's Liberal Party. The newspaper reporter who first uncovered the facts found that the same type of buying is going on in a number of other provinces.

Underpaid petty officials embarked upon a practice of accepting bribes which short circuits the collection of millions of governmental dollars each year. I went to the post office with a resident friend to pick up a parcel. "Forget the 10-peso duty," said the clerk. "Give me something to buy cigarettes." The week before, a customs director advised a jeweler importing a large shipment of watches to revise his invoices and declare the total value to be one-fourth of what he had indicated. The merchant did so, split his savings in duty with the official and kept \$6,000 from the government.

A systematized network of collusion and graft among revenue collectors is costing the government 75 percent of all collectible taxes. According to Secretary of Finance Pio Pedrosa, appraisers, secret-service operatives, harbor police, and customs and treasury agents work hand-in-glove with tax evaders and smugglers. They pool and divide their cut in set proportions.

An auditor who has examined the books of hundreds of Chinese businessmen, some of whom had inventories listing goods worth more than a million dollars, told me that not one of them had paid income tax exceeding \$500. Law enforcement is so lax generally that they have no respect for the law whatsoever—and the Chinese control most of the retail trade in the Philippines. Secretary Pedrosa himself says that he does not know of a single tax evader who has ever gone to prison.

If bribery and corruption were stamped out, the government could balance its budget. As it is, Secretary Pedrosa expects a deficit of more than \$45,000,000 this coming fiscal year. Others believe it will at least double that figure.

Receiving little income, the Philippine Government cannot pay its employees a living wage. It is almost too much to expect a customs official or tax collector receiving \$75 a month to turn down a \$250 bribe. And there was plenty of cash—since July 4, 1946, the United States has poured a billion and a half dollars into the islands.

To stop the flight of capital from the islands, the government last December installed exchange controls, and the black market in dollars was on. The United States dollar soon brought three pesos instead of the legal two. Ready convertibility at the authorized rate is gone, perhaps forever. With a corrupt government, the next move is to grant special exchange permits to favorites who will convert their currency at the legal rate and send the dollars out of the country. After that comes the printing press, and you are on China's inflation road.

Five hundred thousand firearms are loose in the islands today, almost all of them in irresponsible hands. Even college boys, legislators, bankers, and churchgoers tote .45's and .38's like professional killers. Signs in Manila hotels, night clubs, and the halls of Congress invite guests to "Check Firearms." Approximately one man in ten carries a gun in this city, the center of Philippine civilization.

You take your life in your hands when you travel along many public roads. Women are

not allowed to traverse the 45 miles from Clark Field to Manila alone; their jeeps travel in threes, the first one armed. Marsman Construction Co., afraid to risk the danger of ambush, flies its payroll to four camps in different parts of the islands. The murder of Mrs. Quezon and others of her party on the highway, the slaying of two young Americans on their own farm and of two professors hiking in a region only 40 miles from the summer capital of Baguio were headlined in America. Manila newspapers give details of similar murders virtually every week.

Many law-abiding citizens are more terrified of the Philippine Constabulary and Civilian Guards than of the outlaws. Underpaid, frequently demoralized, these trigger-happy units have been known, upon hearing of a few dissidents in a village, to set up artillery 300 yards away and wipe out the entire community. More than 50 farmers having a dance one night in the province of Laguna on Luzon were suspected by PCs of being Huks. The soldiers lined up the civilians in the yard and mowed them down by rifle and carbine fire in a horrible wholesale killing. Only two men escaped to tell the story of the massacre.

To be economically healthy and politically stable, a country must afford its people a chance to make a decent living. Ninety percent of the working Filipinos are not paid a subsistence wage. The maximum average pay for skilled workers in Manila is \$3.85 a day, for unskilled \$2.25. Outside the city the upper limit averages are \$1.67 and 98 cents. People simply cannot exist on such meager incomes. Eggs are nearly 75 cents a dozen, shoes \$7.50 to \$25 a pair, fresh milk 40 cents a quart. A day's supply of rice costs about 60 cents.

The trim little Filipina stenographer in her starched dress and the shoe clerk in his clean white shirt pay half a day's wages for a restaurant lunch. They go home at night to a rude one-room shanty of discarded boards and corrugated tin, into which families of six are frequently crowded. Less fortunate Manilans live in thatched nipa-palm huts in the suburbs or in the hovels of the North Harbor, amid the stench of backed-up sewage and uncollected garbage. Manila is not a large city with slums—it is a large slum in which is set a small jeweled city.

Employer-labor relations are bad. In sharp contrast to the meager wages for native workers, the average American senior business staff member in the Philippines draws \$950 a month, the junior \$750. One workman said of his boss: "He thinks if he eats Ham and we do too, it spoils the meat." And, significantly, a guard remarked of an employer he liked: "He can go safely anywhere on the place—even at night."

A group of construction men recently confronted a firm with a long list of demands, including a 30 percent increase in salary, hospitalization, sick leave, vacation pay, and coffee time. The company representative settled them all with the union leader for \$100, and the workmen got nothing which they had not received before.

The notorious Filipino Stevedore Workers' Union is laying the entire waterfront wide open to Communist control. It uses the capataz system—the employer does not pay the individual workmen but the union leaders. Taking their cut, they hand the wages to captains who help themselves to their share and distribute the rest to the members of their crew. As there are 40,000 men who actually carry cargo, with about 10,000 employed every day, each is closely dependent upon his captain for his job and does not protest any abuses. The captain is just as dependent upon the union leaders. Armed men stand constantly ready to suppress any attempt to break this stranglehold.

Unloading gangs are paid for as if they comprised 13 men, but normally contain

only 10. The shipper, and eventually the buyer, pays wages to the union for men who were not there. Considering that some 800 working gangs throng the docks each day, the opportunity for graft is astounding. One impartial waterfront observer estimates that each unit has an average of three men missing, a total of 2,400 men a day. Multiplied by \$3.30, the daily wage, this is \$7,920 a day in funds that have no place to go except into labor leaders' pockets.

The 40,000 stevedores are fed up with this system, but each individually is helpless. They have no one to turn to but the Communists. Already you hear workers on the waterfront say, "Maybe Taruc is right." With the support of these thousands of discontented laborers, the Communists could gain control of a strategic Far Eastern waterfront.

Tired of corruption and starvation wages, many Filipinos eagerly anticipated the 1949 elections as a peaceful means of getting honest government. But on Negros island, for instance, when friends attempted to campaign for a candidate noted for distinctive public service, special police assaulted and clubbed them, driving them away with smashed faces, bleeding noses and broken heads. The guardians of the law then installed themselves in several candidates' homes, preventing them from campaigning; they confined others in hotel rooms.

Quirino's party, meanwhile, refined the process of collection until campaign money poured in like cane-sugar syrup. When a businessman from whom they solicited \$5,000 protested that he did not have such a sum, they told him to borrow from the Philippine National Bank. When he said he could never repay it, he was told, "You won't have to. The bank will cancel it as a bad debt." Some three and a half million dollars of government money was thus chuted into party coffers.

Every device known to fraudulent elections was used on November 8. Filipinos sadly wisecracked that even the birds and the bees voted in some precincts. In others, ballots were counted on the night before election. The returns from some municipalities exceeded the 1948 population. Citizens in Batungas, not far from Manila, went to the polls that morning to learn that during the night the mayor had transferred their names to the voting lists of distant precincts, some a day's journey away. The people were so enraged that some of them rushed the mayor, killing him in the melee. They were joined in an armed insurrection by hundreds of men led by prominent residents, including municipal council members. In 2 weeks of fighting, these rebels did away with 62 members of the Philippine constabulary.

With the deterioration of Quirino's administration, some people are already turning to the Huks, the Red army of the Philippines. Former guerrilla fighters, they were organized during the Japanese occupation by Dr. Vicente Lava, who held a doctor of philosophy degree from Columbia University and was chief of the Communist Party of the Philippines until his death in 1947. A confessed Communist, wiry, 35-year-old Luis Taruc, the present leader, was his military commander. They started among the discontented population of Pampanga Province, where 2 percent of the people own 98 percent of the land. As Huk influence spread, the Roxas government suggested it might help the situation if landlords were to give tenant farmers a more equitable portion of the rice harvest, but did nothing to implement the proposal.

Today the Huks, who now call themselves the "People's Army of Liberation," are governed by a presidium of 16, selected by a central committee of some 300 representatives from all provinces. It is estimated that they have 10,000 trained men under arms, with large potential reserves.

Many are experts with Browning automatics, Thompson sub-machine-guns, and automatic carbines. They buy new machine guns complete with tripods for \$15, spirited, it is believed, from Clark Field and the Philippine Army barracks.

In each province where they are organized, the Huks have indoctrination schools complete with books and supplies where tenant farmers learn to read, write, and grow better crops. Experts instruct special groups of young men in politics, economics, and tactics of guerrilla warfare. As in the early days of the Communists in China, propaganda teams slip from area to area, lecturing and putting on plays dramatizing the conflict of landlord and peasant.

Rugged days of living on inferior rice and dog-meat stew are just about over for the Huks. More and more unresisting farmers hand over a part of their crops, while proprietors of small businesses, merchants, and a few prosperous Chinese contribute to the cause. Huk morale was never higher. They are convinced that in the long fight they will win.

A few pegs remain on which to hang some hope. In this predominantly Catholic country, the Church belatedly is waking up; a fighting apostolic delegate archbishop and a corps of well-trained fathers are working hard to improve the lot of the Filipinos. One pugnacious father, who looks like a cassocked all-American fullback, says, "Give us another year and we'll be in position for the battle."

Under the watchful eyes of Americans who check the expenditure of United States funds spent for rehabilitation, Filipinos are remaking the face of Manila, having built more than \$138,000,000 worth of roads, bridges, harbors, schools, and other public buildings without a single scandal. If technical aid can continue in this pattern, the strengthened economy of this potentially rich nation will be more resistant to the ravages of political termites. And the Philippines are producing more lumber, rice, and coconuts than before the war.

Furthermore, substantial numbers of Philippine Government officials and employees are honest; many are fervently patriotic and want good government with all their hearts. So does most of the public.

Whether the Philippine Republic will stand or fall rests primarily with Quirino. His chief duty, in which Chiang failed in China, is to stamp out corruption in the government. He has already removed a number of corrupt officials and promises further ousters in a drive for clean government. Quirino can still install adequately paid, trustworthy administrators to collect the revenue, help farmers and businessmen increase production and guarantee a fair distribution of profits. If he does not, we may wake up one morning to find that we have put all our far eastern eggs into another China basket.

Mr. Speaker, after reading this article and realizing that a similar condition prevails in a large number of other countries that have been receiving this Marshall plan money taken out of the pockets of the American taxpayers, I must decline to vote for this conference report to send billions of dollars of the American taxpayers' money to foreign countries, when our country already owes more money than all the rest of the nations of the earth combined.

Mr. REES. Mr. Speaker, when this legislation was considered on the floor of the House several weeks ago, I had hoped that it could be reduced in a sufficient amount so that I could go along and support it. I regret that this authorization, amounting to approximately \$3,000,000,000, is too much.

We must realize that this authorization is in addition to approximately \$10,000,000,000 already expended under the so-called Marshall plan. It is in addition to \$33,000,000,000 our country has expended overseas since the close of hostilities. I am not on this occasion criticizing the past expenditures under the Marshall plan. I know, too, a great deal of good has been accomplished in the rehabilitation of war-ravaged countries by reason of that expenditure.

I would like to say further that if it is shown there is need of funds to buy food or clothing or medical supplies for people who are suffering, I would greatly support such legislation.

When this legislation was under consideration a few weeks ago, I called attention to the fact that the billions of dollars in this bill are not authorized except in general terms. It was suggested by some Members of the House that one-third of the fund might go for agricultural products, including \$200,000,000 for tobacco. I do not know why the people of this country should use \$200,000,000 to pay for tobacco to be sent to foreign countries.

A tremendous amount of this money goes for heavy machinery and various kinds of equipment for building plants and reservoirs in those countries. It goes only, of course, to countries that are included in the program.

Here is a thing that does not seem very reasonable to me. I am informed that only recently it has been agreed that oil-drilling equipment and machinery costing \$1,500,000 is presently being shipped to one of the European countries so that that country can get into oil production faster than at the present time.

I do not think it is right either that American taxpayers' money should be used for the rehabilitation of the pleasure resorts of Europe, including the Riviera. I realize that is a small part of this fund, but the principle of the thing is bad.

It should be understood that the funds under this authorization are handed to the governments of the countries who participate and then the governments buy the products and goods with these funds and then sell to their own citizens at a market price. The foreign countries put the money in the so-called counterpart funds. I am advised the foreign countries under this legislation have at the present time \$2,500,000,000 of counterpart funds in their possession. So you have this amount of \$3,500,000,000 allocating today together with the \$2,500,000,000 already in their possession of ECA funds, being a total of \$6,000,000,000 for foreign assistance. Incidentally, members of this great committee have told us in the last few days crop production in countries being assisted under this legislation was greater last year than any year prior to the war. They also say production is almost on par with other years. Let me say again, very little of this assistance goes to help starving people of the world. Those people do not get much out of this program.

Let me repeat, I would not have objection to the expenditure of funds that go direct to the relief of needy people,

but we also have needy people in America. You might think of that, too.

Mr. Speaker, \$3,500,000,000 is a tremendous amount of money to be expended under policies laid down by the officials in the State Department. Of course, you have a different agency, but it will be required to operate in conjunction with the Department of State. Strange no one seems to be willing to consider loaning, instead of giving, part of the funds used for permanent improvements in those countries.

As I suggested when this matter was under consideration before, no one would object to this expenditure if he thought it would help prevent another world catastrophe. We have spent billions in doing that, and if necessary, of course, we will do it again. It should be noted, too, that we have just recently spent a billion dollars to help rearm the people of Europe. It has also been suggested that this authorization will help prevent the spread of communism abroad. If it would stop communism, of course, we would spend the money, but there are so many places where communism is spreading, besides the countries under this program.

I hope I will not be misunderstood. If this authorization were cut to a place of actual need, then I would go along and support it, but I just do not believe the people of America are warranted in authorizing the expenditure of this terrific amount of money, especially in view of the condition of our own Treasury.

I wonder if we realize that our country has a greater debt obligation than all of the other countries in the world combined.

Mr. KEE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MARCANTONIO. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 248, nays 88, not voting 96, as follows:

[Roll No. 172]

YEAS—248

Abbitt	Blatnik	Case, N. J.
Addonizio	Boggs, Del.	Cavalcante
Albert	Bolton, Md.	Celler
Andrews	Bolton, Ohio	Chelf
Angell	Bosone	Chesney
Arends	Breen	Christopher
Aspinall	Brown, Ga.	Chudoff
Auchincloss	Bryson	Clemente
Bailey	Buckley, Ill.	Cole, Kans.
Baring	Burke	Cole, N. Y.
Barrett, Pa.	Burleson	Colmer
Bates, Ky.	Burnside	Combs
Bates, Mass.	Burton	Cooper
Battle	Camp	Corbett
Beall	Canfield	Cotton
Beckworth	Cannon	Coudert
Biemiller	Carnahan	Cox
Blackney	Carroll	Crook

Crosser	Javits	Fatman
Cunningham	Johnson	Patten
Dague	Jones, Ala.	Patterson
Davenport	Jones, Mo.	Perkins
Davis, N. Y.	Karsten	Peterson
Davis, Ga.	Kearns	Pfeifer
Delaney	Keating	Joseph L.
Denton	Kee	Philbin
Dollinger	Kelley, Pa.	Poage
Donohue	Kelly, N. Y.	Polk
Doughton	Kennedy	Preston
Eaton	Keogh	Price
Eberharter	Kerr	Priest
Elliott	Kilburn	Rains
Elston	Kilday	Ramsay
Evins	King	Redden
Fallon	Kirwan	Regan
Feighan	Klein	Rhodes
Fisher	Kruse	Ribicoff
Flood	Lane	Richards
Fogarty	Lanham	Riehlman
Forand	Latham	Robeson, Jr.
Ford	LeFevre	Rodino
Frazier	Lesinski	Rogers, Fla.
Fulton	Lind	Rogers, Mass.
Furcolo	Linahan	Rooney
Gamble	Lodge	Roosevelt
Garmatz	Lucas	Sadlak
Gathings	Lyle	Sasscer
Goodwin	Lynch	Saylor
Gordon	McCarthy	Scott, Hardie
Gore	McCormack	Smith, Va.
Gorski	McGrath	Spence
Gossett	McGuire	Staggers
Granahan	McMillan, S. C.	Stanley
Granger	McSweeney	Steed
Grant	Mack, Ill.	Sullivan
Green	Mack, Wash.	Tauriello
Gregory	Madden	Taylor
Hale	Mansfield	Teague
Hall	Marsalis	Thomas
Leonard W.	Marshall	Thompson
Halleck	Martin, Mass.	Thornberry
Hardy	Morrow	Tollefson
Harris	Michener	Trimble
Harrison	Miller, Md.	Underwood
Hart	Mills	Van Zandt
Harvey	Mitchell	Vinson
Havenner	Morgan	Vorys
Hays, Ark.	Morton	Vursell
Hays, Ohio	Moulder	Wadsworth
Hedrick	Muiter	Wagner
Heller	Murdock	Walsh
Herlong	Murphy	Walter
Hertter	Murray, Tenn.	Whittington
Heseltan	Noland	Wier
Hill	Norblad	Wigglesworth
Hinsshaw	Norrell	Wilson, Okla.
Hobbs	Norton	Wilson, Tex.
Holmes	O'Brien, Ill.	Wolverton
Hope	O'Brien, Mich.	Woodhouse
Horan	O'Hara, Ill.	Yates
Howell	O'Neill	Young
Huber	O'Sullivan	Zablocki
Jackson, Wash.	O'Toole	
Jacobs	Pace	

NAYS—88

Abernethy	Hoeven	Reed, Ill.
Andersen	Hoffman, Mich.	Reed, N. Y.
H. Carl	Hull	Rees
Andresen	James	Rich
August H.	Jenison	Sanborn
Barden	Jenkins	Scrivner
Barrett, Wyo.	Jennings	Shaffer
Bennett, Fla.	Jensen	Short
Bennett, Mich.	Jonas	Sikes
Bishop	Kunkel	Simpson, Ill.
Brehm	Lemke	Simpson, Pa.
Brown, Ohio	Love	Smith, Kans.
Byrnes, Wis.	McCulloch	Smith, Wis.
Chiperfield	McGregor	Stefan
Clevenger	Macy	Stockman
Curtis	Marcantonio	Taber
Davis, Wis.	Mason	Tackett
D'Ewart	Meyer	Talle
Dondero	Miller, Nebr.	Towe
Ellsworth	Morris	Velde
Fellows	Murray, Wis.	Weichel
Fenton	Nelson	Werdel
Gavin	O'Hara, Minn.	White, Idaho
Gillette	O'Konski	Whitten
Golden	Passman	Williams
Graham	Phillips, Calif.	Wilson, Ind.
Gross	Phillips, Tenn.	Winstead
Guill	Potter	Withrow
Hagen	Powell	Wolcott
Harden	Rankin	Woodruff

NOT VOTING—96

Allen, Calif.	Anderson, Calif.	Bolling
Allen, Ill.	Bentsen	Bonner
Allen, La.	Boggs, La.	Boykin

Bramblett	Hand	Pfeiffer,
Brooks	Hare	William L.
Buchanan	Hebert	Pickett
Buckley, N. Y.	Heffernan	Plumley
Bulwinkle	Hoffman, Ill.	Poulson
Burdick	Hollfield	Quinn
Byrne, N. Y.	Irving	Rabaut
Carlyle	Jackson, Calif.	Rivers
Case, S. Dak.	Jones, N. C.	Sabath
Chatham	Judd	Sadowski
Cooley	Karst	St. George
Crawford	Kean	Scott,
Davis, Tenn.	Kearney	Hugh D., Jr.
Dawson	Keefe	Scudder
Deane	Larcade	Secrest
DeGraffenried	LeCompte	Shelley
Dingell	Lichtenwalter	Sheppard
Dolliver	McConnell	Sims
Douglas	McDonough	Smathers
Doyle	McKinnon	Smith, Ohio
Durham	McMillen, Ill.	Stigler
Engel, Mich.	Magee	Sutton
Engle, Calif.	Mahon	Welch
Fernandez	Martin, Iowa	Wheeler
Fugate	Miles	Whitaker
Gary	Miller, Calif.	White, Calif.
Gilmer	Monroney	Wickersham
Gwinn	Morrison	Widnall
Hall	Nicholson	Willis
Edwin Arthur Nixon		Wood

So the conference report was agreed to. The Clerk announced the following pairs:

On this vote:

Mr. Byrne of New York for, with Mr. Nicholson against.

Mr. William L. Pfeiffer for, with Mr. Hand against.

Mr. Judd for, with Mr. Crawford against. Mr. Kean for, with Mr. Hoffman of Illinois against.

Mr. Hebert for, with Mr. Secrest against. Mr. Gary for, with Mr. Sadowski against. Mr. Bolling for, with Mr. Larcade against. Mr. Deane for, with Mr. Sutton against. Mr. Welch for, with Mr. White of California against.

Mr. Buchanan for, with Mr. Wheeler against.

Until further notice:

Mr. Bentsen with Mr. Allen of Illinois. Mr. Whitaker with Mr. Kearney. Mr. Karst with Mrs. St. George. Mr. Irving with Mr. Martin of Iowa. Mr. Hollfield with Mr. Engel of Michigan. Mr. Sims with Mr. Burdick. Mr. Rabaut with Mr. Anderson of California. Mr. Stigler with Mr. LeCompte. Mr. Gilmer with Mr. McConnell. Mr. Cooley with Mr. McDonough. Mr. Morrison with Mr. Dolliver. Mr. Wickersham with Mr. Allen of California.

Mr. Wood with Mr. Hugh D. Scott, Jr. Mr. Miller of California with Mr. Poulson. Mr. Magee with Mr. Nixon. Mr. Hare with Mr. Gwinn. Mr. Pickett with Mr. Edwin Arthur Hall. Mr. Dingell with Mr. Jackson of California. Mrs. Douglas with Mr. Scudder. Mr. Doyle with Mr. Keefe. Mr. Durham with Mr. Case of New Jersey. Mr. Engle of California with Mr. Bramblett. Mr. McKinnon with Mr. Plumley. Mr. Chatham with Mr. McMillen of Illinois. Mr. Boggs of Louisiana with Mr. Smith of Ohio.

Mr. Fugate with Mr. Widnall.

Mr. BENNETT of Florida changed his vote from "yea" to "nay."

Mr. PATTERSON changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

Mr. KEE. Mr. Speaker, I ask unanimous consent that any Members caring to do so may extend their remarks on the conference report just agreed to at a point just prior to the vote.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

SPECIAL ORDER GRANTED

Mr. BRYSON asked and was given permission to address the House for 15 minutes today following the legislative program and any special orders heretofore entered.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 6329. An act for the relief of Betsy Sullivan; and

H. R. 8199. An act to amend certain provisions of the act of May 25, 1948 (Public Law 554, 80th Cong.), relating to the Flathead Indian irrigation project.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H. J. Res. 476. Joint resolution making temporary appropriations for the fiscal year 1950, and for other purposes.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKellar, Mr. Hayden, Mr. Russell, Mr. Bridges, and Mr. Ferguson to be the conferees on the part of the Senate.

COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may have until midnight tonight to file a report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1951

Mr. BATES of Kentucky. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8568) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1951, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate continue not to exceed 1 hour, the time to be equally divided and controlled by the gentleman from Oregon [Mr. Stockman] and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 8568, with Mr. KEOGH in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. BATES of Kentucky. Mr. Chairman, before I discuss the appropriations contained in the bill before you I want to say a few words about the membership of this subcommittee. The two gentlemen on the majority side [Mr. YATES and Mr. FURCOLO] are serving their first terms in Congress. If their political success in the future is to be in any manner commensurate with the ability they have shown on this subcommittee, then I am certain that they both shall have long and successful careers in public service. I would indeed be remiss in my duties if I did not mention the outstanding contributions of our late colleague from Illinois, RALPH CHURCH, who served as the ranking minority member in the preparation of this bill. As for the other member of this subcommittee, my genial friend from Oregon, LOWELL STOCKMAN, enough good things cannot be said about his spirit of cooperation which together with his grasp and knowledge of the affairs of the District of Columbia have made him an invaluable member, not only of the subcommittee but of this House.

The clerk of the subcommittee, Mr. Frank Sanders, is perhaps due more credit for the bill before you than any member of the subcommittee. He has given long hours to this work and has done it in a very capable and efficient manner. The entire subcommittee joins me in saying we cannot sing praises too high.

The bill before you was adopted in the subcommittee without a dissenting voice. It is a good bill, and, I am happy to report, well within the anticipated revenues of the District of Columbia. You will find the report of the committee accompanying the bill to be completely explanatory of the committee's action on the budget estimates for the District. These estimates were in the amount of \$119,167,175. The bill contains appropriations in the amount of \$112,840,340, a reduction of \$6,326,835. I reiterate the statement found in the second paragraph of the report that the funds contained in this bill are not a charge against the Federal Government but are appropriated from the revenues of the District of Columbia. The amount recommended is an increase of \$9,721,268 over the appropriations to date for 1950. Of this amount, \$4,000,000 is for so-called mandatory increases such as pay increases, retirement and disability payments and the like. The remainder is made up of an increase in the capital outlay program and increases in personal services and necessary supplies and equipment which will result in the rendition of much-needed and more adequate public services to the citizens of the District.

I would like to call your attention in particular to several items in this bill.

Primarily, the greatest need of the District at the present time is a realistic and adequate capital outlay program to provide improvements, particularly in the public welfare institutions and the public schools. In past years the fiscal affairs of the District have made this impossible. In this bill the problem has been approached for the first time in a realistic manner. There is contained in this bill almost \$14,000,000 in capital improvements, plus over \$7,000,000 in contract authorization, an increase of approximately 90 percent from the 1950 appropriations and authorizations. The outstanding item in this program is the beginning of the modernization of the facilities now available at the Home for the Aged and Infirm, including extensive renovations in the hospital section. This has been a primary need of the District for some time, and it is with a great deal of pleasure that I mention the start of this program. Appropriations for construction of or additions to 13 schools are contained herein in the amount of \$4,646,000. Other outstanding capital improvements provided for in the bill, particularly in the Street and Bridge Division, the Sewer System, the Water System, as well as in all agencies, are set forth in the tabulation at the end of the report. This capital outlay program must be maintained, particularly in the general fund agencies at a commensurate rate in the fiscal year 1952. To do otherwise would be detrimental to the welfare and the interests of the citizens of the District. To accomplish this, reductions of a substantial nature had to be made in the budget estimates. These facts are set forth in some detail on page 2 of the committee's report and I shall not go into the matter further at this time. These reductions in the amount of \$3,913,435 in the general fund have been accomplished by holding down increases for personal services, supplies and materials, and equipment to the minimum amount necessary to render efficient and adequate services to the residents of the District. Reductions have been made also in the capital outlay program as submitted in the budget on the basis of decreasing construction costs on public buildings and by a careful reexamination of the entire program in view of the over-all needs of the District.

One of the perennial bones of contention in this bill is the appropriation for operation of the public schools system. It is my personal belief that the system here in the District is one of the best in the Nation. I am certain that under the able guidance of the present president of the Board of Education and with the cooperation of this Congress, and in particular with the Appropriations Committee, it will in a few years be second to none. I wish that it were possible to appropriate funds for every school building and school need that was presented to us by the many public-spirited citizens' groups of this city. The fiscal resources of the District make this impossible. Even if these fiscal resources were available, good management and experiences in the past tell us to measure every dollar spent for public schools

FOREIGN STUDY WITH AMERICAN COLLEGE CREDIT

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD a report by Roxie Lodge on the Institute of World Studies held at the University of Amsterdam in the summer of 1949, which will appear hereafter in the Appendix.]

CONTRIBUTIONS OF SENATOR LEHMAN TO THE DAIRY INDUSTRY

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "Senator LEHMAN Would Know Facts," published in the Metropolitan Milk Producers' News for April 1950, which appears in the Appendix.]

JAMES MADISON AND THE AMERICAN IDEAL—ORATION BY WALTER C. McSHERRY

[Mr. CAIN asked and obtained leave to have printed in the RECORD an oration entitled "James Madison and the American Ideal," delivered by Walter C. McSherry, of the United States Military Academy at West Point, class of 1950, in an oratorical contest at West Point, which appears in the Appendix.]

SEEDS OF TREASON—EDITORIAL BY T. A. STEVENSON

[Mr. CAIN asked and obtained leave to have printed in the RECORD an editorial entitled "Seeds of Treason," written by T. A. Stevenson, editor and publisher of the Rosemead (Calif.) Review, which appears in the Appendix.]

LYNCH LAW FOR DUCKS AND GEESE—ARTICLE BY SENATOR ROBERTSON

[Mr. ROBERTSON asked and obtained leave to have printed in the RECORD a statement entitled "Lynch Law for Ducks and Geese," prepared by him, which appears in the Appendix.]

PERSONAL STATEMENT

Mr. MARTIN. Mr. President, I ask unanimous consent to speak for not more than 5 minutes, with the understanding that the Senator from Nevada does not lose his rights to the floor.

The VICE PRESIDENT. Is there objection to the Senator from Pennsylvania addressing the Senate for 5 minutes? The Chair hears none, and it is so ordered.

Mr. MARTIN. Mr. President, in a lifetime of political activity and in public office I have enjoyed the most cordial relations with the press.

I have had the pleasure of close personal association with many newspapermen—reporters, editors, and publishers. I cannot recall a single one whom I would hesitate to call my friend, even though we were not always in agreement.

In all the years during which I have had contact with newspapermen there have been only three instances in which I have been misquoted. Two occurred many years ago.

The third instance concerns a distinguished Member of this body, and for that reason I ask the indulgence of the Senate while I read a letter which I have addressed to Mr. Lee Ellmaker, publisher of the Philadelphia Daily News.

It is as follows:

I regret that it has become necessary to call your attention to a quotation attributed to me in the Philadelphia Daily News of May 16 which is completely false and extremely embarrassing.

The quotation appeared in the column of Washington comment headed "Under the Dome." It made reference to the distinguished Senator from Tennessee, the Honorable KENNETH MCKELLAR, in words which I have never used and which grossly misrepresent my high regard for Senator MCKELLAR's outstanding ability.

I trust you will take such steps as seem advisable to prevent a repetition of such an offensive departure from your usual high standard of accuracy and fairness.

With kindest personal regards, believe me,
Very sincerely,

EDWARD MARTIN.

Mr. President, I do not question the right of any newspaper to place its own interpretation on anything we do here or anything we say here.

I do not question the right of any newspaper to comment favorably or unfavorably upon the action of this body or upon the views expressed in this Chamber by any individual Member.

That is a sacred right of the American free press, guaranteed and protected by the Bill of Rights of our Constitution.

But I insist that freedom of the press imposes responsibility for accuracy, fairness, and honest reporting.

It is most embarrassing to me to have been represented as having referred to the able and distinguished Senator from Tennessee in any terms except those of the highest praise.

THE LATE JOHN ANDREWS

Mr. SALTONSTALL. Mr. President, I ask unanimous consent to speak for 30 seconds on the death of John Andrews, special clerk to the minority of the House of Representatives.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Massachusetts may proceed.

Mr. SALTONSTALL. Mr. President, as a Senator from Massachusetts, I wish to join with my colleagues in the House of Representatives in expressing my personal sorrow on the death of John Andrews, of Salem, Mass., special clerk to the minority of the House of Representatives.

Since 1917 Mr. Andrews had served the Republican Party continuously. A war veteran of the First World War, he ended his war service to become secretary to several Members of the House of Representatives from Massachusetts. He then was elected clerk of the party. He was the Clerk of the House of Representatives in the Eightieth Congress.

A man of his word, Mr. Andrews was always pleasant, helpful, and courteous to every Member of Congress, no matter of what party. Congress will miss his constant aid, and we from Massachusetts will feel the loss of a personal friend. I know I express the feelings of all Republicans when I send my deepest sympathy to his wife and his family.

GRADUATION LEAVE UPON APPOINTMENT AS COMMISSIONED OFFICERS IN THE REGULAR COMPONENTS OF THE ARMED FORCES

Mr. McCARRAN. Mr. President, I ask unanimous consent that the pending business may be temporarily laid aside, and that the Senate proceed to consider

House bill 7635. Calendar No. 1563, to amend the Armed Forces Leave Act of 1946, as amended, to provide graduation leave upon appointment as commissioned officers in the Regular components of the armed forces of the graduates of the United States Military, Naval, or Coast Guard Academies. I have drawn the attention of the Senator from Texas [Mr. CONNALLY] and the leader of the minority to what I propose to do. If the consideration of the bill takes more than 5 or 6 minutes, I shall immediately withdraw it.

The VICE PRESIDENT. The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 7635) to amend the Armed Forces Leave Act of 1946, as amended, to provide graduation leave upon appointment as commissioned officers in the regular components of the armed forces of graduates of the United States Military, Naval, or Coast Guard Academies.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. WHERRY. Mr. President, reserving the right to object, I wish to say to the distinguished Senator from Nevada that with the understanding that consideration of the bill will not take more than 5 or 6 minutes, I have no objection to its present consideration.

My understanding is that the bill will simply place the cadets at West Point on a par with the Annapolis midshipmen, so far as leave is concerned.

Mr. McCARRAN. That is correct. For many years the members of the graduating class at West Point have, immediately following their graduation, been granted 60 days leave. This bill would grant a similar privilege to graduates from the Coast Guard Academy and graduates from the Naval Academy at Annapolis.

The bill has been passed by the House, and has been approved by the Senate committee.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 7635) was considered, ordered to a third reading, read the third time, and passed.

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950—CONFERENCE REPORT

The Senate resumed consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance.

POINT 4—ECA—1934 TRADE AGREEMENTS ACT—ITC

Mr. MALONE. Mr. President, yesterday when the Senate took a recess for the day, I had just said that for the past 2 years we have been furnishing cash and goods and industrial equipment to the 16 Marshall-plan countries through the Marshall plan ECA, with the result that, in turn, they have been able to furnish the goods to Russia and the iron-curtain countries to make war on the

United States of America and to consolidate their position in eastern Europe and China.

WAR SUPPLIES DIRECT TO RUSSIA

They are getting the necessary supplies on the first bounce; that is to say, the 16 Marshall-plan countries have, since the close of World War II, made 96 trade treaties with Russia and the iron-curtain countries, shipping them every kind of material it is necessary for them to have in order to make war upon the United States of America and to consolidate their gains in eastern Europe and in China. Those materials include ball bearings, tool steel, electrical equipment, road machinery, agricultural machinery, locomotives, freight cars—almost every conceivable needed manufactured and processed product.

NO REGARD FOR OUR SAFETY OR THEIR INTEGRITY

The Marshall plan ECA countries have proved, as I said yesterday, that they have no regard for our safety or for their own integrity; they have proved that by trading directly with nations which we said we wanted to "contain." Of course, Mr. President, we should remember that we said we wanted to "contain" Russia with the ECA Marshall plan money. We have used a peculiar method to "contain" a nation—by sending her everything she needs, already manufactured and processed, to fight us in world war III and to consolidate her gains in eastern Europe and China. Nevertheless, the theory was that we were containing them by the adoption of the Marshall plan.

MUST DISCUSS THE ENTIRE PATTERN AS ONE SUBJECT

Mr. President, it is impossible to discuss point 4, the ECA, the North Atlantic Pact, the 1934 Trade Agreements Act, and international trade agreements legislation separately. All of them are one and the same thing. All of them add up to a pattern of procedure and additional siphons into the United States Treasury, by means of which the necessary funds, the necessary industrial equipment, and the necessary encouragement are furnished to equip our potential enemies.

WHAT IS OUR OBJECTIVE?

The junior Senator from Nevada said on many occasions that we should make up our minds which side we are on. If we are still in a cold war with Russia, including eastern Europe, then let us cease immediately all shipments and all assistance to the nations of the world that are helping Russia and her satellite countries equip for a third world war.

WHOM ARE WE HELPING?

However, if we are not in a cold war or if the definition of a cold war has been misunderstood, and if we want Russia and the countries behind the iron curtain to get all the equipment they are now being furnished, the industrial products manufactured and processed with the aid we are giving the ECA nations, then let us acknowledge that fact and increase trading directly with Russia and her satellites. Let us quit fooling the American people.

Mr. TAFT. Mr. President, will the Senator yield for a moment?

Mr. MALONE. I am happy to yield to the Senator from Ohio.

Mr. TAFT. In dealing with this particular program, as contrasted with the ECA, does not the Senator consider that this program is a proposal to give aid to practically every country in the world?

Does not the Senator consider that the words "economically underdeveloped areas of the world" apply to practically every country in the world?

Mr. MALONE. In answer to the distinguished Senator from Ohio, let me say that overnight I have tried to analyze what those words do mean. The only answer I can arrive at is that through this proposal, through this amendment, to the wording of the point 4 provision—which, by the way, has no place in this kind of a bill, anyway—we could even develop the backward areas of Russia.

POINT 4 COULD HELP RUSSIA DIRECTLY

Mr. TAFT. Or any of the other Communist countries, so far as that is concerned?

Mr. MALONE. Yes, or any of the other Communist countries or any of their satellites. As a matter of fact, I would say to the distinguished Senator from Ohio that we could then do directly, through point 4, what we are now doing indirectly by sending the goods to Europe through the ECA and permitting, if not encouraging, Europe to send a large part of their production to Russia and the satellite countries which, of course, includes many of the so-called backward areas. The only change made by the adoption of the present point 4 proposal would be that we could be sending the goods directly to the Communist countries, and by that means we ourselves could make the profit accruing from those transactions instead of working through the ECA nations.

Mr. TAFT. Does not the phrase "economically underdeveloped areas of the world" apply to the United States itself? Are not we constantly trying to further develop our own economic capacity?

Mr. MALONE. I will say to the Senator from Ohio that this language or definition could be applied to almost any area in the United States except the most highly industrialized areas, and probably to them, for even those areas are constantly improving their industrial equipment. "Underdeveloped areas" is a comparative term.

Mr. TAFT. So this program differs from the ECA program in that it no longer has an anti-Communist connotation or a connotation of a program by which we are aiding countries which are supposed to be fighting communism; but this program is wide open to the entire world, including the Communist countries. Is that correct?

AID FOREVER MORE: ONE WORLD

Mr. MALONE. That is correct. I would say that by means of this program, if we adopt it, we shall have gone the full circle. In other words, in 1947 and 1948 when we were laying the ground work,

by means of the State Department's great propaganda machine, that we were endeavoring to restore the industrial capacity for war-torn Europe, and therefore we must provide the money and machinery to restore their industrial capacity—meaning, to any sane person, that we would restore their industrial capacity to what it was on the basis of the 1937 or 1938 index. However, by 1949 we were told that overproduction was Europe's problem—and that we must divide our markets with them—by that means, bring on the trade millenium. In order to divide our markets—source of income—accomplish that end through the 1934 Trade Agreements Act, as extended, the State Department or the Chief Executive began to hasten the action to divide our markets with the European countries, through a reduction of tariffs and import fees, without regard to differences in the wage-living standards here and in the foreign competitor countries.

Then in 1950 we were told, straight across the board, "You can either appropriate the \$3,300,000,000 or have a depression in the United States," almost immediately.

Now we come to the truth, for the first time, namely, that the desire is to spread the markets and the resources of the United States across the entire world—to average the living standards of the nations of the world—and in fact have "one economic world."

Mr. TAFT. Mr. President, will the Senator yield further?

Mr. MALONE. I am happy to yield.

Mr. TAFT. In considering how this program differs from the ECA, is not there another important change in the fact that the ECA was frankly for a particular emergency, whereas this proposal, now that we have removed the 5-year limitation, provides for a permanent program for all time to come? Is that not also substantially different from the ECA program?

Mr. MALONE. In answer to the Senator from Ohio I would say it is. On paper, for the first time, openly and above board, the objective is that of continuing from now on aid to Europe and to all the other nations of the world. But I may also say to the distinguished Senator, if he would turn back the pages of the book and look at the debates in March 1948 he would see that the junior Senator from Nevada then said that ECA was just that, and it was never intended as a recovery measure in the first place, and that industrial recovery and increased production are easy to bring about. Production is not the problem, as any industrialist in the distinguished Senator's own State of Ohio will tell him. Any glass factory or machine shop can produce at all because he can get the credit with which to buy machinery to produce if he has the market. But the question in every industry of the United States of America and everywhere else in the world, as a matter of fact is, Are there markets for the goods which are to

be produced? We all knew that the markets were the problems. It all came out in the debate in March 1948. That is, the question, What are we going to do with the goods? Are we to buy them here when we help them to produce more goods than they can use? From what are we trying to recover? The industrial index at that moment showed the recovery of every European nation except Austria and Germany, to the extent of from 90 to 100 percent of the 1937-38 index and the index of recovery on that basis now shows approximately 125 percent.

Mr. TAFT. Mr. President, I should like to call the Senator's attention to a report of the Senate Foreign Relations Committee, made some time ago, in which it was said:

Because the program is new and because it will take some time to set up the necessary administrative machinery as well as to secure the required technical competence, the committee recommends that the Senate limit its present authorization to a period of 5 years.

The Senator knows, does he not, that in the conference report the Senate yielded to the House? They struck out the 5-year limitation recommended by our own committee. So the program now is an indefinite program in contrast to the bill as passed by the Senate, and in contrast also to the emergency character of ECA.

A PERMANENT PROGRAM

Mr. MALONE. I would say to the distinguished Senator from Ohio we are now apparently starting to tell the American people the truth. The only thing about which they have not told the truth is that it is a permanent program, and was intended from the beginning to be a permanent program, as we should have realized when just before the ECA program was adopted we had given \$3,750,000,000 to England alone, and it was "gone with the wind." Before that we had UNRRA. Before that we had lend-lease, with everything written off. One thing leads to another. It is all one program—a dangerous and continuous pattern.

ANOTHER SIPHON INTO THE UNITED STATES TREASURY

We are not frank with the American people today in not informing them that the foot is in the door now, because of the general wording of this provision which the Senator from Ohio has so ably pointed out, and the door will be left wide open.

The only thing left for speculation is the amount of the appropriation demanded from time to time. We could now appropriate \$2,000,000,000 a year or \$10,000,000,000 a year, just as easily as we could appropriate any other sum. The amount is all that is lacking. That is where we are not telling the truth to the taxpayers of America. It is simply another siphon into the United States Treasury. It is unlimited as to time or

area in which it can be expended. It is limited only by the appropriations which can be passed on the floor of the Senate and of the House.

IT ALL STARTED IN 1934

We are familiar now, I hope, with the method of selling this country ahead of time on anything. I call the attention of the distinguished Senator from Ohio to the fact that 10 or 15 years ago the propaganda from the State Department started selling to the country the idea that if private business did not maintain full employment, then the Government must. No one took issue with the premise. The idea was sold to the country. During that period we operated the 1934 Trade Agreements Act. It did what? It transferred to an industrially inexperienced State Department the right to choose what American industries should survive and what industries should be sacrificed on the altar of one economic world, through the simple expedient of allowing the Executive to lower tariffs out-of-hand, after perfunctory hearings, by as much as 75 percent.

VENTURE CAPITAL IS DEAD

Mr. President, by transferring the responsibility which the Constitution places upon Congress to an inexperienced Department of State, we then and there slackened up or almost totally extinguished venture capital because new money will not flow into an industry with the knife hanging over its head. In addition to that, the entire tax structure adds up to this: If venture capital is invested and money is made on it, then Uncle Sam takes most of it; if money is lost in connection with the investment, the loss must be borne by the investor.

The third thing is the Securities and Exchange Commission, which under its rules and regulations, can investigate anyone proposing to sell stock or shares in any company in the United States. The Commission can announce publicly that it is investigating someone offering stock for sale—for any reason suitable to the SEC. After that, regardless of the result of the investigation, no one can sell any stock in the venture. So those three things practically killed the flow of venture capital into the economic structure of the United States of America.

What happened? What was the next move? Recently we are being treated to another blanket of propaganda to the effect that we now have a million boys and girls coming out of the colleges—all of them wanting jobs—and we have 3,500,000 or 4,000,000 unemployed—actually the number is more than that. It is nearer 6,000,000, with a good 12,000,000 partially unemployed. So it suddenly is discovered that the economic structure of the country, because of these very obstructions which the Congress of the United States has put in the way of venture capital, has not kept step with the

increase of population. What happens? Perhaps the public does not connect these three or four things in sequence, but quite recently the President came along with a proposal of a new RFC, Mr. President, under which we will abolish the one we have. We will abolish the present RFC and build a new one, which will loan many millions of dollars to private industry, with a limit of \$25,000 to any one business, on the theory that the use of Government money will take up the slack, through bringing up the economic structure to what is needed according to present population.

Mr. President, this was thought out in advance. A pattern—attack upon our economic system. It was no accident. I call attention to the fact that the Spence bill is still in committee in the House of Representatives.

What is the Spence bill? It will be resurrected the minute there is the breath of depression in this country, brought on by the very things passed by the Congress which I have just enumerated. When that happens, the Spence bill will be brought out. The amount of the authorization is \$15,000,000,000. We are supposed to be getting used to it by degrees. It is like rubbing the bit on the mustang's nose one day, and, the next day, putting it in his mouth. After a while he becomes used to it, then he suddenly finds it in his mouth. The Spence bill sets a figure of \$15,000,000,000, with which the President of the United States can build anything from a steel mill to a corner cigar store, to bring about full employment.

Mr. President, I have diverted somewhat from the theme of my talk, but all of these measures make a pattern. It is impossible to discuss one of them intelligently without setting up the pattern. That is my point. The foreign-aid bill, point 4, clearly takes up where the ECA appropriations would leave off in 1952, and continues a program such as the distinguished Senator from Ohio so ably pointed out with no limitation as to where the money can be spent, and no limitation as to the amount that can be spent, except for the appropriations which later come to the United States Senate for approval provide, and which the Senate will no doubt approve after being properly propagandized by the State Department to soften us up and to get us ready for the blow.

EUROPEAN RECOVERY ACHIEVED

Mr. President, before I leave that subject, let me say that the distinguished Senator from Ohio brought out the fact that there was in the beginning a definite limitation on the number of years the Marshall plan should operate, and it was for a definite purpose, namely, to bring about recovery in western European countries. I ask unanimous consent to have printed in the RECORD at this point a table showing the recovery status of the 16 Marshall-plan countries since the end

of the war, 1946, 1947, 1948, 1949, and the latest monthly figure we have at this moment.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

ECA nations—Index numbers of industrial production—1937=100 (except where otherwise noted)—Annual, 1946, 1947, 1948, 1949, and latest monthly figure

	1946	1947	1948	1949	Latest monthly figure	Date
Austria.....	(¹)	51	78	104	114	January 1950.
Belgium.....	74	86	93	49	93	Do.
Denmark.....	101	116	129	137	145	February 1950.
France.....	73	87	102	112	116	January 1950.
Germany bizone.....	234	40	60	389	1003	March 1950.
Greece.....	53	67	73	87	90	February 1950.
Ireland.....	109	113	130	135	152	Fourth quarter, 1949.
Italy.....	(¹)	93	98	104	102	February 1950.
Luxemburg.....	(¹)	89	(¹)	113	101	Do.
Netherlands.....	75	95	114	127	126	Do.
Norway.....	100	115	125	132	155	Do.
Sweden.....	137	141	149	(¹)	155	December 1949.
United Kingdom.....	50	98	109	116	128	February 1950.

¹ Not available.

² Base 1936=100.

³ Federal republic.

⁴ 3-quarter average.

Source: Statistical Bulletin of the United Nations, April 1950.

RATE OF RECOVERY NOT CHANGED BY ECA

Mr. MALONE. Mr. President, as I said before, the rate of recovery has not changed. It did not change with the advent of the Marshall plan. It was already coming up at the approximate rate of 10 percent a year, with the exception of Austria and Germany, which were being deliberately held down. They are continuing on a basis of recovery of approximately 10 percent annually. For example, in 1949 Denmark was 137 percent, and she is approximately 145 percent this year.

I should like to say that, on the basis of the 1937-38 industrial index, the 16 Marshall-plan countries have recovered approximately 125 percent. So that blows out of the water the theory that we were trying to rehabilitate industry, because it was practically rehabilitated on the 1938 index before we had a Marshall plan or ECA.

What are we trying to do? I think it is very plain from the wording of the point 4 title that it was intended to enter the ECA field, and now we have a foot in the door and are ready to go.

A PROPAGANDA-SOFTENED SENATE

There is no limit on the length of time for point 4 applications; there is no limit as to area that can be covered; and there is no limit to the amount of money except for the size of the appropriations that a softened-up Senate will approve.

Mr. BRIDGES. Mr. President, will the Senator yield for a question?

Mr. MALONE. I shall be happy to yield to the Senator from New Hampshire.

Mr. BRIDGES. Has the Senator examined the conference report on ECA with particular relation to the point 4 program, and does he feel that the conference report opens it up wider, certainly, than did the bill as it left the Senate?

Mr. MALONE. In answer to the distinguished Senator from New Hampshire, it is the opinion of the junior Senator from Nevada that from now on it is open-ended so far as the time element is concerned. It is limited this year only to the appropriation which has been au-

thorized, and will be limited from now on to the amount of money the State Department can soften us up for and secure through its propaganda machine for next year, the year after that, and so on to the end.

Mr. BRIDGES. Mr. President, will the Senator yield further?

The PRESIDING OFFICER (Mr. LEHMAN in the chair). Does the Senator from Nevada yield to the Senator from New Hampshire?

Mr. MALONE. I shall be very happy to yield to the Senator from New Hampshire.

Mr. BRIDGES. Besides the time limit, is the Senator concerned with other phases of it? Is it more vague and indefinite than it was when it left the Senate?

ACHESON PROMISES EUROPE THAT AMERICAN AID WILL NOT STOP

Mr. MALONE. In the opinion of the junior Senator from Nevada, it is much more indefinite, especially when correlated with the recent remarks of the Secretary of State, Mr. Acheson, when he said to Bevin and other foreign representatives on his recent trip to Europe—I shall not try to quote his exact language, but it was to the effect:

ECA is not the end. America will continue to help.

Mr. BRIDGES. Mr. President, will the Senator yield for a further question?

Mr. MALONE. I shall be happy to yield.

Mr. BRIDGES. Does the Senator feel, then, that the point 4 program, as modified by the conference committee, is the vehicle which he anticipates will be used to continue foreign aid beyond the ECA period of expiration?

WE START WITH BRITAIN'S DEBT

Mr. MALONE. There is no doubt whatever about that. The point 4 is going forward. It is intended to take up where ECA leaves off, and to increase as the ECA appropriations decrease. There is no question about that; at least, there is no question in the mind of the junior Senator from Nevada, what Secretary Acheson meant when he said that financial help for Europe will continue. They

have put the whole pattern together from the beginning. I say again, as I said a while ago in the absence of the distinguished Senator from New Hampshire, that we started with lend-lease; the next step was UNRRRA; then three and three-quarter billions of dollars were given to England; then the Marshall plan, ECA, point 4. We now have the suggestion by England, which the junior Senator from Nevada predicted early this year, that she would ask the United States of America to assume her sterling debt to her own countries, which amounts to from 9 to 12 billion dollars. It would mean that we are to begin with the sterling-bloc countries, such as India and certain other countries, and the amount of our help would be written off the sterling debt, but the residual debt would be maintained as a hold over those nations until it was completely liquidated, perhaps in several years, so that England would retain all the trade from those nations. A contractor friend of mine once said to me, early in my career, when I had lost some money in contracting, and borrowed money from a bank—"Don't ever owe a bank anything unless you owe so much you are boss." That is exactly the way in which England is handling trade with those nations

THE STERLING DEBT AND THE UNITED STATES

In my conversation with Mr. Nehru, in New Delhi, late in 1948, he stated that seventy or eighty million pounds of credit was accumulated by India during the World War II. Great Britain does not cancel her debts in wartime, as we do; she holds on to them. Nehru said England was allowing India to trade out approximately seven or eight million pounds a year. That is what is being done at this time. Even if the English are not very efficient, and they want a higher price for the products sold to India, the Indians know that is the only way they can get their money back. So they keep trading with England.

Mr. BRIDGES. As the Senator knows, I have been a supporter of the ECA program in the past and I support it in the present, but I believe certain corrections should be made in ECA. I have supported various amendments to that effect. Some of which have been made in the past have worked out very much to our advantage. I remember one amendment last year with reference to the use of counterpart funds. There was objection to it, but representatives of the ECA have told me that one of the best things that happened was our action in writing in that amendment.

The question I want to ask the Senator is this: I am interested, with respect to whatever program we undertake, in having it definite and specific, so that we may know where we are going, and not have a wide-open program with no barriers, no security, as to its limitations, no time limit, and so on. That is what worries me particularly with reference to this conference report. The objections I raise to it are in line with the points which the Senator is making today.

Mr. MALONE. Perhaps they are entirely in line with the points which the junior Senator from Nevada is making

today, but the junior Senator from Nevada intends to go considerably further and say that if we are going to give money to any foreign nation it should be conditioned on certain performances by that nation.

CONDITION FURTHER AID ON INTEGRITY OF MEN AND INVESTMENTS

When money is given to a country or an individual, the country or the individual is the one who should guarantee the integrity of the loan, business, or investment. For example, the junior Senator from Nevada introduced an amendment to the ECA bill which would have conditioned further aid to European countries on their guaranteeing the integrity of private investments. Another amendment would have loaned money to private business instead of giving it to the governments of socialistic countries to further their aims. Both amendments should have been adopted. No doubt the junior Senator from Nevada would have voted for the bill at any time since 1948 if such amendments had been included, including the free convertibility of their currencies in terms of the dollar. It has never been suggested to the junior Senator from Nevada before that the person or nation making the loan should guarantee the integrity of the investment. In other words, we have turned the principle entirely around, and it is almost too stupid to discuss. With point 4 we propose to guarantee private investments in a country, and we would guarantee the investment by whomever made against nationalization, socialization, or expropriation. We know it will be nationalized if we continue to give money to governments instead of private industries without restrictions. I agree entirely with the Senator from New Hampshire.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield.

Mr. CAIN. If the distinguished Senator from Nevada has not already done so, I wonder if he would state the basic differences between the point 4 program as approved by the Senate and the point 4 program as it was returned to the Senate through the conference.

Mr. MALONE. I am not sure that I can give too much detail as to the exact differences, except that there was a definite limitation as to time.

Mr. CAIN. That constitutes one of the prime differences between the two proposals.

FOOL THE TAXPAYERS

Mr. MALONE. Yes. Also, I think it is the greatest and the most important difference, because it has been evident from the beginning, even back in the days of the loan of \$3,750,000,000 to Great Britain, that each time it was a matter of approaching the United States taxpayers with a new dose which they could swallow at the moment. In other words, they would be given a bait which they could swallow without choking on it. By the time they got the bait down there would come another lure for the trout under the log which the first bait did not get.

Mr. CAIN. What we were doing then appears to have been to say in substance that this was a new and complicated proposal, and because of our sympathy for other nations and our desire to help them we would approve the program for a limited period of time in order that we could reexamine our position 3 or 4 years later. The conference committee, on the other hand, decided, without this country actually knowing what it would be doing in the future, to create an open-ended funnel and endorse at the beginning the point 4 program almost to perpetuity. Is that substantially correct?

Mr. MALONE. That is absolutely correct. The Senator from Washington has sized it up very well. Probably the psychology of the country was judged by the State Department to be one of favoring continual help to Europe, or they misjudged it. While the bill was before the Senate the psychology of the Senate was cautious about continuous help. We wanted to limit the time, because we did not know what we were stepping into. However, in the House and in the conference committee it was probably felt that the public was ready to take this program of help in perpetuity in some form.

Mr. CAIN. Mr. President, will the Senator state the vote by which the point 4 program was approved in the Senate? My memory tells me that it was a very close vote. I believe it was 40 to 41.

Mr. MALONE. I think it was approved by one vote.

Mr. CAIN. With the Vice President casting the deciding vote to break a tie vote.

Mr. MALONE. Yes. The distinguished President of the Senate threw his weight in favor of the point 4 program.

Mr. CAIN. Will the Senator tell me whether or not it would be permissible for both Houses of Congress to agree to delete from the conference report the point 4 program, which is certain to have an extended controversy revolving about it, so that both Houses of Congress could approve the European recovery program to which, as I understand, the point 4 program is not closely related? As I understand, they are two entirely different subjects.

POINT 4 NO PART OF ECA PROGRAM

Mr. MALONE. Mr. President, I would say to the distinguished Senator from Washington that in the humble opinion of the junior Senator from Nevada it has no part in the ECA program at the moment. In other words, it is a separate subject which should be considered further by Congress to determine whether it would be help in perpetuity or help for a certain term of years beyond ECA. It is a separate question. It was a separate question when it was brought before the Senate, but we had been softened up for the blow. The point 4 amendment won by one vote. I am afraid that I cannot technically advise the distinguished Senator from Washington whether the conferees had the authority in the first place to put this particular

point 4 program provision in the bill, and whether the conferees have the authority now to take it out entirely, inasmuch as both Houses voted in favor of it in one form or another.

Mr. CAIN. I raised the question because it seems quite obvious that we may be devoting a long period of time to debate on the point 4 program. If the Senate of the United States should determine, as it quite possibly may, that it simply cannot approve the point 4 program as recommended by the conference committee, as an individual Senator I would hope that in some legitimate manner we could delete it for further study.

IT WILL GET WORSE—NOT BETTER

Mr. MALONE. I think the distinguished Senator from Washington has a very good idea, but in the humble opinion of the junior Senator from Nevada we have not seen anything yet. We started with lend-lease. We wrote that off. Then came UNRRA. We wrote that off. Then came the three and three-quarter billion dollar loan to Great Britain. It is as good as written off. Then we started with the Marshall plan and ECA. Now it is point 4. Soon we shall have thrown into our faces the matter of assisting through goods and money the sterling bloc countries in order to reduce the debt England owes these countries, so that Britain may preserve their trade in the areas while we pay their debt.

It seems to the junior Senator from Nevada, at least, that if we could write off sixty to seventy billion dollars in lend-lease, it might be possible for the sterling areas to write off in one or ten billion dollars. If the taxpayers can be softened up to take the blow, probably the Senate will vote for assuming the debt. I would say to the distinguished Senator from Washington that in a year from now there will be the greatest economic debacle in Europe anyone has ever seen, and even we will not be able to handle it.

Mr. CAIN. If there is to be an economic debacle, as the Senator from Nevada fears there will be in Europe, could we in this country possibly avoid the consequences of any serious economic breakdown in Europe? Would not a breakdown of that character necessarily bring suffering and economic trouble to us in this country?

Mr. MALONE. Mr. President, we could very easily avoid it if we started now, in the opinion of the junior Senator from Nevada. In other words, if we reversed the field we have been traveling for 18 years toward free trade through the objective of one economic world, and through putting into the hands of an inexperienced State Department the power to put its finger on any industry in the United States and saying that it shall not survive, and putting its finger on another industry and saying it shall survive, we can avoid sliding into a depression. So long as the State Department can do that, the answer is "No, we cannot save ourselves." However, if we substitute a flexible-import-fee principle based on fair and reasonable competition for the 1934 Trade Agree-

ments Act, as extended, and maintain our standard of living while we are helping other countries raise their own, it could be avoided.

DOLLAR GAP

We have heard much about the dollar gap. I had intended to discuss that later, but now is a good time to refer to it, since the distinguished Senator from Washington has brought up the subject.

Mr. President, there is no dollar gap except the one we created in the Congress through Government appropriations, to give the nations money with which to buy our goods above and beyond their ability to produce. We created the dollar gap through our own actions.

A table was put into the RECORD by the junior Senator from Nevada on the 13th of September, 1949, showing in one column the value of the exportable goods produced in the United States, in billions of dollars, over a period of about 40 years. The second column showed the value of the goods exported over those years. The third column showed the percentages, which ran very high at times, recently 8 to 10 to 11 percent. The fourth was a column, showing in billions of dollars, the goods we had exported.

In the fifth column was shown the number of dollars we had given the foreign countries by various loan and gift programs.

Then there was the last column which represented what I would call legitimate trade, trade that represents the extent that we buy things which we cannot conveniently make for ourselves, just as in the case of any other nation. This column showed the percentage of the value of exportable goods produced, actually exported and paid for with trade and other earnings.

The percentage was from $4\frac{1}{2}$ to $5\frac{1}{2}$ percent representing our foreign exports over a long period—not subsidized by us.

The other nations come to us and say, "You must divide your market with us or continue giving us money, we cannot drop back to the legitimate trade we have always had."

THE BASIS OF TRADE

I might define legitimate trade. I will say that no individual and no nation ever buys anything he or it can conveniently produce for himself or itself. I think that is safe ground. If a nation or an individual cannot produce a commodity conveniently for himself or itself, he buys the quality he wants at the lowest cost wherever he can find such goods. Nations will always have such legitimate trade.

There are some goods we must buy from other nations, which we would have to buy whether they bought from us or not, and which provide money for legitimate trade. The articles which other nations furnish us include tin, nickel, copper, and 40 or 50 other articles and goods we do not produce at all. We do not produce tin, and did not produce rubber until we got into synthetic production. Trade in those commodities is legitimate trade, and we must buy those

articles wherever we can get them the cheapest. At least we should do so, and that is legitimate trade. If some of the other nations produce, and are allowed to sell their goods in normal channels and through businessmen, with nations, the trade will balance. It is only when we start worrying and begin appropriating money to start a dollar gap that we get into trouble.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. MALONE. I yield to the Senator from Washington.

Mr. CAIN. I hope the Senator will permit me to compliment him, in a very brief reference, because of something he has just said. The Senator from Nevada lives so closely with the subject he is discussing, he is so preoccupied with it, and concentrates so heavily upon it, that I think he is probably the only one among us in this body who could remember what he did on the 13th day of September 1949. The Senator from Nevada, in answering a question of mine a minute ago, actually referred to some of his actions taken on the 13th day of September 1949, and I thought that was remarkable and unusual.

The junior Senator from Washington is by no means an authority on the subject now under discussion, but he appreciates the opportunity to listen to the Senator from Nevada, who works so hard propounding reasonable questions and answers, and I am grateful for the observations he has made to me.

If the Senator does not mind, I should like to refer now to the Parliamentarian to see if he can give an answer to the question I recently propounded to the Senator from Nevada, for which he had no answer, as to whether it would be possible for both Houses of the Congress to admit, in a sense, that further study should be given to the point-4 program, and that it ought to be eliminated from the ECA conference report. I think if that could be accomplished, it would be a healthy thing for all parties concerned.

Mr. MALONE. I ask unanimous consent that the distinguished Senator from Washington may propound the question to the Parliamentarian, if I may have the permission without losing the floor.

The PRESIDING OFFICER. The Chair is informed that the Senate has to deal with the conference report in its entirety, not in part.

Mr. CAIN. That is to say, Mr. President, that the Senate must either approve or reject it in its entirety?

The PRESIDING OFFICER. The Senator has stated the parliamentary situation correctly.

Mr. CAIN. I thank the Chair.

Mr. MALONE. I was under that impression, but was not positive. I should like to say, since the distinguished Senator from Washington has complimented the junior Senator from Nevada, that the junior Senator from Nevada does not have all the answers. As a matter of fact, what he is trying to do is to find some reasonable approaches to the answers. The greatest harm that was ever done to a trusting people was in selling to the United States of America the posi-

tive untruth that there are definite answers to all economic questions. There are not. After visiting practically all the Asiatic nations, talking to their leaders, seeing their people, all the way from India, to Singapore, to Africa, and after visiting most of the countries of Europe—as I cover my own State when I want to find out what is going on and how the people are living—I found that the people are living in such a manner in most of the countries I visited that it does not appear likely that there will be any positive economic answer to their problems within a reasonable time. Overpopulation is the difficulty.

OVERPOPULATION IS ONE FACTOR

Most informed persons agree that there are now probably in England more people by 20,000,000 than can ever make a living there again, unless they can reestablish their power over the Empire, over their sterling-bloc nations; and there are about 55 or 60 nations or entities in the sterling bloc. England could again support its people if it could again establish the power it had for many years, enforced by her navy, over the people in Singapore, the Malayan States, the people in Australia, the people in India, people throughout the world, including Africa. If the English could reestablish their power so that they could force these people all over the world to send their raw materials to England to be processed, and force them to buy the finished goods, and would not allow industrial plants to be established in those areas—if they could reestablish that power, with our help, if they could again make it possible to export processed goods, they could again support their people.

I should like to say further to the distinguished Senator from Washington because I know he is interested, that it is the opinion of the junior Senator from Nevada that with all our power we cannot bring that condition back. Nor is it desirable to do so.

Yesterday on the floor of the Senate, in the few minutes when I had the floor, I said that what we are doing is supporting England in driving the wages of the Malayan people down and securing an increased profit for rubber. This is exactly the way it is done. There is a 30-percent devaluation of the pound, lowering the wages of the Malaysians—and they were not getting anything to speak of to begin with. They were just on a bare subsistence level. But the English drove the wages down 30 percent. Then recently prices of the natural products there have gone on world markets from 17 or 18 cents to 20 cents. Who is getting the difference? The Malaysians are not getting it. We are not getting it. We are paying it. Brokers who do not even live there are taking the spread.

What is the effect? How are prices brought up? Russia is getting some of the rubber. When I was in Singapore I found that Russia was securing tin from Singapore. That tin was shipped direct from Singapore to Russia at a time when we were trying to contain Russia. So now Russia is bidding against the United States for the rubber, and while the price

to the Malaysians is being held down, the brokers 3,000 miles away are getting the profits. The Malaysians are sullen, resentful, and will join anybody but us.

Mr. CAIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HUNT in the chair). Does the Senator from Nevada yield to the Senator from Washington?

Mr. MALONE. I yield.

Mr. CAIN. I hope the Senator from Nevada will permit me to make a brief observation. Perhaps the feeling I entertain is shared by others among my colleagues. One reason why the junior Senator from Washington has listened so thoughtfully to what the Senator from Nevada is saying on this subject, and to his answers, is that a very large number of the measures which have been offered to the Senate and which I as a Senator have supported during the three-odd years I have been a Member have not worked. Many of us in this body have supported a good many instruments proposed to be of assistance overseas in the hope they would work. We actually thought that many of them would work. In full knowledge of the fact, however, that conditions are not in some quarters materially improved after the vast amount of assistance we have rendered in recent years, anyone who is thoughtful about and concerned with the future is going to look for every opportunity he can get to listen to anyone else's ideas. Some of the questions I have raised to my friend from Nevada today have been largely for the purpose of encouraging him to talk in order that the RECORD will contain his views, which are of interest to a very large body of the American public.

INVESTMENTS MUST BE SECURE

Mr. MALONE. I will say in answer to the distinguished junior Senator from Washington that the junior Senator from Nevada is greatly appreciative of his remarks, but would by no means have any Senator think, or any one of the great public think, that the junior Senator from Nevada believes he has the answers. He is trying to find some reasonable approaches. In other words, instead of saying that if there is an appreciable investment made in England tomorrow it is in danger of nationalization or confiscation, and that therefore the great benevolent Government of the United States must guarantee the integrity of that investment, the junior Senator from Nevada, after considerable thought on the subject, after seeing England and its set-up, and noting the trends, offered an amendment to be found on page 6568 of the CONGRESSIONAL RECORD of May 5, which would terminate assistance of any nature to any country until such country, by its own actions, has established a climate favorable to private investments and guaranteed that it would not confiscate the private investments made in that country by the nationals of this country, in the same manner as we guarantee the integrity of the investment of their nationals in our country.

Mr. President, why is it that capital is all running to this country? Every

dollar that can be gotten out of England is coming to this country because it is safe in investments made here.

The distinguished Senator from Washington may remember that in the 4- or 5-hour debate, which took place on the 4th and 5th of March 1948 on this very subject, the junior Senator from Nevada pointed out the approximate sum the nationals of the 16 Marshall-plan countries had invested in this country at that moment. It was approximately \$14,000,000,000 that could be traced. That is almost as much as the junior Senator from Nevada said then they were asking for under the Marshall plan.

I now ask, and I think I asked at that time: What would have happened in America if we were asking for \$14,000,000,000 from England and the nationals of this country had \$14,000,000,000 invested in England? I ask the distinguished Senator from Washington what he thinks would have happened? The junior Senator from Nevada is clear in his mind as to the answer. The authorities in England would have said, "Use your own money first."

Then secondly, each of those countries had run much private money underground by reason of their nationalizing of investments, confiscating investments, socializing investments, thus creating the fear that once the money was invested it never could be gotten out. This amount of money probably exceeded the amounts appropriated under the Marshall plan. In other words, when an Englishman or a Frenchman could not get his money out in a legitimate manner, he buried it, and sometimes, I think, so deep that it is hard for him to find it.

The amendment which the junior Senator from Nevada submitted on May 5, and which was discussed at some length, was not questioned with respect to its advisability, but it was said it was not a part of the program; that it would ruin the plans then in progress. That was the substance of the debate.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield.

Mr. CAIN. Perhaps the Senator from Nevada can help me with this matter of concern to me. Every American is very conscious of the fact that the combined nations of western Europe have a far larger population than does the United States, while at the same time those nations have a far smaller national product. We began the ECA basically, I suppose, in our hope that it would help to contain communism. It has seemed to me for a long time that Europe has within itself the ability to immunize communism. That can be done and done only if that larger European population substantially and, in fact, gigantically increases its national product.

Now I should like to think that the Senator from Nevada can somehow relate my concern and the answer to it with other items he has in mind. All of us continue to be conscious that the trade barriers, at least we are so told, and obstacles to economic intercourse between nations in western Europe, are perhaps more stringent today than they

were a hundred years ago, and unless we can somehow secure a larger productivity and a more fluent movement of goods between those European countries I should think that whatever we in this country attempt to do, either through the ECA or point 4, will never and cannot ever lead to a final and positive solution of the economic trade problems of our friends across the seas.

EUROPE MUST INTEGRATE

Mr. MALONE. Mr. President, I am very happy that the distinguished Senator from Washington has brought that question to the fore. One thing that I will say to the distinguished Senator from Washington is that every nation in Europe contains the greatest nationalists in the world. National pride and national history and national hatreds have kept those peoples apart. They will not have anything to do with each other in the way of trade. They have quotas and embargoes, manipulation of money systems between themselves, so it is almost impossible for Italy to sell her oranges to the other nations of Europe, or for Germany to sell her steel anywhere within the nations of Europe. So they retain these hundred-year-old feuds, and build trade barriers higher and higher. Only by our help, by money which we are giving to their governments, if you please, to carry out their silly ideas of becoming self-sufficient, each one of the little states continue to function. Several of the states, I might say, could be lost in my State of Nevada, and unless a prospector just happened to run onto one of them accidentally it might be several years before the area was discovered. Still each one of them has a complete government, with a king or a dictator or an elected official at the head.

Mr. President, I have said on the Senate floor several times that I should like to have all the data with respect to what is paid to the rulers of those countries. The King of England receives \$1,500,000 a year for the great service he renders. The junior Senator from Nevada has no objection to that so long as the people of England pay him; but he got on our payroll.

THE UNITED STATES OF EUROPE

On the 5th of this month I submitted an amendment which would have required the nations of Europe to show their inclination or willingness to join with each other in a United States of Europe. The amendment would not have required them actually to join into such an organization or federation before we would give them the money, but would require them to show their willingness to do so. The amendment reads as follows:

TERMINATION OF ASSISTANCE

SEC. . Section 118 of such act is amended by adding at the end thereof the following new sentence: "The Administrator shall terminate the provision of assistance under this title to any participating country (including the zones of occupation of Germany) if such country refuses to join, within 30 days after the date of enactment of the Economic Cooperation Act of 1950, in a concerted effort with the other participating countries (including the zones of occupation of Germany) to form a Federation of a

United States of Europe, under a constitution which would vest in the federation all power relating to (1) tariffs, trade, and currency within and among such countries or states and between such countries or states and countries which are not members of the federation; and (2) the defense of the federation.

That amendment would require a concerted effort on their part to form a United States of Europe. Anyone would realize it would take at least several months to form; but this is the only chance we have of having them form a United States of Europe or a federation of states—a federation such as the colonies which became the United States soon found was necessary if they were to survive. Each one of our States could not individually be self-sufficient. Such a requirement should be a condition for the giving of our help, because if we continue to give the individual governments of western Europe our money without attaching any conditions whatever, then we cannot expect that the problems of those countries will be solved. England, for example, wants to control all of Europe and wants to control the sterling bloc area, a tremendous area, through the manipulation of the money systems and through requiring different exchange rates for her money. She has 25 or 30 different exchange rates for her money, so that it is almost impossible to trade in a nation unless the Bank of England wants that particular trade to be made. All those things have to be done away with. The formation of a United States of Europe would constitute a concerted effort by all those nations to solve their problems.

CURRENCIES SHOULD BE FREELY CONVERTIBLE

I wish to refer to another amendment, in connection with the inquiry the distinguished Senator from Washington has made. On the same day, May 5, as may be found on page 6527 of the CONGRESSIONAL RECORD, I submitted an amendment providing that any further aid to Europe would be conditioned on the free convertibility of currencies of those nations with each other and with the dollar. We have heard about the dollar trouble and all the other troubles; but I wish to ask the distinguished Senator from Washington this question: Those nations have dollar trouble when they are short of money. What kind of trouble would we have here if we tried to borrow money from England, for instance? Would it be pound trouble, or would it still be dollar trouble?

Mr. CAIN. Mr. President, will the Senator permit me to ask a further question?

Mr. MALONE. I should like to have the Senator from Washington answer the question I have just asked—namely, whether he thinks it would still be dollar gap, if we were trying to borrow money from some of the European countries. In other words, because they have overpriced their currencies, no one will pay in dollars the amounts which they say their currencies are worth, and therefore, they have dollar trouble or a dollar shortage.

Mr. CAIN. I will give the Senator the only rational answer which I can give on

the spur of the moment, namely, that despite the fact that I have supported the ECA every time it has been before the Senate since I have been a Member of the Senate, I have recognized, and I have been very distressed by the fact, that the United States of America is and has been on a one-way street. What we have done for others, others are not willing or have not been willing to do for us.

In my opinion, if the barriers throughout western Europe are broken down, so that economic intercourse can be reasonably established, there will be no conceivable need for a continuation in any shape or fashion what we call the European recovery program, as it is advanced by the use of our American tax dollars.

Mr. MALONE. I say to the distinguished Senator from Washington that conceivably there could be a need for it from their point of view; but if there were a United States of Europe, so that everyone of them was producing for the entire area what it could best produce—just as here in the United States each State produces what it is best able to produce—for instance, the State of Washington can produce some things better than the State of Nevada can, so we in Nevada simply do not produce those things, and vice versa—if there were a United States of Europe, then they could reach the maximum of their strength, industrially, economically, and agriculturally—in every way.

However, I point out to the Senator that no nation of Europe can continually purchase more than she produces, any more than an individual can, unless she can find an "uncle" like Uncle Sam.

We will find that we have no "uncle," one of these days.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. MALONE. I am glad to yield.

Mr. McCARTHY. In connection with the point 4 program, I wonder whether the Senator from Nevada is aware of the fact that the head of the technical staff doing the planning is a man by the name of Haldore Hanson, and that as early as 1947, Fred Busbey on the floor of the House of Representatives pointed out in detail the close communistic connections of Haldore Hanson—a brilliant young fellow; there is no doubt of that. I understand that he is a very good salesman and a very likable chap. Of course, his brilliance is what makes him dangerous.

Is the Senator aware that Hanson is now in charge of the technical staff doing the planning for point 4; that at the beginning of the Japanese-Chinese war, he was coeditor of a small Communist paper in Peiping, China—which was a matter of only some 15 years ago—that since that time he has spent a great deal of time with the Communist armies in China, and that he wrote a book entitled "Humane Endeavor," a very well written document, which sets forth very clearly his attitude toward the nations in which a Communist revolution is pending or in which one has been successful. He speaks of Mao Tse-tung with complete and sincere adoration; there is no question of that.

He is not a paid traitor. He is not the type of young man who would sell out his country for 30 pieces of silver. He is apparently sincere in his belief in communism. He is firmly convinced that communism is the answer for the ills of what we call the poverty-stricken peoples of the world.

For instance, on page 13 of his book, *Humane Endeavor*, he points out that it will be necessary to have British and American capital sent to the Communist forces of China in order to help them properly to reconstruct that area.

Is the Senator also aware of the fact that the Senate investigating committee, if I can call it that—the subcommittee of the Foreign Relations Committee—called before it Mr. Budenz, a man who testified for 10 days in the trial of the 11 top Communists, a man whose testimony was almost solely responsible for the conviction of those 11 top Communists, a man who has been used by the Department of Justice and other branches of our Government perhaps more than any other man has been used in connection with those cases; a man whose truthfulness and veracity they have vouched for time and time again; and a man who was forced to come before the committee by subpoena—he did not offer to come voluntarily—and was asked about certain Government officials, as to some of whom he asked to be permitted to have an opportunity to prepare further documentation, which he said he would prepare and would produce when he returned several weeks later?

Is the Senator aware that he was asked about Haldore Hanson, about whom Mr. Budenz was in a position to know, having been editor of the *Daily Worker*, and, accordingly, in touch with the top men of the Communist outfit? He had to know who the top men in the Communist organization were, so that he would know how to treat them.

Is the Senator aware that he testified that he and Jack Stachel, who was head of the party, had conferences daily, as well as the conferences he had with the other top Communists, and that they repeatedly discussed the names of the other top Communists, and that officially he had to know who the top Communists were.

Is the Senator also aware of the fact that Haldore Hanson—who, as I say, was running a Communist paper in Peiping, China, some 15 years ago, and today is the head of the technical staff on planning for point 4, and that Budenz testified that Hanson is one of the men who is considered to be among the top Communists in the country—so much so that Budenz said he carried Hanson's name around with him. Is the Senator aware of that fact?

Mr. MALONE. Mr. President, I am not aware of all the details the Senator from Wisconsin has enumerated. But I take it for granted the Senator has studied the subject.

Mr. McCARTHY. Very thoroughly.

Mr. MALONE. I want to congratulate him on the work he is doing. I think the only trap into which the distinguished Senator from Wisconsin got himself was

in allowing the committee to tell the country that, unless the distinguished Senator from Wisconsin made the case, there was no case. I stood here and heard the distinguished Senator from Wisconsin make the case before the full Senate body. The Senate voted unanimously to have the investigation made, and gave money to the committee for the purpose of making it. The Senate did not give the money to the distinguished Senator from Wisconsin. Therefore, the committee has the obligation of making the investigation. I want to compliment the Senator on the contribution he is making. I think the people of the Nation should understand that it is up to the committee to make this investigation. Speaking only for one Member in this body, if the committee comes in with anything less than a full investigation as voted by this body, one Senator will take the floor and have his say about it.

Mr. McCARTHY. Mr. President, if I may interrupt again, I might say in that connection that when the evidence was produced on Haldore Hanson, the staff of the point 4 committee—and there are four men there, drawing around \$10,000 a year each; I believe there are four, anyway, according to the best information I can get—normally one would think that where one of the Government's top witnesses has testified that a man is a member of the party, where we have this background of Communist connection, the least the committee would do would be to say, "Now, we will assign one of our staff to the job of checking on this and finding out something about this man." I wonder whether the Senator is aware of the fact that not a finger has been raised, nothing has been done, except of course the all-out attempt to discredit the witness, Budenz, who is coming back.

I may also say to the Senator, in connection with the Senator's statement as to my allowing the committee to take certain action, that I am sure the Senator realizes I have no power whatever over that committee.

Mr. MALONE. Mr. President, in answer to the distinguished Senator from Wisconsin, I want to say as I have said before, that this entire situation is all one pattern. The discussion of it cannot be confined to point 4 without bringing up the 1934 Trade Agreements Act, which laid the groundwork for the division of the market of America with the nations of the world. It is impossible to discuss point 4 without discussing the other methods and the pattern of this problem. Right along that line, this country itself is laying the groundwork, through its bureaus and through the great leeway it has given to the departments of the Government for the interpretation of laws passed by the Congress, for a 1-man government, whether it be socialism, communism, or fascism. It could turn either way. At the moment we really have a Socialist government. We are dividing it up with everyone. But, as between a Socialist government and a Communist government, there is no difference in their aims. The final goal is merely state ownership, with

the individual, owning nothing, under government control. The only difference is that a Communist will shoot you to bring it about, while a Socialist will try to spend you into it. And that is about what we are trying to do now. So I would merely say that a Communist, giving a short answer, is merely an impatient Socialist.

INJURY TO INDUSTRY AND THE CURE

Mr. President, I wanted to mention the short statement made by the distinguished senior Senator from New York [Mr. Ives] relative to the glove industry, which is a part of the whole free-trade pattern of ECA and the 1934 Trade Agreements Act and the International Trade Organization, which is on the must list of legislation to be passed at this session of the Congress. They are all one, they are all woven together, as testified by Mr. Thorp, the Assistant Secretary of State. The senior Senator from New York has submitted a protest on behalf of the glove or leather industry. I may say that representatives of the glove industry visited my office 3 or 4 days ago, representing about 350 factories and many thousands of employees in this country. Their industry is going to be cut materially by the Torquay negotiations, looking ahead to the agreements which may be made in England, which will bring about even a worse condition than that which exists at this time.

I also want to say that only a few days ago a strike occurred among the New England hatters, who refused to work on hats imported from Czechoslovakia, on account of the action of the State Department in connection with the Annelly agreements.

POINT 4 PROGRAM

Mr. President, in yesterday's debate on title 4 of the conference report in the Foreign Economic Assistance Act of 1950, there was a great deal of talk about the fact that there were no guaranties that the point 4 program, which is to be implemented by this title, would not be extended to countries friendly to Russia or even to Russian satellites or Russia herself. If this title becomes law, it is entirely conceivable that the Congress would be propagandized into making appropriations to extend technical assistance to Russia or her satellites, directly, instead of by the indirect method now being used, through help of the ECA given to the 15 Marshall plan countries. Then, Mr. President, the manufactured and processed articles will be shipped directly to Russia, and the eastern European nations, and also to Communist China through England's help, now, through the recognition of Communist China, and through Hong Kong. So what are we doing? We are contributing and laying the groundwork further to implement the so-called underdeveloped areas, many of them behind the iron curtain, and it would contribute to the building up of communism, as the 96 trade treaties made by the 16 Marshall plan countries are now doing, instead of trying to contain Russia.

Without making it entirely clear that any aid under this title for technical assistance will be extended only to

countries whose economic development is necessary and feasible to the security of the United States we would be leaving ourselves open to the same kind of charge that I have made frequently on the Senate floor, and that I here make again, that we are actively assisting and increasing the war potential of our most dangerous adversary, so pronounced by the State Department and the Secretary of National Defense.

Mr. President, not only should such a safeguard be written into title IV, if we are to adopt it in this ECA program, but I also want to state that this title does not properly belong in the scope of the Foreign Economic Assistance Act, but should be considered as a separate problem entirely. Without adequate debate on the accomplishments which are to be promoted by this program, we are practically authorizing, first, the basis for a continuation after 1952 of a foreign-aid program, to take the place of the ECA. Second, we are leaving ourselves open to the danger of the increased war-making potential of Russia and her satellites.

Title IV of this act, the point 4 program, will make it possible that countries which are regarded today as underdeveloped will increase their industrial capacity and their technical know-how to a point at which they will either insist on increasing trade with Russia or will become ever more valuable areas to be brought under the influence of Soviet Russia. Without any further safeguards I firmly believe that the technical assistance part of this title is dangerous to the security of the United States.

THE PROBLEM OF GERMANY

Mr. President, I want to point out what is going on in Europe at this moment. The refusal to join in a United States of Europe or a Federation of States, makes Germany a problem. In addition to the 96 trade treaties which have been made with our potential enemies, the nations which the program was intended to contain, Germany has been made a perpetual problem by the refusal to have any association with Germany in the European nations. If we continue to carry out, as up to a few short months ago we were doing, the Morgenthau program of making an agrarian state out of Germany and tearing down her industries, at the same time piling money in there which Russia is siphoning out at the other side, in the long run we shall be paying their reparations to Russia. If we hold Germany down and do not allow her to expand her industries to the point where she could buy the other 40 or 50 percent of food and raw materials she has always had to import, then we must continue to spend a billion dollars a year to feed and protect Germany. It now looks as if we are putting another siphon into the United States Treasury which can be turned on at full force at any time through an appropriation by this body. But when we have to end it, which we eventually shall, what will a frustrated Germany do? It will join any nation. Russia is offering at this moment to buy her processed and manufactured goods, trading raw materials for them, and offering her a chance to

sell her processed and manufactured goods to Communist China.

Of course, Russia is a "natural" in trade with Europe, because she is a raw-material-producing nation, as is the case with some other European nations, while other nations are processing and manufacturing nations. So the great raw-material-producing areas are "naturals" with which to trade. We must recognize the problem, and, instead of making it worse by financing it, we should stop trading with nations which are helping the Communist areas, helping to arm Russia for world war III, and to consolidate her gains in Europe and eastern China. After Germany is built up, and there is no United States of Europe, and there is an opportunity to sell to Russia and Communist China, whom would Germany join? A frustrated Germany would join anyone, which could well be Russia. We are unable to dodge the problem of Germany so long as we treat her like we are doing now, placing no conditions on the money we send to Germany and to Europe for so-called rehabilitation.

The vague language in title 4 that refers to the favorable climate, as the distinguished Senator from Texas so aptly put it, for the promotion of American investments abroad, is merely the entering wedge for a program that ultimately will spell the guaranties by the United States Government for American investment abroad. Even if such guaranties are not spelled out in title 4, the basis is laid for the Executive later on to come to Congress and say that bilateral agreements, as foreseen by this title, are difficult to obtain but that guaranties had been promised American business and the only way to keep that promise would be for our Government to undertake to furnish those guaranties.

I frankly do not know what conceivable reason there should be and could be for our Government to guarantee the investments of American capital abroad. It is properly the function of the governments in whose territory those investments are made to guarantee them and to insure the investor of the chance to take a reasonable profit in dollars and to assure the investor that his investments will not be lost through socialism or nationalization. An amendment to that effect was proposed by me to the Economic Assistance Act, and that, in my opinion, is the only fair way to deal with this subject; fair to the American taxpayers, fair to the American investor, and fair to the country benefiting by such investment.

In other words, according to that amendment, further assistance to ECA would simply have been conditioned on their preparing such a climate favorable to private investment and guaranteeing their integrity against communism, socialization, and nationalization.

Any other scheme will only further, even if indirectly, the loss of private enterprise abroad and the continuation of nationalization programs.

The vague language of this title in regard to promoting investments and the manifest dangers of technical assistance within the framework of the Eco-

nomie Assistance Act and without necessary safeguards for the security of the United States will set a most dangerous precedent. In passing, it may be wise to mention that the title 4 does not contain any provision that technical assistance will be forthcoming from the United States only within the limits of our security and defense laws. I believe that is one additional shortcoming of this title to which I am strongly opposed, because any assistance to any country in the world can be justified only on the basis that it contributes to our security and to our own well-being.

Mr. President, comparing the language of point 4 with what Mr. Acheson has said on his recent trip to Europe, makes it entirely clear that the exact intention is to enlarge the appropriations for the point 4 program to take the place of ECA when it runs out or the appropriations under the act are decreased by an awakening Congress.

Mr. KEM. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. Long in the chair). Does the Senator from Nevada yield to the Senator from Missouri?

Mr. MALONE. I shall be happy to yield to the Senator from Missouri.

Mr. KEM. I should like to ask the able Senator from Nevada if he finds in the conference report any limitation regarding with whom the President may make the proposed agreements in respect of technical cooperation?

Mr. MALONE. Mr. President, in answer to the distinguished Senator from Missouri, I will say that apparently there is no limitation regarding with whom he may deal, and there is no limit as to the time. That is to say, it may go on for several years. It is only a question, as I have said before, of the tremendous propaganda machine of the State Department softening up the taxpayers of America through threats or in some other manner getting them ready to favor appropriations of billions of dollars.

Mr. KEM. Is there not a limitation of 3 years as to contracts, as provided in section 405? The contracts which the President is authorized to make may not exceed 3 years.

Mr. MALONE. Any one contract.

Mr. KEM. Yes.

Mr. MALONE. There is no limitation as to the time for which he may make a contract under point 4.

Mr. KEM. Is there any limitation as to a person, corporation, body of persons, government, or foreign governmental agency with whom he may make a contract?

Mr. MALONE. I could find none. In other words, it is wide open. It is like the loan of \$125,000,000 to Argentina to pay off commercial debts in New York. They borrow the money of the taxpayers of the United States in order to pay their debts. I see no limitation on the nationality, area, or time as to which contracts could be made.

Mr. KEM. I should like to ask the Senator from Nevada whether there is not a distinction as between the two classes of agreements or contracts which

could be made by the executive branch of our Government with foreign nations. Treaties may be made only by and with the consent of the Senate, but Executive agreements require confirmation by a majority of the two Houses of Congress.

TREATIES BY EXECUTIVE AGREEMENT

Mr. MALONE. Mr. President, I would say to the distinguished Senator from Missouri that some very clever maneuvers have been going on for the past 15 years. In other words, two-thirds of the number of Senators on the floor of the Senate would not approve treaties such as have been coming before us in the form of agreements. Apparently they are legal and constitutional. They come to us as Executive agreements, when actually they should come to us as treaties.

Mr. KEM. Does the Senator from Nevada regard the proposed agreements which are authorized under section 405 (e) of the conference report as treaties, Executive agreements, or something else?

Mr. MALONE. I will say to the distinguished Senator from Missouri that they will be agreements, which would not require two-thirds of the membership of the Senate to approve.

Mr. KEM. Does the Senator understand that Congress would ever see these agreements again after they are executed by the President?

Mr. MALONE. I had reference more to general arrangements, such as the North Atlantic Pact. No, it is not the opinion of the junior Senator from Nevada that the agreements would ever come back to us. This is a blanket authorization.

Mr. KEM. Is it in accord with the Constitution and the traditional practice of our Government to give the President of the United States a blank check to make agreements with foreign nations?

Mr. MALONE. In answer to that question I would say that we were always under the impression that it was not. However, many things have been done in the past 15 years, among them the transfer by the Congress of the United States to the President of its constitutional responsibility to regulate foreign trade through the regulation of imports. The junior Senator from Nevada would say that it looks as though Congress had amended the Constitution of the United States without submitting the amendment to the States. However, constitutional lawyers seem to think that it will stand up, because there is an escape clause. In effect, it is no escape clause at all. However, there are enough conditions surrounding it which make them pronounce it constitutional. It has never been tried out.

Mr. KEM. Does the Senator from Nevada find any escape clause in the conference report?

Mr. MALONE. No; I find no escape clause. I think it is a blanket authorization for the Chief Executive to make contracts up to the amount of money that may be appropriated. As Secretary of State Acheson has stated, we will not stop help to foreign countries after 1952. They have exactly that in mind. In the meantime the State Department

soften up the taxpayer through their tremendous propaganda machine, so that the Senate will be ready to appropriate any amount of money which the Administration says it needs for its particular purposes when the time for making appropriations arrives.

Mr. KEM. If the Senate approves this conference report and it becomes law, and the President of the United States, pursuant to section 405 (e), makes a contract with a foreign government, and Congress does not like the contract, is there anything that Congress can do about it?

Mr. MALONE. I should think there would be nothing that could be done about it except to repeal or modify the law. Of course, anything made up to that time would have the sanction of the United States Government. The Congress could prevent anything like that from that time on.

Mr. KEM. Does the Senator from Nevada believe that the contract which the President may make pursuant to this section will be beyond any further action by the Congress?

Mr. MALONE. Certainly I believe it will be legal. Of course, it could be broken by a sovereign nation, but it certainly would not show good faith to do so.

Mr. KEM. Is that in accord with our settled practice in regard to treaties and international obligations?

Mr. MALONE. No; to the limit of the experience of the junior Senator from Nevada, we are about the only nation in the world which has kept its agreements and treaties when it was expedient not to keep them.

Mr. KEM. Does the Senator know of any other republican government which would authorize its executive department to make an agreement of that kind without any further intervention on the part of the elected representatives of the people?

Mr. MALONE. No. It would be a dangerous precedent for this country. Our Government is about the only real republican form of government left in the world. Most other governments which claim to be Socialist, Communist, or Republican, are almost completely ruled by a dictator or president and his advisers, and by an immediate vote in Parliament.

Mr. KEM. I should like to ask the Senator from Nevada another question. I have been told that recently large advances have been made by the Government of the United States through some governmental agency to businessmen in South America for the purpose of liquidating indebtedness owed by the South American businessmen to business interests in the United States. Does the Senator from Nevada know anything about transactions of that character which have been recently consummated?

THE ARGENTINE LOAN

Mr. MALONE. Mr. President, in answer to the distinguished Senator from Missouri, apparently the Senate is informed only by newspaper dispatches. I might refer to a newspaper dispatch dated May 2, appearing in the New York Times. The headlines says that Argentina is to get a credit offer of \$125,000,000.

Other dispatches confirmed the fact that they had received a \$125,000,000 loan. It is made very plain in the matter of the negotiations leading up to the loan that the loan would be used to liquidate certain commercial debts which had been contracted in the United States of America. As a matter of fact, it is said in a Washington Bureau dispatch published in the Journal of Commerce on May 18, 1950:

A loan of \$125,000,000 was made to Argentina today by the Export-Import Bank for the purpose of paying up past due Argentine commercial debts.

It is in line with the point-4 proposal of guaranteeing the payment of obligations. We did not have the point-4 program to guarantee the debt to the American seller. Therefore they could borrow money from the Export-Import Bank and pay the debt and start all over again. Does that answer the question of the distinguished Senator from Missouri?

Mr. KEM. It does. May I ask whether the money involved belongs to the American taxpayers? Is the capital of the Export-Import Bank put up entirely by the people of the United States?

Mr. MALONE. Yes. Mr. President, I believe that the people of the United States and the Congress have forgotten the fact that Congress does not have any money, and the only way it can contract to pay any money to anyone through an appropriation is to first take it from the taxpayers.

THE TIRED TAXPAYER

In the city of Washington we find little sentiment for the taxpayers of the Nation. As a matter of fact, I might say that in my humble opinion Washington, D. C., is about the most dangerous city in the United States to the United States. In other words, there is no community spirit. Ninety-eight percent of the inhabitants are living off the Government in some form. They are working directly for it, as the Senator and I are at the moment, or are selling something to people on the payroll. Then there are 60 or 65 embassies and consulates, and most of the money to support them comes out of the Treasury of the United States. They have a peculiar singleness of purpose to determine how many materials they can sell in this country from their low-wage nations in competition with American workmen and American investments, and how much they can borrow—spelled g-i-f-t—from our Government, and that money comes directly out of the pockets of the taxpayers of the United States. I might say that in my judgment—and I have been in several States in the last few weeks—the people are getting a little tired of that.

Mr. KEM. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. KEM. There are so many of these give-away programs in operation, can the Senator from Nevada tell us which of the give-away programs this conference report fits into?

THE DIPS INTO THE TREASURY

Mr. MALONE. I should like to go into the matter of siphons out of the United

States Treasury, as long as the Senator has mentioned it. I had intended to do so later. There are several.

First, of course, is the direct appropriations for gift loans by the Congress of the United States under the Marshall Plan, now the ECA. This of course skips the UNRRA, the actions, now history, which we have previously taken. It also skips the \$3,750,000,000 given to England directly. It also skips the financing of several other trick organizations, all of which were going to stop all wars and economic dislocations dead in their tracks.

Mr. KEM. For instance, there is Bretton Woods, the brain creature of Harry Dexter White.

Mr. MALONE. Yes; Bretton Woods was going to cure everything. That was one I neglected to mention, apparently.

Second, financing gift loans through the Export-Import Bank. The loan just mentioned is a good example, putting up money to pay debts, and bringing it up to an even keel until we can pass an authorization for point 4, and authorize the money, so that it can be secured, so as to guarantee the sellers of goods in foreign countries in advance, through point 4, instead of their borrowing the money after the debt is incurred.

Third, financing gift loans through the World Bank.

Mr. President, I now quote from my statement on the floor of the Senate on March 1, 1950, as found on page 2597 of the RECORD:

In passing, I might say that this is going on continuously, in addition to the sums which have been appropriated by the Congress. Once in a while they call on us to appropriate more money, mostly, however, for permission to sell stock to citizens of the United States or to anyone else who will buy. I predict, Mr. President, that within 5 years there will be a bill brought to the Senate floor to make up to the holders of the stock of the World Bank the money invested in that bank through stocks sold and authorized by the Congress of the United States. It has authorized the officials of the bank to give money away in gift loans. No one is naive enough to believe that any considerable percentage of the money will ever be repaid. The citizens of this country have purchased the stock in good faith, as they would purchase the stock of any other bank, thinking the cashier would look over the loans. But we do it for another purpose, and these so-called loans are gifts in most cases. So there will be a bill introduced to reimburse the stockholders, and the Senate of the United States will vote for it. That is my prediction.

Fourth. The division of American markets among foreign nations through the administration's three-part, free-trade program, starting with the 1934 Trade-Agreements Act, as extended. It is now suggested that the ECA Director and the Secretary of State place the resulting unemployed persons on the relief rolls and pay them through a direct subsidy.

Fifth. The International Trade Organization, 58 nations with 58 votes, to which we would virtually transfer the right to fix our import fees and tariffs, and to fix quotas of production, including agriculture, minerals, wood and wood products, fuels, and manufactured and processed products for each of these other nations. That is a fine organization, I would say, with 57 foreign votes against us.

Mr. President, the sixth siphon out of the United States Treasury is point 4.

As the debate has shown conclusively, in my opinion, that it is just another dip into the United States Treasury to take the place of the ECA as we go along the gift route.

I read further from my remarks of March 1, 1950:

Sixth. Point 4, the President's "bold new program," with more billions of dollars in an attempt to guarantee the integrity of the colonial system for the empire-minded nations.

In other words, the debate has shown that this money is supposed to be invested in the backward areas. I showed yesterday on the Senate floor, and I reviewed the statement this afternoon, that in one instance, and it is not the only instance, we furnished money to England to control the Malayan States. Then they, through devaluation of their money, lower the Malaysians' wages through a raise in the price of rubber by our bidding against Russia for rubber. Russia has rubber stock-piled and we have our stock pile, so we should be in good shape, so far as rubber is concerned, when the third world war starts. The great dollar gap we created ourselves is being felt, but in the meantime the Malaysians are sullen, resentful, and ready to join anyone who will promise them relief from the yoke.

I quote further from my former statement:

Billions of dollars would be loaned in but not to the colonial nations. In other words, the money would be loaned for the development of nations for the benefit of the empire-minded nations, and not for the benefit of the colonial nations themselves.

Mr. ECTON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Montana?

Mr. MALONE. I yield.

Mr. ECTON. I should like to ask the able Senator from Nevada if he understands section 416 in the conference report to be a limitation on the point 4 program. For instance, under subdivision (b) the report reads:

Nothing in this title is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether for funds, commodities, or services, to any country or countries, or to any international organization.

Mr. MALONE. Mr. President, I do not consider it a limitation, either on the time that such a commitment could be made by the President, or by whom it could be made. All it says is that this is not a specific commitment. In other words, the President may turn down any application for technical aid which he did not think suitable or did not care to grant. In other words, there is no specific guarantee, if we pass this particular bill, that a company in Montana could go ahead and make a commitment in England, fall into the nationalization program, and come back for redress to the President of the United States. The President of the United States could say, "There was no commitment."

Mr. ECTON. There would be no commitment, but it opens an avenue for any and all possible undertakings which this new set-up might wish to inaugurate. Is not that true?

Mr. MALONE. It is just as wide open as a barn door. Whatever they want to guarantee they can guarantee within the limits of the appropriation at the moment, whatever it is, in any area, and at any time.

Mr. ECTON. Does the able Senator from Nevada feel that under the terms and definitions of the bill any limitation is placed upon what can be attempted? Does it contain any limitation in any field into which we might undertake to go?

Mr. MALONE. I would say to the distinguished Senator from Montana that in the humble opinion of the junior Senator from Nevada there is no limitation except the limit to the amount of money currently being made available by the Congress of the United States for expenditure under point 4. In other words, the foot is already in the door. The principle has been established. Businessmen have been given the implied promise that they can go ahead, and that their investment will be guaranteed. No attempt has been made by spokesmen of the State Department to deny specifically or to cover up the fact that this point 4 program is to take the place of ECA after 1952.

Mr. ECTON. It is further stated in section 416:

The President may allocate to any United States Government agency any part of any appropriation available for carrying out the purposes of this title.

In other words, is it not true that the President could designate to receive any part of the appropriation available, one or all the Federal agencies in the economic and technical cooperation program provided for under the bill?

THE ENTERING WEDGE

Mr. MALONE. I think the President is given very wide latitude in setting up the organization and in committing the United States of America to engage in carrying out work in any area at any time from now on, for which money has been appropriated by the Congress of the United States. As I previously said, immediately after we pass this legislation, if we do so, propaganda will begin for the purpose of softening up the taxpayers. Little squibs will appear, such as that which has been circulated in the last 15 years which attempted to sell us on the theory that if private industry does not furnish full employment, that the Government must, or selling us on the theory that the economic structure has not kept pace with the increase in population, though no mention is made of the fact that through the 1934 Trade Agreements Act virtually free trade has been established, and that venture capital has been discouraged. No mention is made of the fact that the tax structure is such as to discourage the investment of venture capital. No mention is made of the fact that the Securities and Exchange Commission discourages investment of venture capital. So we stop encouragement of venture capital on the floor. Then comes the President and he asks for the passage of measures which will enable him to make up the difference between the capacity of the economic structure to employ and those who are unemployed.

Thus we have a step-by-step program. The proposal now before us is just one step in the program. It began with lend-lease; then came UNRRA, then came the British loan, then came the Marshall plan, then the ECA, then point 4, and all the rest. Then various banks have been set up for various purposes.

When a proposal for setting up an organization comes before us, we are told that if we pass the measure everything will be all right. Then the millennium will arrive. Then everything will be salvaged. But I say to the distinguished Senator that immediately we approve the conference report, subtle propaganda will begin, and by the time the \$40,000,000, or whatever the amount is, has been used up, the taxpayer will be softened up by the suggestion, "We do not want war. If the proposal is adopted, it will prevent war." So telegrams will come to Congress and propaganda will pour into the Senate and the House, and the Congress will pass measures providing for the millions needed to guarantee the great investments for world development.

Mr. ECTON. Mr. President, will the Senator yield?

Mr. MALONE. I am glad to yield.

Mr. ECTON. Is the Senator familiar with the definition of a United States Government agency, as found in subsection (b) of section 418 as meaning "any department, agency, board, wholly or partly owned corporation or instrumentality, commission, or independent establishment of the United States Government"? How all-inclusive is that definition of Government agencies under paragraph (b) of section 418—"or independent establishment of the United States Government"?

Mr. MALONE. I might say in answer to the distinguished Senator from Montana that if he would read paragraph (c), it would complete the picture. Does the Senator mind reading that paragraph?

Mr. ECTON. Yes, I shall be happy to do so. I read subsection (c) of section 418:

The term "international organization" means any intergovernmental organization of which the United States is a member.

Does not the Senator believe that to be an extremely exaggerated definition of what could be done or might be done by all arms of the Government? Does not the Senator believe that these provisions when taken together will result in a further centralization of power in the executive department?

Mr. MALONE. Mr. President, I wanted the distinguished Senator to read that last paragraph because it would seem to the junior Senator from Nevada to be all-inclusive. In other words, it would include the North Atlantic Pact, of which we are a member, it would include the United Nations, of which we are also a member. In other words, through point 4, we could finance any activity the United Nations might undertake.

THE UN AND STATE LAW

I may mention further to the distinguished Senator another matter. It will be remembered that just recently a court decision in California changed the entire complexion of the citizenship act of California. In that State there were cer-

tain restrictions on certain Orientals respecting ownership of land. The court ruled that on account of this country's membership in the United Nations, in the Charter of which no such restrictions were set down—I am not quoting the language of the decision, but the thought and trend of the decision was that it was impossible to retain such a restriction in California. The Court decision nullified all those restrictions, and declared a State law unconstitutional.

In nearly all the measures with which I have been familiar since coming to the Senate in January 1946—and I have held two or three or more such measures in my own committee of my own volition for several months—there have been "sleepers." In addition to doing the things that are uppermost in the minds of Members of Congress when they pass the law or consider it, there is always some place in the measure a sleeper which authorizes and gives power to do something Congress did not have in mind.

By passing this measure we may pass on a sleeper or more than one sleeper in the whole measure that would give to the Executive, through point 4, the right to finance without limit, except for the amount of money, as I previously have said, currently made available, which could be billions of dollars. I believe the wraps will be off if we agree to the two paragraphs the distinguished Senator has just read.

Mr. ECTON. Does not the Senator believe that there have always been and can be found in the 16 Marshall-plan countries just about as good technological brains as there are anywhere else in the world?

Mr. MALONE. Some of the finest engineers in the world are in France. Some of the finest engineers in the world are in Germany. Some of the finest engineers and technicians in the world are to be found in each of the Marshall-plan countries. There is no dearth of engineering or technical talent.

Mr. ECTON. Who is asking that we supply this technological assistance? Have the governments of the various countries of Europe made any request of us, to the knowledge of the distinguished Senator from Nevada?

STATE DEPARTMENT EXPANSION

Mr. MALONE. None has been mentioned in the testimony. It is our own idea mostly. But let me point out to the distinguished Senator from Montana that perhaps he is not entirely familiar with the procedure in some of these foreign countries. It may be that the distinguished Senator from Montana does not know that in each of our embassies or nearly all of them—practically all that I visited in my trip through Asia and the European countries—there is a representative of the Department of Commerce and a representative of the Department of Agriculture; and now pressure is being applied to also have in each of our embassies a representative of the National Defense Establishment.

In other words, the State Department is, or is attempting to be, a completely rounded out entity in the vari-

ous foreign countries in which we have embassies. Under such circumstances, the State Department will decide what is to be done in those countries under our aid programs. The State Department chooses the representatives from the Department of Commerce, and will choose the representatives from the National Defense Establishment if such representatives are sent to our embassies—and the pressure is hot and heavy to have that done; and the State Department chooses the representatives from the other agencies of our Government who are assigned to our various embassies abroad. So the money is needed by the State Department to enable it to enlarge its programs in those countries—for instance, to show the people of those countries how to farm. The State Department believes that in order to show the people of such countries how to farm, it should send them tractors—for instance, tractors to Turkey and to Siam. As a matter of fact, according to my observation—and in 30 years of engineering I have had some experience with technological development—what the people of Siam need, as I observed them when I was in that country are scythes.

In Siam I saw farmers standing knee deep in water, using a hook to cut grain, holding the grain with one hand and cutting it with the hook held in their other hand. What they needed was a scythe, not a tractor, so that in 1 day one farmer could cut enough grain for four or five families, instead of just enough grain for two families. However, the State Department, with its grandiose ideas, wishes to send American tractors to countries which do not have the fuel required to run them. Nevertheless, the State Department believes it can get from Congress money with which to buy tractors from American manufacturers and send the tractors abroad under their program. Of course, there is a slight suspicion, which was voiced in conversations in the corridors and in the committees, that the real purpose of the program is somewhat different from the purpose generally stated. In other words, we were told that either we would pass the bill authorizing the appropriation of \$3,300,000,000, with which such purchases of American equipment would be made, or there would be an almost immediate depression, as a result of unemployment in this country. So, Mr. President, for the first time those who advocate this program state plainly what they meant in the first place.

Mr. ECTON. Mr. President, there is another question which I should like to ask the able Senator from Nevada. I know he has been in the countries of Europe on several trips, both before and since he became a Member of the Senate. Is it not true that when outside money goes into any of those countries, such money, because of their monetary systems, is frozen? In other words, if United States money goes into one of those foreign countries as an investment, if the firm investing the money ever gets its money out of that country again, it

will do so only with the consent of the government concerned. Is that true?

Mr. MALONE. Mr. President, it is difficult to make a blanket statement, because the economies of the countries change so rapidly, due to the changes in their governments. However, in general, in the case of the principal nations, such as Britain, that is absolutely true.

Mr. ECTON. That is the point to which I was coming, namely, that the governments of those countries may change overnight.

Mr. MALONE. That is true.

Mr. ECTON. Today they might be wholly cooperative, but tomorrow they might not be.

Mr. MALONE. Yes.

FROZEN INVESTMENTS

Let us consider Britain, for example, because Britain has perhaps the most stable government of any of the European nations. The British policy of nationalization and socialization of industry and capital is such, and the British freezing of capital is such, that if an American invests, let us say, a number of thousands of dollars in a plant in Britain, that American citizen is unable to get his money out of Britain if he changes his mind and sells the plant; or if he makes money on his investment, there is only a very limited amount of money which he can take out of Britain. He will even be drastically limited in regard to the amount of interest on the money which he can take out of Britain.

Therefore, Americans who form companies and sell stock to stockholders cannot gamble the money of the stockholders by investing it in such countries.

In that connection, I should like to refer to the amendment which I offered to the ECA bill, when it was before us. My amendment would have imposed, as a condition applying to the granting of further ECA money to foreign countries, that they guarantee the integrity of the investments of our nationals in their countries, just as we guarantee the integrity of the investment of their nationals in our country. That would be a prerequisite to the granting of further ECA aid by us.

Of course, if we believe what we say to the taxpayers of the United States, we should provide that the ECA money would be loaned to individual, private industries, through the World Bank, under rules and regulations similar to those used by the RFC in loaning money to GI's in Nevada or New Jersey. In other words, instead of loaning or giving the money to foreign governments, we should loan the money to citizens of those foreign countries on terms no less stringent than those applying to loans of money made to citizens of the United States of America.

However, as the situation now stands, we are loaning money to Fascist or Communist governments—and of course there is no difference between such governments, so far as their foundations are concerned—and we are permitting them to do what they please with that money in the way of financing the erratic maneuverings of their governments, while we say that we are loaning or giving

them the money in order to rehabilitate their industries. However, what we do defeats our objective.

Mr. ECTON. Then, does the Senator agree with me that practically the only way by which United States investments in a foreign country could be guaranteed would be for the United States Treasury to underwrite all the losses sustained?

Mr. MALONE. Of course I say to the distinguished Senator that is exactly the idea of point 4. In other words, under point 4, as proposed, we would not have the government to which the money is loaned safeguard American investments in that country. Oh, no; it would be too terrific a burden upon that country to have the one receiving the benefit of the money guaranty the integrity of the investment. On the contrary, we not only furnish the money for the investment, we not only provide that money out of our capital, private or otherwise, but then we guarantee the integrity of the investment.

Mr. ECTON. If that be the correct interpretation of point 4—and up to this time I have seen no other logical interpretation of it—I simply do not believe that the United States taxpayers are going to put their O. K. on it 100 percent.

What does the Senator from Nevada think about it?

Mr. MALONE. I would say that if the United States taxpayers had any inkling of the fantastic things we in the Senate are voting for and the real meaning of them, they would move upon Washington, and I think we would be going into hiding, to get away from the taxpayers, because when they send us here, they must think that we would not become entirely unbalanced. When the proposition put before the Congress is so fantastic and so stupid, so erratic that it is impossible to think that a body which is called the greatest deliberative body in the world would have entertained such an idea, then in my opinion the taxpayers of the United States at least have not come to the point of believing that we would do such a thing. They think we must have some way of finally getting their money back—even though we pick up the check of \$7,000,000,000 a year and sell the taxpayers more bonds, so that we may collect \$45,000,000,000 more from them, and then sell them \$7,000,000,000 more bonds to pick up the check for the unreasonable, stupid programs for which we vote on the floor of the Senate.

Mr. McCARTHY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Does the Senator from Nevada yield to the Senator from Wisconsin?

Mr. MALONE. I am happy to yield to the Senator from Wisconsin.

Mr. McCARTHY. I wonder whether the Senator would object to my asking him a question on a subject which is not at all apropos of the matter he is now discussing. I may say the reason for my doing so is that I am leaving the city, and I think there is a matter which should receive the attention of the Senate, and which should not pass without some comment. So, if the Senator does not mind, I should like to ask him a

question that is not at all concerned with the subject he is discussing. Is that agreeable?

Mr. MALONE. I shall be very happy to have the distinguished Senator ask any question. I am always happy to be associated with him.

Mr. McCARTHY. The Senator, I assume, is aware of the fact that at the present time the grand jury in New York is taking evidence in the case of one William Remington, one of the top Federal employees, a man who has been in the Government service for a long period of time, and that apparently the only issue is whether this man is a member of the Communist Party. If the grand jury decides that he is, then it is bound to return an indictment for perjury; if the grand jury decides "no," the case will be dismissed.

I wish to refer to a statement attributed to the Attorney General, last night. I may say the only report I can find is in the "Washington Daily Worker," commonly known as the Washington Post. [Laughter.] So it is entirely possible that the Attorney General has been misquoted. I sincerely hope he was, and if so, I hope he will repudiate this statement. The Attorney General makes the statement which I quote from "Washington's Daily Worker," the Washington Post. Referring to Communists, he says:

We know of none in the employ of the Government today.

If this is a correct quotation, it means that the Attorney General is publicly notifying the grand jurors in New York that they need go no further, that this man is not a Communist, and, if this is what the Attorney General believes, it is in effect a notification to the grand jury that if they indict, there will be no prosecution.

As I say, I did not want to interrupt the Senator's speech, but I am leaving the city, and I wanted to comment on this before leaving. I should certainly welcome any comment the Senator might care to make on it.

COMMUNISM AND SECURITY

Mr. MALONE. Mr. President, advertising to the subject which of course we know is uppermost in the mind of the distinguished Senator from Wisconsin, it is the humble opinion of the junior Senator from the State of Nevada that we are making a great error sometimes in making every accusation dependent on whether a man is a Communist. If anyone wanted to be really dangerous to the country, he would not become a card-carrying Communist, in the opinion of the junior Senator from Nevada; he would be too smart for that. The dangers to this country come from several sources. There are people who are dangerous security risks who are not Communists, who would not join a subversive organization, but who may have become thoroughly convinced in their own minds that our theory of government is wrong, and that it should be changed. In my opinion, people of that kind are bad security risks, and, while entitled to their opinion, we are not warranted in putting them on the Government pay roll, at high salaries, to fix the

policy of this country. A man could peddle a vast amount of information to a foreign country without carrying a card. Perhaps a grand jury is technically tied up to this investigation so they can only do it one way, but if the Attorney General is earnest in wanting to safeguard the country, then the people who are dangerous security risks should be investigated along with the card-carrying Communists or any other kind of subversive employee. I trust that answers the distinguished Senator from Wisconsin.

The junior Senator from Nevada offered a resolution not so long ago regarding a certain individual in the Department of Commerce. This is not the time to comment on what was said then, and in the evidence, because it is before a committee, before which the junior Senator from Nevada has appeared. It is my belief that the resolution will be reported to the Senate floor, and, I hope, will be agreed to and an investigation made. I did not say that this man was a Communist. I said he was a dangerous security risk; and he is, in the humble opinion of the junior Senator from Nevada. So that is another matter. I have gone about it quietly and with practically no publicity, because I do not want to interfere, for one thing, with the general investigation which has already been started. But I think this man is dangerous. I think when they get to him they will find a hill of dangerous risks, just as a man when digging potatoes keeps on digging until he finds 5 or 6 more. I think this thing can finally be straightened out, but it cannot be done if those in the Government service allow their minds to become set against a proper investigation. That is the reason I said earlier in the day, in answer to the Senator, that when he made his case before 95 other Senators and they all voted in favor of his resolution, they instructed a certain committee to do the job. They did not instruct the junior Senator from Wisconsin to make the investigation. It is a fine thing that he shows a spirit of cooperation with the committee; but he was under no obligation to go ahead and make the investigation. The \$50,000 went to the committee.

Now, Mr. President, to continue, Secretary of State Acheson perhaps has some reason for the worried look on his face and perhaps there is some reason for the worried look on the faces of some of the believers in the State Department who get their foot in the door on this bold, new point 4 program. Secretary Acheson, on his recent trip to Europe, according to press dispatches and particularly dispatches in the Wall Street Journal of May 19, said:

The United States has no intention—

He assured the Europeans and others beforehand—
of dropping American finance support after 1952.

Mr. President, that could only mean one thing: He was going to find some way to carry on this assistance program. Only one way that has been suggested, and that is the point 4 program, which

was suggested by the President in his message to the Congress last year.

THE CHANGING PATTERN OF ECA

The reason given for the Marshall plan of 1947, when it was first mentioned, and in March 1948, when it first passed the Senate, was that American money was needed for the rehabilitation of the European economy, which had been destroyed by the war—in other words, the rehabilitation of European industry—that the European nations were not producing, and that the only way to make Europe solvent was to give the European nations the necessary aid so that they could produce goods again for the people of their own world.

Certainly there was no intention, and none was expressed in the debates of March 1948 on this floor, that they were going to produce for us, because we already produce in this country more goods of almost every kind than we can use. We at least have the plants in which to produce them.

In 1949, just 1 year after the passage of the first Marshall plan bill, it was suddenly discovered that Europe was producing too much and had a surplus, so that our State Department and the ECA Director suddenly realized that their big problem was that of marketing.

So we suddenly changed the reason for spending the American taxpayers' money in Europe from one of production to rehabilitating industrial plants. It was suddenly discovered that they were away beyond the rehabilitation needed to bring them up to the production of 1937 and 1938. The Administrator and the Secretary of State suddenly discovered that production was not the problem, as we all know it is not the problem in any industry. Whenever there is a need for a product which can be manufactured efficiently, the machinery and the credit are always available. When technicians and engineers, familiar with the business, after a study of the raw materials the shipping facilities, and so forth, pronounce it to be a feasible industry, the money is available from private banks to finance the industry.

But what is the problem in the United States as well as in England? It is a problem in Detroit, in Reno, Nev., in Paris, and everywhere in the world. It is the problem of marketing and of competition.

So they suddenly find they need a market, and in 1949 it was necessary to continue the expenditure on account of the dollar shortage until the administration could divide our markets with European nations and other nations of the world, so that theoretically there would no longer be any trade balance deficit. We brought about this dollar gap, which is the expenditure of money by any nation beyond its production and earning capacity. Where did they get the money? They got it from the Marshall plan in 1948 and created a dollar gap which the nations would be unable to create for themselves, unless it were done as it was in Argentina, where they spent \$125,000,000 in the United States and then got the money from the Import-Export Bank to pay the debt.

That was sort of a delayed action. Someone had enough influence to go to the bank and get the money to pay this bad debt.

Where is Europe going to get the markets? The ECA director and Mr. Acheson suddenly recognized that we had plenty of markets in the United States of America, so we must continue to develop our markets on this free-trade basis. What shall we do with our unemployed workers? Someone asked that question. They were also asked what we were to do about the investments ruined on account of imports. They thought only a minute, and came right back with the answer. What was the answer? Why they would have tutors to teach the unemployed workers new jobs.

Mr. President, consider for a moment an instrument maker or a glassworker. The junior Senator from Nevada used to work in a glass factory. It takes anywhere from a couple of years to 4 or 5 years to become expert in the blowing and cutting of glass and the molding of it. These workers are perhaps 40, 45, or 50 years old, and they have been in the business since they were boys. They do not know any other trade. But we will throw them out of work by the importation of glass.

In talking with representatives of the glass industry, representing a dozen factories in Ohio and other eastern areas, along with their labor representative, I was told that they are getting out of work. I informed them that the debate on the Senate floor showed that they did not necessarily need to become unemployed simply because the tariff was being reduced and glass was coming in from Belgium and other nations where labor receives 20 percent less than the wages received by American workers. I told them that all that was necessary was for the investors and the workers to get together and agree to write the investment down and lower wages to a point at which they could produce glass at the same price at which it is produced abroad.

They did not show any great enthusiasm for that. They thought we should take away from the State Department the constitutional authority of the Congress which has been transferred to the Executive, and establish a commission, such as a Foreign Trade Authority, that might spend its time determining what the differential of cost amounted to, due to the difference in wage and living standards. They are a long distance from Washington, and they do not understand all the intricate thinking we go through here, but they thought it would be a very simple arrangement to look forward to a system which would protect the standard of living in this country while we are helping other nations. It seems that is an unpopular view at the moment, but, in the humble opinion of the junior Senator from Nevada, it is going to become more popular.

Mr. President, I say that the first reason given for the Marshall plan in March of 1948 is erroneous, namely, that we must develop and rehabilitate industries, or else the reason given in 1949 is er-

roneous, that they are overproducing and must find markets. One can take either side of that argument, but it is hard to be on both sides. I have not noticed anyone trying to be on both sides at once, but they change horses so rapidly that it is often difficult to determine just which horse they are riding at the moment.

THE THREAT OF DEPRESSION—THE BATTLE CRY

Mr. President, suddenly in 1950, while the ECA extension was pending in the Senate, word was whispered around the corridors, and quietly, to congressional leaders, that if we did not appropriate \$3,300,000,000 to give to European nations to buy our goods, there would be a bad depression in this country.

Mr. President, sometimes things click. Sometimes they fall in sequence in one's mind after a while. In October or November 1947, when the junior Senator from Nevada was in Germany, in the Ruhr, examining coal mines and steel mills, because he was very young as a Member of the Senate and still believed that we should rehabilitate industry in Europe, he came out of a coal mine, having crawled an eighth of a mile on his stomach to get up to a new face to see a new coal-cutter working. I thought they should put in more coal cutters, as we do in metal mines, but I was informed by the shifter, who was lying there in 2 inches of water, that he would like to put in more, but it happened that the only factory in Germany which made them was on the reparation list, so it was impossible.

We wanted to produce more coal in the Ruhr, so we put the English in charge of the coal mines there when they were unable to mine enough coal in their own country to keep themselves warm.

We went to dinner, and Mr. Collins, who was in direct charge of the mine, had considerable discussion with me. It happens to be my business to know something about rehabilitating industry. We were on common ground. He understood it, and so did I. Right in the middle of the argument he stopped stock still and started to grin. He said, "You know you are going to give us this money to hold up your own economy."

Mr. President, it took us 3 years to make the circle and come around to what Collins knew already.

I wanted to point that out in passing, because to me it was very interesting.

Mr. President, I have already inserted in the Record a table which shows from 1946 the rate of recovery from the close of World War II almost to the present time. It shows that those nations had a rate of recovery of approximately 10 percent through 1946, 1947, and 1948, and that rate of recovery did not materially change. It continued. We poured the money in, but that made very little difference. In the spring of 1950 we found that while in 1948, when the Marshall plan was adopted, they were within 5 percent of having a hundred percent recovery, some of them were a little over 100 percent. Now they average about 125 percent recovered. It is about 125 percent in terms of industrial recovery. The table is there for all to

see. It is a very interesting table. I had hoped that someone would question the table if they still thought we had to rehabilitate industry.

BARTER WITH RUSSIA IS NOT CONTAINMENT

Mr. President, the Members of the Senate are familiar with the bizarre barter deal under which United States cotton was sent to Red China. Many other things fit into this crazy pattern. Despite the declared policy of the United States against assisting any Red-dominated countries, the trade was made in Manchuria between cotton and soybeans. Under this deal 40,000 bales of American cotton went to the Soviets in Manchuria, in exchange for 60,000 tons of soybeans, which were delivered to Japan. Cotton is a potential war material, while soybeans are, for the most part, soybeans. This deal was made in the face of the fact that the Department of Commerce, with the State Department backing it, had imposed a ban on March 9 against shipping cotton to the Soviets. Cotton is an important strategic war material.

It is ironically suitable to the occasion that this deal should be handled by the World Commerce Corp., of 25 Broad Street, New York City. That corporation was set up in 1945 for the avowed purpose of bolstering non-Soviet nations, and had on its list of backers such men as Major General Donovan, who certainly would not consent to have it perverted in this connection if he knew it, Ed Stettinius, who has since died, and Joe Grew, a man with whom we are all acquainted. The particular deal was approved by the State Department under Public Law 85. This was in the face of the Commerce Department's turning the deal down. They prohibited shipments of cotton as a strategic material into this area. The State Department reversed itself after it had been criticized. That means that information had leaked out that the deal had been made. So the State Department reversed itself after it was too late to stop the deal and it had already been consummated, and the cotton was on the way to Manchuria. Mr. President, this is another example of our containing Russia. The great ECA appropriations under Marshall plan are supposed to contain Russia. That is an example of how we contain Russia. We contain it by giving it everything it needs to fight world war III with us and to consolidate its gains.

Mr. President, there is much reliable information which states Russia and her Communist satellites have been receiving strategic American materials and other vital goods in quantity through shipments made largely via Hong Kong, and payments reportedly made through its dollar balances in New York banks. According to an article in the financial section of the New York World-Telegram, more than 150,000 bales of cotton alone have gone to China via Hong Kong in the last year.

Mr. President, I submit for the RECORD a dispatch appearing in the Washington Times-Herald of May 23, 1950, which describes the cotton deal with Red China. The headline says:

Cotton Deal With Red China Called "Foul-Smelling Mess."

It is a dispatch by the United Press, and the opening paragraph reads:

Representative CRAWFORD, Republican, of Michigan, yesterday attacked as a "foul-smelling mess" the Commodity Credit Corporation's deal to swap with Chinese Communists American cotton for Manchurian soybeans.

Representative CRAWFORD attacked the deal as being against the best interests of the United States. It is against the top policy which was outlined on the Senate floor in debates from the beginning of 1948 that nothing would be done with the money we were appropriating except to contain Russia.

I submit for the RECORD this dispatch by the United Press.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

COTTON DEAL WITH RED CHINA CALLED "FOUL-SMELLING MESS"

Representative CRAWFORD, Republican, of Michigan, yesterday attacked as a "foul-smelling mess" the Commodity Credit Corporation's deal to swap with Chinese Communists American cotton for Manchurian soybeans.

The Agriculture Department announced on May 11 the CCC's plan to make the trade. CRAWFORD said \$7,603,000 worth of American cotton would be swapped for \$4,000 worth of soybeans.

The Agriculture Department said the deal would be made through the World Commerce Corp., a New York export-import firm. CRAWFORD said available figures indicate the firm will make more than \$2,700,000 on the swap. The soybeans are to be used by the United States Armed Forces in Japan.

CRAWFORD asserted that he intends to make formal recommendations to Congress for an investigation and corrective action.

CRAWFORD cited Agriculture Department figures to show that the United States had 119,663,000 bushels of soybeans on hand when the deal was announced on May 11 and that the Commodity Credit Corporation had more than 1,000,000 bushels in its own stocks. The CCC stocks, he said, would have been enough to fill more than half the Armed Force's needs.

CRAWFORD said the World Commerce Corp. is headed by Frank T. Ryan, New York cotton dealer and broker, and that its directors include Maj. Gen. William J. Donovan, wartime head of the Office of Strategic Services, and Joseph G. Grew, former United States Ambassador to Japan.

Mr. MALONE. Mr. President, this is a system of double dealing.

Mr. ECTON. Mr. President, will the Senator yield?

Mr. MALONE. I am very happy to yield to the Senator from Montana.

Mr. ECTON. That kind of a deal was made with Russia at a time when we are engaged in a cold war with her. How many bales of cotton did the Senator say?

Mr. MALONE. One hundred fifty thousand bales of cotton have been sent over there altogether, but this deal involved 40,000 bales.

Mr. ECTON. Is not that about comparable to sending scrap iron to Japan before we got into World War II?

Mr. MALONE. I am glad the distinguished Senator from Montana has brought that up. It seems that the taxpayers of the country have a very short memory, or perhaps they are just busy, as they always have been when I was out among them, and are so tired at night

that they can hardly expend the energy and time to read about what we are doing. The junior Senator from Nevada, while making an industrial report on 11 western States prior to World War II, had a branch office at 111 Commerce Street in San Francisco. From his office he could see through the Golden Gate and could see ships loaded with scrap iron and petroleum going to Japan. Every servicemen's organization in America hollered to high heaven about it. No one paid any attention. We were sending raw materials to Japan and getting Japan ready for World War II with the United States of America. All of us knew it, or at least those of us who had been in the First World War knew it. This time we have considerably improved on the method. Instead of sending raw petroleum and raw scrap iron, we are sending materials to the most highly developed processors in the world. We are sending them machinery and money. It is being sent to the 16 Marshall plan countries so that they can process and manufacture the goods which Russia needs to fight World War III with us, and to consolidate its position in Europe and China. We save Russia the trouble of going through the process of manufacturing. Neither do they need to pay us for it. We give the money and the material to the 16 Marshall plan countries and they give Russia the processed materials. We are improving all the time. Perhaps by world war IV we will be delivering it to them ourselves.

Mr. ECTON. I wonder whether the able Senator from Nevada can enlighten me. Is it not possible for the Russians to use this cotton to manufacture gunpowder and explosives, in addition to using it for clothing?

Mr. MALONE. No doubt that is true. No doubt they are using a certain amount of it for the manufacture of war materials. Of course we are furnishing them all the material needed for consolidating their gains in Communist China. The distinguished Senator from Montana will remember when we discovered the agrarian Communists in North China and started to protect the agrarian Communists from the Nationalist Chinese. Now it seems that a great change has come over the agrarian Communists. Now that they are in control of China no one is able at a considerable distance to tell the difference between them and regular Communists.

So now England has recognized Communist China. Prime Minister Nehru, of India, has recognized Communist China, and there is trade as usual through China to Russia, trade as usual through the satellite nations with eastern Europe and with Russia. So it seems, with our great containment program, that about all that is necessary now is for the taxpayers to wake up and try to understand that that is a regular, legitimate thing, arming Russia.

Mr. ECTON. Mr. President, will the Senator yield?

Mr. MALONE. I yield to the Senator from Montana.

Mr. ECTON. Awhile ago the Senator from Nevada mentioned the fact that all this was designed to bolster up our economy. If that is true—and I know that

many people in this country feel that to be true—are we not postponing the fatal day when we will find ourselves in much worse circumstances by continuing and constantly expanding the program, than if we cut it down gradually with a view of terminating it as originally planned in 1952?

Mr. MALONE. No one except our naive new Senators had any idea of cutting it down in 1952. Those in charge are only beginning to let us in on the truth of the program. The reason why the junior Senator from Nevada suspected it before was that he was informed of what was going on by Mr. Collins, in his residence, which is quite a residence, too; one can hardly throw a baseball from one end of it to the other. Collins was the first one who broke the news to the junior Senator from Nevada. But he was not the only one. I got similar information in nearly every nation I visited. I was alone on my trip; I traveled as an engineer, not as a Senator, and I may say I paid my own expenses. I have heard that referred to by different people at different times. But I did not want to owe anybody anything. I picked up that information in many places, and apparently everyone knew it in the foreign countries. But the Senate of the United States did not know it, or if there was anyone here who had the story, it was held very close-mouthed. I repeated it on the Senate floor in 1948.

We are very open-hearted. Anything we have we will give away. So we were told we must rehabilitate industries, that we must feed hungry people, that we must stop communism. I believe the Senator from Montana will remember that. Is not that about correct?

Mr. ECTON. That is correct.

Mr. MALONE. Does the junior Senator from Montana remember that the junior Senator from Nevada suggested that it was impossible to talk about feeding hungry people, rehabilitating industry, and stopping communism, all in one breath? All we did was to get ourselves all balled up, and become an easy prey to the greatest propaganda machine ever developed, developed by the State Department in Washington, D. C.

Therefore, to make any sense out of the facts, let us separate the activities. The junior Senator from Nevada said, when he addressed the Senate on a previous occasion, let us feed emergency hungry people wherever we find them, to the extent of our ability, without injuring our economy, and let us not embarrass anybody by asking for the money back. But we should not try to feed all the hungry people in the world, because many of them have been hungry 5,000 years, using up the food supply and dying off. Out of the 2,750,000,000 people, perhaps two-thirds of them are never well fed. So let us not try to feed all, but only those whom the State Department, together with the Defense Secretary, may decide to be in an emergency condition, and we should name the nations whose security is important to the safety of this country. Then we should lend money in such an area

through the World Bank, again to the extent our economy would stand it, without danger, on the basis on which the RFC lends money to industry in distress.

RESURRECT THE MONROE DOCTRINE

Then, to stop communism, they established the Monroe Doctrine to cover the nations' whose integrity is important to us.

What is the Monroe Doctrine? Roughly, it is merely to say, as Monroe did in 1823, that in any particular area important to us, no nation, and we should name the nations, shall seek to extend its jurisdiction, that any attempt to extend their system of government in such an area will be considered an overt act by the United States and we should turn and walk away from them and come home and get ready to build a national-defense organization spearheaded by an Air Corps that will be silent evidence that we can enforce our statements. The only chance we will ever have of keeping the peace will be by keeping strong ourselves.

We agree that is what is going to be done. But we turned the situation entirely around last year, stating that we could divide our markets with the people of the world, because they could purchase more than they used themselves, and we must close the dollar gap by making appropriations under the ECA and sending money to them.

How are we going to cure the dollar question—by dividing our own markets so as to close the dollar gap we created by the money assessed from the taxpayers from the very market we are now going to divide? That is a round robin.

Now we hear that three and a third billion dollars must be appropriated, or we will have to meet a depression. We finally got back to Mr. Collins after 4 years. He will be happy. I think I will write him a letter and let him know that he was right in the first place.

This system of double dealing based on the old sage admonishment of "Let not thy right hand know what the left hand doeth," apparently goes forward all the time, turning our declared national policy against the Soviets into a sardonic joke.

Exactly the same kind of deals are being made in Europe.

Britain has a billion dollar barter deal with Poland alone, and that deal has been made in the last several months.

In Germany, we are financing the Steel Trusts who are in turn shipping increasing quantities of steel products to the east, from where they are siphoned into the Russian-Soviet economy itself. The Russians don't do anything quite as foolish as this. They are milking their part of Germany dry.

What the Russians are doing, Mr. President, is milking their part of Germany dry. While we are putting money into Germany, the Russians are taking out billions of dollars in the way of reparations, in just the same manner as the French, the British, and other nations in Europe demanded reparations from Germany, while we ourselves are supporting Germany.

The Russians are dangling in front of western Germany the prospect of a vast market for German-manufactured articles. Where would this market be?

We ourselves cannot supply the market for Germany, because we produce the same articles Germany produces. So we cannot continue to make our markets available to all the countries of Europe.

Mr. President, by the 1934 Trade Agreements Act we transferred the responsibility to the executive, which in this case means the State Department. They are not only willing to, but are anxious to divide the markets of the United States with Britain and with all the Marshall plan nations to do away with the so-called dollar gap. If we do that with Germany also, then all of Europe, including Germany, could produce everything we could consume.

Mr. President, I wish to ask a question at this point. After many of our people become unemployed, as the glass workers are now becoming unemployed, as the leather workers are becoming unemployed, as the glove workers are becoming unemployed, as the miners are becoming unemployed, as the crockery workers are becoming unemployed, as the workers on precision instruments, and the workers in other industries are becoming unemployed, what are they going to use for money to buy the materials produced in Europe? Our earning power will be gone. Our markets represent our earning power. So what we are doing, through our taxing power, is in effect to support and finance German production, with the Russians likely to be the final beneficiaries.

WE CANNOT ADEQUATELY ARM EUROPE

Mr. President, no part of all this makes sense. It does not make any more sense than our attempt to organize and maintain the military defense in Europe.

At this point I want to quote, as I did last year when the North Atlantic Pact was under consideration by this body, what Gen. Pierre Bilottee said. He was head of the French delegation to the UN Military Staff Committee. I want to quote exactly what he said about the matter of arming Europe. I quote from an article written by William B. Ziff, published in the American Mercury magazine of April 1949, as it appears on page 497:

Gen. Pierre Bilottee * * * has stated that for real resistance Europe would require 100 mobile divisions equipped with modern armor and weapons, together with an air force at least equal to Russian power. The means of allied transport would have to be doubled to coordinate their forces, and a powerful war industry would have to be erected to guarantee maintenance and operation. "Reduced to finance terms," he states, "no less than a \$100,000,000,000 investment spread over several decades is indicated." If Europe is also to produce atomic and other mass-destruction weapons, this would necessitate additional tens of billions of dollars.

Mr. President, we are just about as sensible when we come to arming Europe for defense against Russia as we are in our economic affairs in containing Russia. I would say we are approaching it in just about the same way and about the same sense is being used in the whole set-up.

Mr. President, there is a very grave question as to just what the European nations would do in the event of a third

world war. The ruling party in both France and England have indicated in their regular official meetings, as press dispatches have said, that they are going to be neutral in any conflict. I want to note again, Mr. President, that on March 4 and 5, 1948, I stood on the Senate floor quoting Mr. Wilson and Mr. Bevin of England. Mr. Wilson, who is head of the board of trade, said that they wanted to be neutral; that they wanted to trade with Russia. They said they wanted to be the bridgehead—the exact word used—they wanted to be the bridgehead between Soviet Russia and capitalist America.

Mr. President, we apparently do not believe what we hear because we said we are going to continue to finance them so we could contain Russia.

EUROPE ARMING RUSSIA

At that moment I submitted a trade treaty for the RECORD, which will be found in the CONGRESSIONAL RECORD of the dates I mentioned, which had been entered into between England and Russia. The first item in that treaty was 1,100 locomotives, and the list continued along that line with various kinds of material which could be used to consolidate eastern Europe and China to fight in world war III. Some Senator said in the debate on the Senate floor at that time that, of course, the ECA Director would stop that. Well, the junior Senator from Nevada questioned whether he would or not, but we were assured the ECA Director would stop it. Now, 96 such trade treaties have been entered into. So apparently nothing was stopped.

Mr. Bevin and Mr. Wilson both served notice on the United States that they wanted to be neutral. That was in 1948. Late in 1948 the senior Senator from Nevada visited Mr. Nehru in India. He, Nehru, said the same thing—that they wanted to be neutral. In 1949 Mr. Nehru publicly announced that India was going to be neutral. Then England, India, and other sterling-bloc countries recognized Communist China.

Mr. President, how high does the evidence have to pile up for us to believe what we hear and believe what we see? We see that the countries we are aiding are furnishing Russia and the iron-curtain countries everything they need to fight us—everything they need to consolidate their countries. We see the countries we are aiding recognizing Communist China. They tell us in words of one syllable that they want to be neutral. What else can they do to convince us?

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. MALONE. Yes; I am happy to yield.

Mr. BREWSTER. Did the Senator receive the news that Mr. Bevin just announced that he favored the admission of Communist China to the United Nations Security Council? Has that come to the Senator's attention?

Mr. MALONE. I thank the Senator from Maine for the information. Evidently that happened while we have been on the floor.

Mr. BREWSTER. That is correct.

Mr. MALONE. It is not unexpected, however.

Mr. BREWSTER. Has the Senator the idea that the one who pays the piper should be the one who calls the tune?

ARE WE EARNING "NEUTRALITY"?

Mr. MALONE. We have changed that old practice also. I think everything has been changed. I think all the old practices have been changed. I will say for the benefit of the Senator from Maine that I just said, that in 1948 Mr. Bevin and Mr. Wilson said they wanted to be neutral; that they wanted to trade with Russia; that they wanted to be the bridgehead between Soviet Russia and the capitalist countries. Late in 1948 Mr. Nehru, of India, told me the same thing on my visit to India. In 1949 Mr. Nehru announced publicly that India was going to be neutral. He said he had nothing against the Soviets, that he had nothing against us. He apparently was willing to take our money. He came over here to obtain some. I do not know what happened in that respect. Almost immediately after the Chinese Communists had taken over China, England, followed by India, recognized Communist China, followed closely by other sterling-bloc nations, all of whom said they wanted to be neutral, but who recognized China.

Mr. BREWSTER. Does the Senator have in mind that Communist China has not acknowledged the recognition by Britain?

Mr. MALONE. I would say to the Senator from Maine that in the humble opinion of the junior Senator from Nevada what England wants is trade. She will go any route to obtain trade, to reestablish or to keep established her trade routes. Whether her recognition is acknowledged or not, she will stay as long as she can and trade with Communist Russia and with Communist China.

Mr. BREWSTER. Has there been a more humiliating episode in recent diplomatic history than the picture of Britain recognizing Communist China, which refuses to return recognition, and has so refused for the past 4 months?

Mr. MALONE. Does the distinguished Senator from Maine imagine—if I may be permitted to ask a question without losing the floor—that there might be some kind of a deal to the effect that if England and the other sterling-bloc nation can now put over recognition of Communist China in the United Nations, Britain and the sterling bloc nations might themselves be recognized by Communist China?

Mr. BREWSTER. Was it anything more than an interesting coincidence that the announcement by Mr. Bevin today followed the call of Mr. Trygve Lie, after he had been to Moscow—which might lend some color to the suggestion of the Senator from Nevada.

Mr. MALONE. I would say that I did not miss that dispatch this morning, and it was exactly what I expected of Mr. Lie. If we were informed that he promised Stalin that he would go back and put over the deal, I would not be surprised.

Mr. BREWSTER. Does it interest the Senator from Nevada that our policy re-

garding Communist China seems to be disregarded by all the other countries to whom we are contributing very greatly to support their war on communism? Is it of interest to the Senator that while we are supplying arms to the countries of western Europe, to save them from communism, they are supplying arms to the Arabs who, during the last war, refused to lift an arm when the Germans were right at the door of Cairo; but today those countries are supplying the Arabs with jet planes for the purpose, it is said, of internal security, while we are sending jet planes to Europe; and we are told that we must not recognize Spain because the Spaniards are terrible people, so we are informed, whereas Europe is doing millions of dollars' worth of business with the Spanish each year. Why must not we recognize Spain? It is because France and Britain would not like it.

So, Mr. President, must we keep on paying the bills of the countries of western Europe, while they do whatever they wish to do in their own interest, without much regard to its impact upon our security, our future, or with respect to our ideas? Is that what the policy of the present administration is?

Mr. MALONE. Mr. President, the Senator from Maine was not on the floor a little earlier today when I reviewed that field. Briefly, let me say that trade is going on as usual all over the world, except that the Government of the United States of America refuses to inform the taxpayers of the United States that such is the case, and still keeps up the pretense that we are trying to contain Russia, when, as a matter of fact, not only are the ECA countries furnishing materials and jet planes to the Arabs, but on the floor of the Senate in the spring of 1948 I said that Britain had supplied jet planes to Russia—and Britain had done so up to that time.

Mr. BREWSTER. Yes; that is admitted.

Mr. MALONE. From those samples, the Russians are now in the jet plane business.

Britain and the other 15 Marshall Plan countries are continuing, by means of the 96 trade treaties, to furnish Russia and her satellites and the countries behind the iron curtain everything they need to obtain from us for a third world war and everything they need to consolidate their gains in eastern Europe and in China.

Therefore I have said that we have made the complete circle, we have gone the full round. First we were going to rehabilitate the industries of the countries of Western Europe. Next we were going to give them the money in order to close the dollar gap. Then finally it was bandied about the corridors of the Capitol and in the committee rooms that if we did not appropriate this money, we suddenly would have a depression.

Mr. BREWSTER. Is it that they may be overestimating the dumbness of the American people, whereas the American people have a better idea of what is going on than they are always credited with having?

Mr. MALONE. In my humble judgment the American people are beginning to wake up. If those of us who are vocal, who are on the floor of the Senate, and have the avenues of information, will tell the American people the truth, I think we shall have no trouble with the American people and they will not have much more trouble with us.

Mr. President, at this time I wish to quote from an article entitled "International Surplus of Dollars," appearing in the May 1, 1950, issue of the publication *The Economic X-Ray*, published by Reuters, Ltd., in London:

INTERNATIONAL SURPLUS OF DOLLARS

It can be easily proven that there is an oversupply of dollars, in spite of a dollar shortage in a number of countries and increased difficulties for American exporters to remain competitive in countries which make it difficult to issue dollar licenses.

The sharp decline of American imports has greatly reduced the foreign demand for dollars. Most ECA countries, and especially Great Britain, have sharply reduced the dollar gap. Thus the further flow of Marshall aid and government credit is largely used in order to finance international flight of capital or export of capital flow of currency.

Last year's United States surplus of and the balance of payment amounted to \$6,100,000,000, of which United States Government aid (grants and loans) amounted to \$5,700,000,000. Private American investments amounted to \$500,000,000, and private donations to another \$500,000,000. International Monetary Fund and World Bank supplied \$100,000,000. In addition, the United States bought gold for \$200,000,000. Thus foreign countries had a dollar supply of about \$7,000,000,000 dollars, while \$6,100,000,000 were needed in order to pay for the United States export surpluses of goods, services, and investment income.

Mr. President, in passing I wish to call attention to the significance of those figures and the close similarity between the \$7,000,000,000 figure and the \$6,100,000,000 figure. Those foreign countries received from this country an additional dollar supply of \$7,000,000,000, and that amount closely approximates the amount our Government obtained as a result of the sale of new bonds to the bond buyers and taxpayers of the United States, to pick up the check of \$7,000,000,000, which someone has to pick up.

Last fall the administration said it would be \$1,500,000,000. This spring the administration says it will be \$5,500,000,000. But, Mr. President, it will be over \$7,000,000,000. That is the amount of the check we will pick up, and it just happens to be the amount of money and goods which we have sent abroad. Is not that a coincidence?

I read further from the article:

This year's balance of payments will supply even a greater dollar surplus to the foreign world.

Marshall aid has been more than adequate and is likely to remain more than adequate. The \$500,000,000 of reserves that Britain lost in the second and third quarters of last year, plus the additional losses of reserves of some other sterling countries, all provided additional material to finance the flight of capital. Despite all that one was told at the time, it is manifest that none of it was really going to finance the United States export surplus. And all this occurred not over the year as a whole, but in the period of less than 9 months up to devaluation. In this period, the United States, the gold mines, Britain,

and any other countries that were losing reserves, were stupendously providing something like \$2,000,000,000 a year to finance a flight of capital from overvalued currencies and no other purpose (except that a fraction of the gold was genuinely for artistic and industrial purposes).

In other words, we were financing a flight of capital from those countries, except for the almost insignificant amount of the gold which was to be used for genuinely artistic and industrial purposes.

I read further from the article:

It would certainly be better if America acted to reduce the world's need for dollar aid, e. g., by selling farm products at unsupported prices and allowing the world to earn the reduced number of dollars that it would then need, by admitting imports into the United States without high tariff barriers and obstructive customs formalities.

Independent countries would far rather be allowed to earn dollars than live on charity. Considering this American overcharging, this strange American desire to give exports away instead of accepting payment for them, and this American policy of subventions to allies (the policy that Britain followed for the centuries in which sovereigns were the cavalry of St. George), the astonishing thing is how far the United States export surplus has fallen since devaluation.

It may well be that the outside world has already closed more than all of the dollar gap, except the part that the Americans themselves create.

OUR PROBLEMS ARE SELF-MADE

Mr. President, I have covered that pretty thoroughly earlier in the debate. We create the dollar gap by furnishing the money to the European countries to buy goods and products beyond their means, and we then say that we must divide our market, that is, buy goods from them that we do not need and that we cannot buy without throwing American workmen out of employment and ruining American investments. We then put out our own working men on relief, and by furnishing tutors, as was suggested by the eminent Director of ECA and the Secretary of State, teach the unemployed new jobs. How they would go about teaching the glass workers and other workers new jobs which it has taken a lifetime to perfect has not been made clear. But in any case that is what they intend to do. So we create our own trouble, Mr. President, by appropriating money, and then eliminate the trouble, or try to do so, by appropriating more money.

Yesterday, according to the Washington Post and the New York Journal of Commerce, we have two more examples of industries being wrecked through the three-part free-trade program adopted by the administration which includes the 1934 Trade Agreements Act, as extended, giving to an industrially inexperienced State Department the right to slash tariff and import fees approximately 75 percent without regard to the differential of the cost of production due to the difference in the wage standards of living in this Nation and in the competitive countries. The ECA or Marshall plan makes up the trade balance deficits of the European countries in cash while the markets of the United States are being divided with them through tariff reductions to the point

that theoretically we would have an equal living standard with such European countries and there would be no further European nation trade balance deficits.

THE INCREASING THREAT OF IMPORTS

Mr. President, in the New York Journal of Commerce, of May 23, 1950, it is announced in a headline:

Tariff cut plans blasted by cotton textile industry.

The headline continues:

Would invite disaster by unfair competition, it is charged in brief.

The reference is to a brief filed with the United States Tariff Commission by the cotton-textile industry. The article says:

A policy of tariff cuts as a device for closing the "dollar gap" is a dangerous fallacy and would invite disaster at home by letting loose a torrent of foreign products from low-wage countries on the American market, the cotton textile industry has charged.

The industry, in a brief filed with the Committee for Reciprocity Information, warns that exports of American cotton textiles "have been wrecked by the combination of devaluation and the rise of low-cost foreign competition." This drop in export trade represents a loss of more than one-half billion dollars and is equivalent to 52,000 textile jobs and millions of wage dollars.

In other words, this is equivalent to stopping these exports through the building up of industries abroad, through the ECA and the Marshall plan. It will result in a loss of 52,000 jobs in the cotton-textile industry of the United States. That is the estimate of the industry itself.

The PRESIDING OFFICER. The Senate will be in order.

Mr. MALONE. Mr. President, would the Senator from Texas like to have the floor?

Mr. CONNALLY. I should like to have someone else have it besides the Senator from Nevada.

Mr. MALONE. That would be very good for me, but I shall retain the floor, or the Senator from Texas can take it.

The PRESIDING OFFICER. The Senator from Nevada has the floor. The Senator will proceed.

Mr. MALONE. The article continues:

Prepared jointly by the American Cotton Manufacturers Institute, Inc., National Association of Cotton Manufacturers, Association of Cotton Textile Merchants of New York, and Textile Export Association of the United States, in conjunction with other industrial groups, the brief was filed preliminary to tariff hearings scheduled for coming weeks.

TORQUAY MEETING

Testimony will be presented at these hearings for consideration in tariff negotiations with 23 or more countries in Torquay, England, in September, concerning some 2,000 types of goods directly competitive with products made in at least 500 textile plants from Maine to Texas, the brief discloses.

The textile statement insists that further reductions of tariffs, already slashed at least a third since 1935 and amounting to 75 percent in some cases, can only serve to compound damage already at our doorstep and injure the American economy out of proportion to any possible good which can be accomplished.

One of the gravest fears, the brief says, is that unequal competition with low-wage

countries will waste the superior efficiency of the American cotton textile industry, which is now being used to support the programs of this country's internal economy.

Mr. President, the reason for my reading this article at this moment is that it is impossible to separate the ECA program from the 1934 Trade Agreements Act, which is designed specifically to divide the market of this Nation, in accordance with the testimony of Mr. Thorp before the committee of the House, so that theoretically the ECA will no longer be needed. The International Trade Organization was merely designed to make a permanent situation of the thing of which these people are now complaining.

Mr. President, I ask unanimous consent to have the remainder of this article from the New York Journal of Commerce, of May 23, 1950, printed in the RECORD at this point.

There being no objection, the remainder of the article was ordered to be printed in the RECORD, as follows:

EFFICIENCY THREATENED

For this reason, superior efficiency cannot serve as a weapon to meet foreign competition, it was explained, and "in reality such competition would sacrifice the most efficient to the less efficient."

Among the fruits of our superior efficiency, now a part of America's social and economic structure and irremovable without damage to the entire system, were listed high United States textile wages, treble those of major European competitors and 10 times those of Japan and India; enlarged support to cotton farmers; financing of mill reequipment and modernization programs; and economic support of the multitude of suppliers to the industry, which is described as practically 100 percent American with all costs embraced within the American price system.

"Free market competition with foreign countries means throwing into the balance our higher wages, which in major part are the measure and substance of our efficiency," the brief asserts.

As for new, improved machinery, and modernization of mills, for which the industry has been paying \$300,000,000 a year since the end of the war, the brief says, "the means of technical progress cannot be acquired where there is a continual erosion of the wage and price structure; and a forced diminution of physical stature from the imports of sub-wage standards countries."

NATIONAL DEFENSE STRESSED

The industry statement also asks that the tariff negotiators consider the vital importance of the textile mills to national defense, demonstrated during the last war when not only were all military and essential civilian requirements met in this country, but those of the Allies as well.

"While the textile industries of the other Allied powers virtually ceased operations because of lack of materials and manpower, the textile industry of the United States reached heights of production previously believed unattainable under any conditions. This accomplishment without doubt was one of the major factors in the winning of the war.

"It is no less important at this time, and for the same potential reasons, to maintain our industry's capacity and efficiency at maximum levels," the brief stated.

The cotton-textile industry has "already contributed more than its share" to world adjustment in trade by sacrifice of the United States export market with a loss of a billion yards to other nations since 1947, the brief continued. In value this destruction of the American export market amounts to a loss of \$535,000,000 that foreigners are no longer

spending for United States goods, it was emphasized.

IMPACT NOT YET FELT

The brief likewise warns that the full impact of tariff cuts made during the past 15 years has not yet been felt. Until the end of 1948, the reciprocity committee was informed foreign industries had not sufficiently recovered to offer serious competition in the American export or domestic markets.

Then as western European nations, Japan, India, and Germany gradually built up their production and exports of textile goods, with the aid of American tax dollars, their combined export increase moved first into areas of scarcity where the demands were strongest and means of payment in soft currencies most abundant.

"As these markets become increasingly saturated with British, Japanese, Indian, Italian, Belgian, Swiss, and French goods, the next great diversion of textile exports will be toward the United States," the brief predicts. "Then we will feel for the first time the true significance of the concessions which were made at Geneva in 1947."

It may turn out that these concessions were in many cases "excessive and unwisely granted," the brief continues, adding that "until that question has been satisfactorily answered, it is both needless and dangerous to make further reductions."

The statement likewise says American industry has yet to feel the full effect of currency devaluation abroad and voices fear that the ultimate consequences of devaluation alone "may be fatal to certain segments of the American textile industry."

Mr. MALONE. Mr. President, I have here a dispatch which appeared in the New York Herald Tribune on May 23, 1950, which is headlined as follows:

Union Joins in Mine Protest on Oil Imports. UMW and Coal Operators Tell Congress 50,000 Jobs May Be Sacrificed.

This is in line with what I have been saying about importations, and it goes on to explain the importation of oil from the Middle East and other points which is displacing coal miners in the South, in West Virginia, and in other areas of this country. As many as 50,000 miners will be displaced this year, according to the dispatch. It also mentions the fact that imported oil will displace other petroleum sources of supply.

I ask unanimous consent to have printed in the RECORD at this point this dispatch published in the New York Herald Tribune of May 23, 1950.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

UNION JOINS IN MINE PROTEST ON OIL IMPORTS—UMW AND COAL OPERATORS TELL CONGRESS 50,000 JOBS MAY BE SACRIFICED

WASHINGTON, May 22.—The United Mine Workers and coal operators joined forces today and protested to Congress that foreign oil imports threaten the jobs of 50,000 miners this year.

The protest was made by Thomas Kennedy, UMW vice-president, and D. T. Buckley, representing the National Coal Association.

Mr. Kennedy told a Senate labor subcommittee the "present flow of import oil has gravely disturbed our American economy." He said that if it continues, "we shall witness a complete disrupting and revamping of our American fuel pattern."

The steady increase of imported oil in 1949, Mr. Kennedy said, "directly affected 25,000 coal miners. Some were completely severed from their work, and the remainder

had their workdays drastically reduced in number."

SEES YEAR'S WORK LOST

Mr. Buckley said, "anticipated 1950 imports threaten the equivalent of a year's work for 50,000 miners in the bituminous coal industry."

The subcommittee, which is studying unemployment in mining fields, is headed by Senator MATTHEW M. NEELY, Democrat, of West Virginia.

"The displacement of bituminous coal has seriously affected the employment of bituminous coal miners in 2 ways," Mr. Buckley said. "It has caused closing down of mines that were a necessary part of America's war effort," and "has curtailed the number of days of employment afforded coal miners in mines that are still in operation."

Both Mr. Buckley and Mr. Kennedy charged the oil industry with raising consumer prices on gasoline to pay for the decrease in residual (oil) prices that importers wanted so as to raid coal markets.

Mr. Buckley warned that unless this situation is corrected the loss to our Nation can never be replaced in time of war because a coal mine, like an oil well, is of no value unless it is developed.

GOVERNMENT BUYING URGED

WASHINGTON, May 22.—Representative DANIEL J. FLOOD, Democrat of Pennsylvania, proposed today that the Government buy enough anthracite to maintain normal production and employment in the hard-coal fields. Representative FLOOD introduced a bill to set up a three-member board in the Interior Department to determine how much anthracite should be purchased and to fix just and reasonable prices for it.

Mr. MALONE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks another dispatch appearing in the New York Herald Tribune in relation to the same subject.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

TEXTILE GROUPS FEAR EFFECTS OF LOWER TARIFFS—FOUR ASSOCIATIONS JOIN IN WARNING ON DEVALUATIONS

Four large textile groups joined yesterday in the warning that American industry has yet to feel the full effect of currency devaluations abroad and tariff concessions made in the last 15 years, and voiced the fear that the consequences of revaluation alone may be fatal to certain segments of the textile industry.

The American Cotton Manufacturers Institute, National Association of Cotton Manufacturers, Association of Cotton Textile Merchants of New York and the Textile Export Association said in a brief filed with the Committee for Reciprocity Information, preliminary to tariff hearings to be held later this spring, that their export trade has dropped more than \$500,000,000 due to devaluation of foreign currencies and low-cost foreign competition.

COMPETITION NOW KEENER

Testimony will be presented at the hearings for consideration in the tariff negotiations to be held with 23 nations at Torquay, England, in September. The cotton textile industry, the brief added, has contributed more than its share toward world trade adjustment by sacrifice of the United States export market with a loss of 1,000,000,000 yards of cloth to other nations since 1947.

Until 1949, it was said, foreign business had not sufficiently recovered to offer serious competition in the American market. Then as European nations and Japan and India built up production, their textile exports moved into areas where the demands

were strongest and means of payment in soft currencies most abundant.

As these markets became saturated with British, Japanese, Indian, Belgian, Italian, Swiss, and French goods, the brief said, "the next great diversion of textile exports will be toward the United States. Then we will feel for the first time the true significance of concessions that were made at Geneva in 1947."

WINE INSTITUTE PROTESTS

As the brief was prepared, the Department of Commerce issued figures showing that exports of cotton cloth from the United States in the March quarter were 120,740,000 square yards, a decline of 57 percent from the like 1949 period.

A protest over further tariff cuts was issued also by the Wine Institute. The addition of dessert wines to the list of products subject to tariff negotiation "places every segment of the grape-growing industry in grave economic danger," according to H. A. Caddow, secretary of the Institute. He said that a cut in the dessert wine tariff would let down the bars to volume dumping of cheap foreign products on this market where an annual over-supply of grapes already exists.

The textile groups contended that a policy of tariff cuts as a device for closing the dollar gap is dangerous and invited disaster. Cooperative efforts of this country in world recovery, they added, should not be carried to the point of weakening or endangering the American economy.

MR. MALONE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks articles from the Washington Post of May 23, 1950, on the same general subject.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

HEARING IS STARTED—OIL IMPORTS COSTING JOBS, MINERS SAY

Spokesmen for coal miners and operators urged Congress yesterday to curb oil imports, which they said are causing thousands of American workers to lose their jobs.

D. T. Buckley of the National Coal Association and Thomas Kennedy, vice president of the United Mine Workers, protested at a Senate Labor Subcommittee hearing that foreign oil is being dumped in this country at unfair prices.

"The equivalent of a year's work for 50,000 miners in the bituminous-coal industry is being destroyed by foreign oil at the current rate of importation," Buckley said.

Kennedy said that 100,000,000 barrels of residual oil—that is, oil used for fuel or industrial purposes—was imported last year and either put 25,000 coal miners out of work or reduced their workweek. He said the oil was marketed at ridiculously low prices.

Buckley estimated last year's oil imports cost 25,000 miners and 25,000 transport workers their jobs and said these figures could be doubled in 1950 if the present trend continues.

They testified at the opening of the subcommittee's hearing on a resolution by Senator NEELY (Democrat, West Virginia) to investigate the causes of increasing unemployment in the coal, railroad, oil, zinc, lead, and silver industries.

Kennedy said that if the present flow of imported oil increases, "as the prospect seems to indicate, we shall witness a complete revamping of our American fuel pattern."

LOSS OF TEXTILE JOBS LAID TO DEVALUATION

NEW YORK, May 22.—American cotton textile men say their export trade has dropped more than \$500,000,000 as a result of devaluation of foreign currencies and increased low-cost foreign competition.

This sum, they add, is equivalent to 52,000 American textile jobs and millions of wage dollars.

They compiled the figure in a battle against any further reduction of tariffs, claiming levies already have been slashed at least a third since 1935 and some items have been hit by 75 percent cuts.

The American Cotton Manufacturers Institute, Inc., the National Association of Cotton Manufacturers, the Association of Cotton Textile Merchants of New York, and the Textile Export Association of the United States joined in preparing the brief for coming tariff hearings.

They have filed a survey of their views with the Committee for Reciprocity Information in Washington. Their testimony will be presented at committee hearings for consideration in tariff negotiations in England in September.

As the textile men prepared their brief, United States Department of Commerce figures showed that exports of cotton cloth from the United States in the first quarter were 120,740,000 square yards, a decline of 57.5 percent from the first quarter of 1949.

MR. MALONE. Mr. President, I also have before me a dispatch printed in the Wall Street Journal of May 12, 1950, entitled "Point 4 Pitfall," with the following additional headline:

It would dampen real investments abroad and give other nations free ride on gravy train.

The dispatch says, in part:

President Truman's point 4 at the present moment looks like a pretty small seed. It calls for an appropriation of \$45,000,000, by the present Congress, a sum that has been tentatively reduced to \$25,000,000.

But big plants sometimes sprout from small seeds. Point 4, which proposes an extensive use of Government guaranties in order to bolster American investment in underdeveloped areas, contains the potentialities of a device for subsidizing exports at the expense of the taxpayer.

It has been brought out in debate very clearly, yesterday afternoon and today, that point 4 is merely an opening of the door, just a foot in the door. In other words, the amount of money called for is relatively small in the light of all the great appropriations made over the past several years by this Congress, but there is no limit in point of time as to how long it may last. There is no limit as to the area in which it may apply. Therefore, the only limit that can be placed on the use of point 4 are appropriations by the Congress of the United States. As pointed out previously, almost immediately after point 4 is agreed to, if it be agreed to, there is no doubt that a great propaganda machine will start to roll to convince the taxpayers and the Members of Congress that appropriations should be increased at least by next year, if not before we leave this summer.

The dispatch further says:

A behind-the-scenes struggle is going on in Washington today between officials who

believe that subsidies to foreign countries should cease in 1952 and those who are convinced that further aid, in some form, is necessary to assure political stability in the non-Communist world and to sustain a high level of American exports.

In other words, Mr. President, we must continue to draw money out to give those nations to buy our exports.

I read further from the dispatch:

Point 4, if put into effect in such a way as to stimulate a big flow of American investment dollars into Asia, Africa, and Latin America, could furnish a sequel to ERP. European countries, no longer receiving direct American aid, might, so the argument runs, earn some of the surplus dollars which would be flowing into the underdeveloped areas.

MR. PRESIDENT, I ask unanimous consent to have appear in the RECORD at this point the entire dispatch from which I have been reading.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

POINT 4 PITFALL—IT WOULD DAMPEN REAL INVESTMENTS ABROAD AND GIVE OTHER NATIONS FREE RIDE ON GRAVITY TRAIN

(By William Henry Chamberlin)

President Truman's point 4 at the present moment looks like a pretty small seed. It calls for an appropriation of \$45,000,000 by the present Congress, a sum that has been tentatively reduced to \$25,000,000.

But big plants sometimes sprout from small seeds. Point 4, which proposes an extensive use of Government guaranties in order to bolster American investment in underdeveloped areas, contains the potentialities of a device for subsidizing exports at the expense of the taxpayer. When this writer was in Europe last summer he noticed an eager gleam, a "What's there in it for us?" gleam, in the eyes of officials of countries with areas which might qualify as underdeveloped whenever point 4 was mentioned.

A behind-the-scenes struggle is going on in Washington today between officials who believe that subsidies to foreign countries should cease in 1952 and those who are convinced that further aid, in some form, is necessary to assure political stability in the non-Communist world and to sustain a high level of American exports. Point 4, if put into effect in such a way as to stimulate a big flow of American investment dollars into Asia, Africa, and Latin America, could furnish a sequel to ERP. European countries, no longer receiving direct American aid, might, so the argument runs, earn some of the surplus dollars which would be flowing into the underdeveloped area.

THE PRESIDENT'S RECOMMENDATIONS

President Truman stated the case for point 4 in the following words:

"We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas.

"We should make available the benefits of our store of technical knowledge. * * * And * * * we should foster capital investment in areas needing development.

"If the productivity and the purchasing power of these countries are expanded, our own industry and agriculture will benefit. * * * To increase the output and the

national income of the less developed countries is to increase our own economic stability.

"In addition, the development of these areas is of utmost importance to our efforts to restore the economies of the free European nations. As the economies of the underdeveloped areas expand they will provide needed products for Europe and will offer a better market for European goods."

The President concluded with a recommendation that the Export-Import Bank be authorized to guarantee American private investments against the risks peculiar to investment in underdeveloped areas, notably the risk of inability to convert earnings in local currencies into dollars. Under Secretary of State Webb later told the Senate Banking and Currency Committee:

"The proposed legislation does not guarantee any investor a profit, or protect him against ordinary business risks to which investors everywhere are subject. Guaranties would be limited to risks peculiar to foreign investments."

JEOPARDIZES PRIVATE INVESTMENTS

Like many other ventures in state intervention, point 4 seeks to promote desirable ends by means that are questionable and may well be self-defeating. There certainly are economically backward regions in Asia, in Africa, in Latin America that could be made wealthier and more productive by an inflow of American capital. Now that basic reconstruction has been largely completed, western Europe seriously needs new economic outlets to make up for its loss of investments and accumulated wealth during the war. The United States would benefit in many ways from a high level of production and international trade.

But these considerations do not prove that a reckless mortgaging of American public funds is either necessary or justified. United States business is alive to the possibilities of profitable foreign investment. American holdings abroad are estimated at \$16,000,000,000, of which \$4,000,000,000 have been invested since the war.

Oil companies have been especially active in developing foreign resources and United States Steel has embarked on a large-scale project of exploiting a new rich iron deposit in Venezuela. If fair treatment were accorded to foreign capital and if there were further progress in accepting the proposition that our exports and investments must be paid for by accepting a larger volume of imports, there is every prospect that the outflow of American capital, on reasonable business terms, would be much increased and would fill the need in this field.

The injection of Government aid into the situation is more likely to hinder than to help this process. It is much harder for a government, without incurring the unwelcome charge of imperialism, to press for fair treatment of foreign capital than it is for a foreign business firm to negotiate for such treatment. The business firm, if it faces confiscatory taxation, discriminatory labor legislation, inconvertible currency and similar obstacles, can simply withhold its funds.

OPEN TO IMPERIALISM CHARGE

Government agencies which take a hand in promoting the flow of investment would be much more likely to follow a policy of appeasement. They would be sensitive to the charge of imperialism and dollar diplomacy. And, after all, it would not be their personal fortunes which would be at stake. They might well feel that they had done a good job if they had merely underwritten a large volume of investment. A bank or a business firm, before it risked the money of its clients and stockholders, would be much more inclined to ask searching questions as to whether the investment was likely to yield a profitable return.

Moreover, private investment is much more likely than Government-sponsored investment to flow into fields where there is visible

consumer demand, either in the foreign country, or in the United States.

Mr. MALONE. Mr. President, in the New York Journal of Commerce of May 24, 1950, there is a dispatch headed "Security issue raised in oil import hearing." I read:

Domestic oil and oil producers joined today in warning Congress that unchecked imports of oil threaten our national security in another war.

Their spokesmen appeared at the second day of hearings by a Senate labor subcommittee headed by MATTHEW NEELY, Democrat of West Virginia, that is looking into the amount of unemployment being caused by imports of various minerals and metals. The group is to report by June 25.

I ask unanimous consent to have appear in the RECORD at this point the entire dispatch from which I have quoted.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

SECURITY ISSUE RAISED IN OIL IMPORT HEARING

WASHINGTON, May 23.—Domestic oil and coal producers joined today in warning Congress that unchecked imports of oil threaten our national security in another war.

Their spokesmen appeared at the second day of hearings by a Senate labor subcommittee headed by MATTHEW NEELY (Democrat, West Virginia) that is looking into the amount of unemployment being caused by imports of various minerals and metals. The group is to report by June 25.

ASKS IMMEDIATE ACTION

The Independent Petroleum Association of America declared that there must be "immediate action" against oil imports. It said the alternative is an "inadequate supply" if war comes.

H. B. Fell, IPAA executive vice president, declared that an import limitation would check deteriorating conditions that have developed in the domestic petroleum industry.

He was backed by L. Ebersole Gaines, president of the West Virginia Coal Association, and O. C. Bailey, chairman of the Arkansas State Oil and Gas Commission.

Each of the subcommittee members said he supported the demand for legislative curbs, but ELBERT THOMAS (Democrat, Utah), Labor Committee Chairman, and Minority Member ROBERT TAFT of Ohio indicated they want more facts to show that an import limit will restore employment in the domestic industry.

TAFT warned that the subcommittee would have to take similar action for other industries, if we do it for oil. We will be reversing the administration's policy of the last 17 years by reverting to a protective policy." He said he favors a higher oil tariff or quota, but "I'm simply pointing out the difficulties you're getting into, including retaliatory action."

NEELY argued that "most of the import oil is brought in by American companies. About the only money foreign countries get are royalties to sheiks or whoever runs the country and wages to domestic labor."

FAVORS EXCISE TAX

Fell put the blame for declining employment, production, and profits squarely on the "substantial increases in imports." He told the committee that a \$1.05 "excise tax" on imports of crude oil and fuel oil would restore employment and give independents enough money to continue looking for new wells.

He offered a tabulation purporting to show how a \$1.05 tariff would bring the price of foreign oil up to the domestic level. Gaines said the same amount of protection would restore competition between coal and imported residual fuel oil in Atlantic seaboard markets.

Since the peak domestic output of late 1948, Fell declared, 32,000 jobs have been eliminated in the domestic oil industry because of imports, including 18,000 in oil producing.

OIL USERS SEEN HIT

BOSTON, May 23.—The present "crusade" of John L. Lewis, the National Coal Association and a group of independent oil producers to restrict imports constitutes a "menacing threat" to the fuel economy of the entire New England area, according to Joseph B. Wells, executive director of the Independent Oil Men's Association of New England.

Declaring that the proposed import restrictions would boost New England's industry fuel bill by more than \$50,000,000 annually, Mr. Wells said, then "we shall literally be the Peter that someone robbed to pay Paul."

Under the higher tariff scheme proposed, he asserted, "residual oil prices in New England must under legislative compulsion advance from 35 to 40 percent. And, under the import restriction proposals, New England's dependable Caribbean sources of supply will perforce be sharply curtailed if not virtually eliminated."

The effect of such penalizing import restrictions will not be limited to residual oil but will also find reflection in what the consumer must pay for domestic heating oil, Mr. Wells pointed out.

THERE IS A WAY OUT OF THE DANGER

Mr. MALONE. Mr. President, it has been stated repeatedly in dispatches and on the Senate floor what the effect on our industries will be from imports from foreign nations. I want to point out that not only the fuel industry, but the textile industry, the mining industry, the crockery industry, the glass industry, and dozens of other industries are in exactly the same boat. The only way we can stem the tide is through the adoption of a principle of substituting a flexible import fee for the Trade Agreements Act which transferred from Congress the constitutional authority of Congress to the State Department and put into its hands the right to say what industries in this Nation can survive and what industries can be sacrificed.

In connection with an article which appeared in the National Wool Grower for May 1950, I ask unanimous consent to insert in the RECORD at this point a list of the officers of the National Wool Growers' Association, an editorial on tariff negotiations, and an article by Mr. Eugene O'Dunne, Jr., attorney, and Washington counsel for the National Association of Wool Manufacturers, on the subject of opening our markets to foreign nations.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

NATIONAL WOOL GROWERS ASSOCIATION

PRESIDENT

Howard Vaughn, Dixon, Calif.

HONORARY PRESIDENTS

R. C. Rich, Burley, Idaho.

C. B. Wardlaw, Del Rio, Tex.

T. J. Drumheller, Walla Walla, Wash.

G. N. Winder, Craig, Colo.

Sylvan J. Pauly, Deer Lodge, Mont.

VICE PRESIDENTS

John A. Reed, Kemmerer, Wyo.

Ray W. Willoughby, San Angelo, Tex.

A. R. Bohoskey, Yakima, Wash.

Wallace Ulmer, Miles City, Mont.

John H. Breckenridge, Twin Falls, Idaho.

EXECUTIVE SECRETARY-TREASURER

J. M. Jones, Salt Lake City, Utah.

ASSISTANT SECRETARY

Edwin E. Marsh, Salt Lake City, Utah.

EXECUTIVE COMMITTEE

Robert W. Lockett, Flagstaff, Ariz.
 Joseph Russ, Jr., Ferndale, Calif.
 Angus McIntosh, Las Animas, Colo.
 David Little, Emmett, Idaho.
 Howard Doggett, Townsend, Mont.
 E. R. Marvel, Battle Mountain, Nev.
 W. H. Steiwer, Fossil, Oreg.
 Joseph G. Trotter, Edgemont, S. Dak.
 J. C. Mayfield, Juno, Tex.
 Don Clyde, Heber City, Utah.
 Milton Mercer, Prosser, Wash.
 Harold Josendal, Casper, Wyo.

AFFILIATED ORGANIZATIONS

Arizona Wool Growers Association, 14 East Jefferson Street, Phoenix: Kenneth P. Pickrell, president; H. B. Embach, secretary.

California Wool Growers Association, 151 Mission Street, San Francisco: Joseph Russ, Jr., president; W. P. Wing, secretary.

Colorado Wool Growers Association, 4665 Lafayette, Denver: Angus McIntosh, president; Brett Gray, Jr., secretary.

Idaho Wool Growers Association, post-office box 2598, Boise: David Little, president; M. C. Claar, secretary.

Montana Wool Growers Association, 515 Power Block Building, Helena: Wallace Ulmer, president; Everett E. Shuey, secretary.
 Nevada Wool Growers Association, post-office box 1429, Reno: E. R. Marvel, president; John E. Humphrey, secretary.

Oregon Wool Growers Association, post-office box 256, Pendleton: W. H. Steiwer, president; Victor W. Johnson, secretary.

Texas Sheep and Goat Raisers Association, Cactus Hotel Building, San Angelo: J. C. Mayfield, president; Ernest L. Williams, secretary.

Utah Wool Growers Association, 361 Union Pacific Annex Building, Salt Lake City: Don Clyde, president; J. A. Hooper, secretary.

Washington Wool Growers Association, 110 East Chestnut Avenue, Yakima: H. Stanley Coffin, president; A. E. Lawson, secretary.

Western South Dakota Sheep Growers Association, Rapid City: Joseph G. Trotter, president; H. J. Devereaux, secretary.

Wyoming Wool Growers Association, McKinley; Harold Josendal, president; J. B. Wilson, secretary.

TARIFF NEGOTIATIONS

Here we go again—the State Department has announced September 28, 1950, as the date, and Torquay, England, as the place for a review of the Geneva trade-agreement negotiations of 1947, and for further reductions or the binding of present duties on approximately 2,500 commodities.

Negotiations will be carried on with all contracting countries to the Geneva Agreement on Tariffs and Trade and in addition, with Austria, the Federal Republic of Germany, Guatemala, Korea, Peru, and Turkey—in fact, all countries not dominated by the U. S. S. R.

Negotiations will cover wool, mohair, manufactures of wool, sheep and lambs, cattle, etc. From past experience it isn't difficult to determine what will happen to the present duties on these commodities—they will, in all probability, be reduced.

Apparently consideration will be given to the reduction of duty on wools not finer than 44's and on mohair but not on wools 44's and below; in other words, not on common and braid. According to Government figures, common and braid constitute only two-tenths percent of the total domestic production. Therefore, negotiations will cover the duties on foreign wools that compete with 99.8 percent of the domestic wools

produced. All manufactures of wool are up for consideration.

Inasmuch as the duty on sheep, lambs, and goats was reduced 50 percent in the trade agreement with Mexico in 1942, from \$3 per head to \$1.50 on live animals, from 5 cents per pound on mutton and goat meat to 2½ cents per pound, and on lamb meat from 7 cents per pound to 3½ cents, a further reduction of 50 percent could be made on the above because the act of 1945 permits a 50-percent reduction in duties in effect on that date.

In the case of wools finer than 44's, 25 percent of the present duty is the limit allowed under the present law. In the Geneva agreement, wools finer than 44's (low quarter blood and up) were reduced 25 percent, or from 34 cents a clean pound to 25½ cents. A further reduction of 8½ cents or to 17 cents per clean pound is possible.

It will be recalled that the reduction in duty on wool under the Geneva agreement accomplished only one thing, and that was to give foreign producers more money because the price of foreign wool increased the extent of the tariff reduction. The domestic consumer didn't benefit, and the United States Treasury lost the income.

How much longer the American raw-material producer and worker are going to permit exorbitant taxes to give money to foreign countries and at the same time allow the State Department to destroy American industry is not entirely clear, but more domestic industries are beginning to make their positions known. The domestic sheep industry and manufacturers of wool will not long be the "lone lambs" being led to slaughter by the State Department and governmental theorists.

New industries every day are crying out. Now come the oil interests, coal interests with the backing of their labor unions, cotton textiles, rubber and footwear manufacturers; in addition to those, pottery, glassware, watches, nut producers, hat manufacturers, etc., who, like the sheep industry, have realized the ultimate results of the past actions of the striped-pants negotiators.

Congressman PATTERSON (Connecticut) in his statement before the House on April 21 under the title, "The United States as an International Sucker," said: "The beneficiaries of ECA money are producing finished goods for export in direct competition with this country. * * * I ask not that high tariff barriers be erected shutting off this country from foreign trade, but we must use common sense for our self-preservation." There can be no quarrel with a fair statement such as the Congressman makes.

The countries with whom trade agreements are being negotiated (and the principal ones at that) continue with their "blocked sterling," cartels, bilateral agreements, embargoes, etc. Many businessmen think that "blocked sterling is one of the biggest obstacles to world trade." It may be all right to be an idealist, but the American taxpayers and producers are not living on ideals. These trade agreements are supposed to be "reciprocal," but the word does not appear in the agreements act, nor is it practiced by foreign countries. Congressman PATTERSON has chosen an appropriate title.

Now confining ourselves strictly to raw wool, the necessity for tariff reduction is not only absurd but dangerous. The Government wool support program should be considered only as an expedient and continued only as a disaster floor. It is doubted that many producers would approve it, only as a disaster floor, if adequate tariff protection were provided.

The United States has been and probably always will be an importing country as far as raw wool is concerned. Foreign countries will not be able to sell any materially in-

creased quantity of wool as a result of tariff reduction, especially under conditions such as exist today. A further reduction in tariff under present conditions simply means more dollars for foreign-wool producers. It wouldn't lower the price of imported wool in the United States, but would only decrease the revenue to the Treasury.

Our Congress recognizes the importance of wool as a strategic commodity. Recently hearings have been held relative to stockpiling. The State Department has been advised many times of the possibility of a foreign-wool monopoly and that point is as close as it has ever been in history, with the domestic sheep population the lowest on record.

Congress on the one hand recognizes the importance of the sheep industry through the treatment given wool in the Agricultural Act of 1949, encouraging its production. At the same time, the State Department takes the opposite point of view of discouraging increased production through reducing the tariff and threatening further reduction.

Nevertheless the industry is again officially pointing out to the State Department its position by the submission of a brief before the committee for reciprocity information.

OPENING OUR MARKETS TO FOREIGN COUNTRIES

(By Eugene O'Dunne, Jr., attorney, and Washington counsel for National Association of Wool Manufacturers)

The administration is about to launch an all-out drive to channel products of foreign countries into this market. Our tariff rates, although now at the lowest average level in history, are still claimed to be unnecessarily high and as constituting serious trade barriers to imports. Customs administrative procedures will be streamlined to accelerate the flow, and methods of valuation will be changed so as to reduce the duty payments. No industry, sensitive to excess imports and cheap foreign competition, can feel immune.

Secretary Acheson and ECA Administrator Hoffman both want to get more dollars into European hands, and for this purpose they advocate further lowering United States tariff rates, even to the extent of intentionally displacing those American industries which cannot compete with the foreign items. While differing on the type of relief to the American workers made idle by this program, Messrs. Acheson and Hoffman are otherwise in agreement on the principle that tariff protection for industry must be eliminated. Officials of the Economic Cooperation Administration are doing everything possible to persuade Marshall plan countries to reduce their purchases of American products to a minimum and at the same time step up their exports to this market. This is termed "closing the dollar gap," and the more our own exports decline and our imports increase the more pleasing our officials find it. The much-publicized escape clause so often pointed to as industry's guaranty against injury from imports, loses some of its reassuring stability now that neither serious injury nor bankruptcy will justify any action to curtail competitive imports.

In the execution of this policy the Trade Agreements Act serves as a handy little device to make substantial reductions in American rates in return for conditional promises, which not even the most ardent supporters of the program, will contend are of much practical value. Under the power delegated by the Trade Agreements Act a third round of tariff slashing will be undertaken at Torquay in September and it is anticipated that, with insignificant exceptions, every item on the tariff schedule not already cut 50 percent below the 1945 level, will be subject to further reduction. This

additional round of tariff reductions has been scheduled even before the most recent cuts made at Annecy last year have become effective. We are informed officially that the intended objectives of these conferences are reductions in the tariff rates of foreign countries so as to increase our exports. Many people profess difficulty in reconciling the efforts of the ECA officials to exclude American products from European markets on the one hand, with the State Department's announced objective to expand our exports through the Torquay conference, on the other.

Access to the United States market on terms approaching free trade appears to be the present program for immediate European relief. Additional deep tariff cuts at Torquay are designed to add impetus to this new imports drive which we are assured is of vital necessity since European industries are being geared up to an export basis. It is evident that by officially soliciting their products for this market, we will supply the indispensable export outlet for their expanded economy. However, so long as Congress reserves to itself the right to change the rules governing this free access to the United States, those countries, because of their economic dependence on this market, may feel certain predictions for America's political suggestions. Such result, entirely incidental to the program, could under certain circumstances be regarded in some quarters as in the nature of a sword of Damocles. In either event, and no matter how regarded, such power would persist until Congress surrenders the right to take unilateral action on the volume and nature of our imports by voting to join the International Trade Organization. The removal of the sword would then be permanent. It would be unfortunate if the restoration of independence to the economies of western Europe should now be indefinitely deferred because a dependent, initially intended as transitory had become "The Man Who Came to Dinner."

However, even before the new import aid program is under way, many American industries are already beginning to complain that imported products are being sold in this market below the production cost of domestic items. The low manufacturing costs in foreign countries are generally predicted to go lower while, on the other hand, there is nothing in sight, at least from the Washington scene, indicating any relief in costs and taxes to the American producer. Mere mention of the difficulty presently experienced by the Ways and Means Committee in eliminating only a percentage of the wartime excises demonstrates this. If, therefore, excess imports are to be encouraged to a point necessitating extended Federal unemployment compensation and job retraining, as officially suggested, it may be found that such imports will have a softening effect on the American market as a whole and not just on the particular industries affected. This may cause certain exporting industries, now advocating increased imports, to reascertain whether they are justified in taking for granted that their own domestic market will remain firm and intact despite the flood of imports.

Between now and elections the American public will hear much about imports and exports, dollar shortages, trade gaps, European aid and payment plans, United States tariff cuts, and foreign quotas. Much of the confusion which some people express regarding the whole subject of foreign trade would, it is felt, be dispelled by always seeking the answer to this one question only: Is this designed to permit the foreign country to sell more to or buy less from the United States?

(Subsequently, on request of Mr. MALONE, and by unanimous consent, the

following resolutions were ordered to be printed in the RECORD:)

Mr. MALONE. Mr. President, I ask unanimous consent to have inserted in the RECORD the following resolution passed by the National Association of Wool Manufacturers on April 12, 1950:

Whereas it appears to be the policy of the administration to encourage imports of competitive products by reducing import duties, and otherwise; and

Whereas it is our belief that under present world conditions the United States cannot afford to become dependent upon foreign countries for its requirements for a number of products, among them wool textiles; and

Whereas the capacity of the wool textile industry in the United States is sufficient to supply all of our domestic requirements in time of peace but should be maintained at the greatest possible capacity since it was barely sufficient to meet the needs of our armed forces in World War II; and

Whereas the indiscriminate and progressive reduction of United States tariff duties under the trade agreements program has failed of its purpose by reason of the erection by other countries of trade barriers much more restrictive than the former foreign tariffs, and is resulting and will continue to result in the importation into the United States of wool products and other items in volume sufficient seriously to damage and curtail domestic industry: Now, therefore, be it

Resolved by the members of the National Association of Wool Manufacturers, assembled in annual meeting in New York, this 12th day of April 1950, That the members of this association go on record as favoring the discontinuance of the trade agreements program and further action thereunder, and, further, as favoring in place thereof the creation of a Foreign Trade Authority as provided in S. 1965, introduced by the Honorable GEORGE W. MALONE, of Nevada, said authority to be authorized to promote fair and reasonable competition between imported products and the products of domestic enterprise by levying duties upon imports from foreign sources in amounts calculated to make them fairly competitive with like items efficiently produced in this country; and further

Resolved, That copies of this resolution be sent to all appropriate persons charged with legislating for, or the administration of, our Government.

Mr. President, I ask unanimous consent to have inserted in the RECORD at this point a series of resolutions passed by the Nevada Republican State Executive Committee, the Farm Bureau and the labor unions of our State.

DOMESTIC AND FOREIGN POLICY RESOLUTION, NEVADA REPUBLICAN STATE EXECUTIVE COMMITTEE, 1950 AND 1952 PLATFORM, NOVEMBER 15, 1949

The Nevada State Executive Committee passed an official resolution on November 15, 1949, offering the flexible import fee principle as a substitute for the 1934 Trade Agreements Act as amended—and called for the defeat of the International Trade Organization legislation—and for definite conditions on further gift-loans to Europe.

The resolution:

"Whereas the selective free trade policy adopted by the State Department, based upon the Trade Agreements Act, is removing the floor from under wages and investments causing unemployment and loss of taxable property; and

"Whereas the proposed International Trade Organization, consisting of 53 nations, each with one vote, to which it is suggested that this Nation assign all of its right

to adjust tariffs and import fees for the protection of the workingmen and investments in the United States of America, would complete the job of wrecking our economy; and

"Whereas the policy of making up the trade balance deficits of the European nations (16 ECA nations) in cash each year without definite conditions for its utilization is simply reestablishing the century-old feud and rivalries among such nations: Therefore be it

Resolved, That the Republican State Executive Committee of Nevada hereby adopts and recommends to the National Republican Committee for adoption an American domestic and foreign policy:

"1. A domestic (national) policy.

"A. The flexible-import-fee principle, based upon fair and reasonable competition, administered by a reorganized experienced tariff commission, to be known as the Foreign Trade Authority, in the same manner as the long established Interstate Commerce Commission adjusts freight rates for the carriers on a basis of the principle laid down by Congress, of a reasonable return on the investments, to be substituted for the 1934 Trade Agreements Act as extended. Under the flexible-import-fee principle a market is immediately established for the goods of foreign nations on a basis of fair and reasonable competition with our own—they cannot in good conscience ask for more.

"2. A foreign (international) policy—as a condition of further aid to Europe.

"A. Integrity of private investments.

"B. A United States of Europe—including Germany without trade barriers of any kind.

"C. Free convertibility of the European currencies in the terms of the dollar.

"D. Equal access to the trade of the nations of the world—subject only to the action of such individual nations; be it further

"Resolved, That the so-called bipartisan policy, including the support of the administration's three-part free-trade program has destroyed our traditional floor-under-wages policy and has contributed materially to the defeat of the Republican Party; and that the haphazard lowering of the import fees and tariffs, without regard to the differential of the cost of production due largely to the difference in living standards of this country and the foreign competitive nations, has severely injured the mining, petroleum, agricultural, textiles, pottery, lumber, precision instruments, and many other industries, thereby causing unusual unemployment and loss of taxable property; and that we are, by our own actions, removing the floor under wages and investments in this Nation and in effect transferring American jobs to foreign soil."

EXCERPTS FROM RESOLUTIONS ADOPTED AT THE THIRTIETH ANNUAL MEETING OF THE NEVADA STATE FARM BUREAU, ELY, NEV., DECEMBER 2, 1949

DOMESTIC AND FOREIGN POLICY

Resolution 17

Whereas the selective free-trade policy adopted by the State Department, based upon the Trade Agreements Act of 1934, as lowering the American living standards through the lowering of wages and is causing unemployment and a subsequent decline in the demand for agricultural products: Therefore be it

Resolved, That the Nevada State Farm Bureau adopts and recommends that the American Farm Bureau Federation support a domestic and foreign policy containing the following features:

I. Foreign policy:

(a) Protection of private investments in foreign countries.

(b) Free convertibility of European currencies in terms of dollars.

(c) Consolidation of the European nations into a United States of Europe, and the erasing of all present trade barriers.

(d) Equal access to the trade of all nations of the world subject only to the action of the individual nations.

II. National policy:

(a) Set up a flexible import fee which would be based upon "fair and reasonable" competition administered by a reorganized, experienced tariff commission in the same manner as the long-established Interstate Commerce Commission adjusts freight rates for the carriers on a basis of the principle laid down by Congress, of a reasonable return on the investment. Under a flexible-import-fee principle, a market is immediately established for the goods of foreign nations on a basis of "fair and reasonable" competition with our own—other nations in good conscience cannot ask for more. By so doing, America's domestic agricultural market would be greatly stabilized and cease to be a dumping ground for world surpluses. We are a land of agricultural abundance striving to maintain a standard of living unparalleled by any other nation in the world; be it further

Resolved, That the lowering of import fees and tariffs without regard to the differential of the cost of production due largely to the difference in living standards of this Nation and of foreign competitive nations has a demoralizing effect on our agricultural markets as well as those of other industries, thereby causing unemployment and loss of revenue to the American farmer.

PIOCHE, NEV., January 17, 1950.

Senator G. W. MALONE,
Senate Office Building.

DEAR SIR: By unanimous vote Pioche Union, Local No. 407, CIO, disapprove part 4 plan of the President which includes the International Trade Organization agreement and urge that you do everything possible to substitute flexible import fee as outlined in your talk at Pioche, Nev., on December 15, 1949.

Yours truly,

THOMAS L. HUTCHINGS,
President, Local No. 407.

EAST ELY, NEV., January 19, 1950.

Senator MALONE,
United States Senate Office Building:

We call your attention to the following resolution adopted by the White Pine County Central Labor Council. Whereas the selective free-trade policy is removing the floor from under American wages and investments, causing unemployment and loss of taxable property, and whereas the haphazard lowering of the import fees and tariffs without regard to the differential of the cost of production due largely to the difference in living standards of this country and foreign competitive nations has severely injured the non-ferrous mining industry: Therefore be it

Resolved, That a telegram be sent to each of our national Senators asking them to do what they can toward correcting this deplorable situation.

DOUG HAWKINS,
President, White Pine County Central Labor Council.

LOCAL LODGE NO. 705,
INTERNATIONAL ASSOCIATION
OF MACHINISTS,

Sparks, Nev., September 16, 1949.
Hon. GEORGE W. MALONE,
United States Senate,
Washington, D. C.

SIR: The legislative committee of Local Lodge No. 705, International Association of Machinists, Sparks, Nev., reported favorably

on the matter of the flexible import fee. Whereupon the membership unanimously instructed the legislative committee to inform you that Local Lodge No. 705, International Association of Machinists, Sparks, Nev., has gone on record in favor of the flexible import fee.

The legislative committee wishes to commend the Senator for his hard work and initiative.

Yours truly,

SATIRIOS SOUKAROS,
Chairman, Legislative Committee.
GEORGE H. SHELTON,
JOHN L. ROBERTSON,
Legislative Committee.

LAS VEGAS, NEV., January 12, 1950.
United States Senator GEORGE W. MALONE,
Washington, D. C.:

We urge you to support a flexible import and export tariff bill for protection of our domestic industries and curtailment of foreign spending.

HELEN E. CRANER,
Secretary Property Owners Association, Inc., of Clark County, Nev.

Mr. President, in summation I want to say again that it is impossible to consider point 4—the Marshall plan or ECA—the 1934 Trade Agreements Act, as extended, the ITO, or the sterling debt separately.

They must be considered as a pattern.

To stop this stupid combination, domestic and foreign policy, the flexible import-fee principle must be substituted for the 1934 Trade Agreements Act, as extended, and the President's "must" legislation—the passage of the International Trade Organization—must be stopped.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 476) making temporary appropriations for the fiscal year 1950, and for other purposes.

TEMPORARY APPROPRIATIONS, 1950— CONFERENCE REPORT

Mr. McKELLAR. Mr. President, I submit a conference report on House Joint Resolution 476, making temporary appropriations for the fiscal year ending June 30, 1950. The conferees were unanimous. I ask unanimous consent for the immediate consideration of the conference report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 476) making temporary appropriations for the fiscal year ending June 30, 1950, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, as follows: In line 9 of the amendment of the Senate, before the colon, insert the follow-

ing: "; except that this proviso shall not apply to appropriations included in such bill (H. R. 8567) for "fighting forest fires", Department of Agriculture, and "Office of the Housing Expediter" but no funds may be used to pay compensation of any employee in a grade higher than the grade of such employee on May 22, 1950, and no funds herein shall be used to pay the officers or employees of the Office of Housing Expediter for periods after June 30, 1950"; and the Senate agree to the same.

KENNETH McKELLAR,
CARL HAYDEN,
STYLES BRIDGES,
HOMER FERGUSON,

Managers on the Part of the Senate.

CLARENCE CANNON,
ALBERT THOMAS,
W. F. NORRELL,
JAMIE L. WHITTEN,
JOHN TABER,

RICHARD B. WIGGLESWORTH,
Managers on the Part of the House.

The VICE PRESIDENT. Is there objection to the present consideration of the conference report?

There being no objection, the report was considered and agreed to.

NATIONAL SCIENCE FOUNDATION

Mr. HUNT. Mr. President, this Congress has enacted, the President has signed S. 247, and there was, therefore, created a National Science Foundation. The National Science Foundation will greatly promote the progress of science through scientific research; it will, unquestionably, advance the national health, welfare, and prosperity of this country. It will have a far-reaching effect and will do much to secure our national defense.

Mr. President, proper distribution of contracts carrying on the basic scientific research activities to all sections of this United States will cause a progressive growth and improvement of agriculture, will promote development of natural resources, markets, and economic improvements by creating new industries, and it may well provide one of the greatest challenges which American higher education has faced since the end of World War I.

In marking up the achievements of the Eighty-first Congress and the President of the United States it can well be said that we have, together, created a new, modern, forward-looking vehicle for American scientific progress.

Through future years the Eighty-first Congress and the President of the United States will be congratulated time and time and time again on their vision and determination to provide a potentially vigorous means of further accelerating development of American centers of scientific competence.

These remarks, Mr. President, and our vital concern today must be directed as to how the National Science Foundation is to be administered. For it is within the broad grant of authority set forth in the legislation that specific policy decisions can turn the program either to fulfillment of challenge or to the precipitation of a major crisis to American institutions of higher learning in some areas of the United States.

Mr. President, I will analyze and explain these elements of potential chal-

ledge and crisis. The investment of large sums of money in fundamental and applied research is going to vitally affect geographic points where scientific personnel and research facilities are concentrated.

The structure of American graduate schools will be directly and deeply affected.

Research contracts and grants will bring to particular university centers a new vitality and drawing power, both for the faculty and the student body. The general strengthening of a number of academic specialties should be a natural consequence in such institutional centers.

A short view, and I think the wrong approach, to this matter would suggest that the national welfare might best be served by giving further stimulation to the national centers of scientific competence which have already proven themselves and which, by and large, are extremely limited in number and do not represent all areas of the United States.

It is true that at such national scientific centers, in a comparatively short period of time, research by individuals and teams might begin to focus on scientific problems of a fundamental and applied nature.

However, in the judgment of the preponderance of educational viewpoint in this country, and it is my personal opinion, that such an approach to the problem would definitely be unwise.

Our principal national university centers for research are, for the most part, concentrated in the New England and middle western regions and on the west coast. Within these regions few more than a dozen institutions harbor a large proportion of America's best scientific minds, laboratories, and libraries.

Compared to these concentrations of strength, the southern universities, portions of the Great Plains area, and the Rocky Mountain region have less claim to distinction among our institutions of higher learning.

For a variety of reasons, many of the institutions in these areas have, of necessity, followed patterns of development different from those of our university research centers usually considered to be tops by national standards.

Not the least of these reasons but, in fact, the outstanding reasons for this situation have been the absence of sufficient financial resources and the lack of opportunity to work as important parts of the Nation's team of scientific personnel on research projects vital to the national welfare.

Not with any intention to be critical but to point out the unequal distribution of medical research funds granted by the United States Public Health Service for the years 1939 to 1949, we find that of total funds in the amount of \$36,500,000, that eight and one-half million, or 23.2 percent, was granted to three Middle Atlantic States, while less than two million, or 5 percent, was made available to the eight Mountain States.

And this is roughly the pattern followed in distribution of all scientific grants, both public and private.

Further inequality in the distribution of scientific research funds is noted in that while the three Middle Atlantic States received 23 percent, 9 South Atlantic States received approximately one-half that amount, or 12.6 percent.

Should a distribution of these funds have been made on the basis of number of States involved, the south Atlantic group would have received three times the amount granted the three Middle Atlantic States.

And again we find the east north central group of States—five in number—receiving 18 percent of total funds distributed, while the East South Central States—four in number—received approximately one-fifth that amount, or less than 4 percent.

May I reiterate that no criticism is intended of the United States Public Health Service for the varying amounts contributed to States, for I realize that funds are distributed by the United States Public Health Service in close proportion to the capacity of the institutions to do research in terms of manpower, facilities, equipment, and research output.

In a report to the President on Administration for Research, volume 3 of Science and Public Policy, the President's Scientific Research Board, with reference to the distribution of physical and technological science research, I find comments, as follows:

First, this trend will deplete still further the resources of the smaller schools and firms whose contribution is essential to maintain our scientific advantage; and it will not necessarily make it possible for the larger institutions to undertake the necessary total research and teaching.

Second, it will choke off the necessary expansion and dispersal of research facilities and hinder widespread dissemination of research results. Research today cannot flourish if confined to small quarters. It cannot enjoy the benefits of cross-fertilization and intellectual interchange unless conducted on a wide and open stage.

Third, concentration of contracts may provide various undeserved competitive advantages to large contractors, including training of personnel, employment of scientists and technicians under better conditions, sharing of overhead and patent possibilities arising from Government-sponsored and financed research. This situation must also be evaluated in the light of the national antitrust and antimonopoly policy.

Finally, the national defense against the possibilities of atomic warfare and pin-point bombing call for wide geographic dispersion of essential facilities.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. HUNT. I yield.

Mr. HOLLAND. I wish to commend the distinguished Senator for pursuing this subject. It seems to me it is timely indeed to call the attention of the Senate and the Nation to the fact that the National Science Foundation Act of 1950 has become law, and that this interesting and, I hope, highly valuable effort in the field of science, training of more personnel, and development of greater scientific research is about to begin. However, I want to ask the Senator if he would mind my reading into the RECORD at this point a portion of the act itself

which emphasizes the point which he has just made, namely, that it is highly desirable, as it is indeed directed by the act, that the use of the very considerable funds provided and the very considerable program inaugurated by this act shall not in any way contribute to the present concentration, but shall eliminate such concentration so far as possible by giving emphasis to the dispersion of research and technical facilities throughout the Nation. Would the Senator object to my making this insertion in the RECORD at this point?

Mr. HUNT. I shall be very happy to yield to the Senator from Florida so that he may make such an insertion in the RECORD at this point in my remarks.

Mr. HOLLAND. I thank the Senator. The part of the act to which I had reference is subsection (b) of section 3 of Public Law 507, which is the National Science Foundation Act of 1950. It reads as follows:

In exercising the authority and discharging the functions referred to in subsection (a) of this section, it shall be one of the objectives of the Foundation to strengthen the basic research and education in the sciences, including independent research by individuals, throughout the United States, including its Territories and possessions, and to avoid undue concentration of such research and education.

I thank the Senator, because it seems to me very clear that the Congress in the passage of this act was giving a mandate to the new Board, which will soon be set up by appointment of the President, to eliminate concentration among the institutions of learning, and the other institutions which at present carry on scientific research and education, for the excellent reasons which the Senator has already given.

Mr. HUNT. I thank the Senator from Florida.

During World War II the burden of university research in America was borne by New England and middle western institutions. The process of further concentration of scientific competence and facilities in these particular areas was, therefore, greatly accelerated.

Even since the war this trend of concentration has continued in the awarding of research contracts by the Federal Government, and may I direct the attention of the Senate and the attention of the yet to be named National Science Board and its Director, whoever they or he may be, that at this very moment a few well placed atomic bombs could deliver what might be a fatal blow to American scientific potential.

Yes, Mr. President, a major part of our scientific leadership and facilities could thus be entirely destroyed.

So I suggest to the National Science Board, and its Director, Mr. President, that in the long-range view, and I am sure the view of the majority of educators in the United States, the proper administering of the National Science Foundation would seem to call for finding a way of systematically building university scientific centers in each of the major regions of the Nation.

Such a policy may make the problems of the Foundation somewhat more com-

policy making, and as directed in the act, "shall be so selected as to provide representation of the views of scientific leaders in all areas of the Nation."

I have just quoted the language of the act, and it was also referred to by the distinguished Senator from New York, and has been emphasized by the distinguished Senator from Florida.

Mr. HOLLAND. Mr. President, will the Senator yield to me for a moment?

Mr. HUNT. I yield.

Mr. HOLLAND. I should like to observe that it seems to me that at this time, when our Nation apparently is about to set forth upon the effort, under the President's point 4 program, to aid in technical training and the furnishing of technical skills and scientific information and assistance to the underdeveloped areas of the world, not just in this Nation, particular emphasis can be and should be properly placed on the fact that we need to develop more scientifically trained persons of our own. The best we have will not be enough to live up to the world need. I believe that in this program there lies a chance to enlist the facilities of the great institutions of learning throughout the Nation and to offer opportunity to those youths throughout the Nation who may have particular genius or capacity in the field of scientific research and learning.

May I say to the Senator that ability and genius and ambition to do great things and new things in untried ways does not exist on a basis of State or regional lines, but there are just as likely to be found in the most remote spot in our Nation as in our great centers of population young Americans who will be attracted by the chance to serve their Nation and mankind by engaging in various scientific careers.

I hope this particular effort will be emphasized as one in which the Nation is seeking ambition and talent and is trying to develop the latent genius of young Americans who, if developed along scientific lines, may render great service not only to our Nation but to all mankind.

Mr. HUNT. Again I thank the Senator from Florida for his worthwhile contribution.

In commenting on where unknown and undiscovered scientists may be found, I should like to say that when Thomas Edison, while a telegraph operator on a side track, so to speak, away out in Carbon County, Wyo., years and years ago discovered and developed and perfected the transmission in opposite directions of messages on telegraph lines.

Specifically, therefore, in awarding grants and fellowships for research the Foundation will serve scientific advancement best and fulfill the purposes of the act by distributing its aid and assistance in such a way as to stimulate discovery and strengthening of education in all areas, and particularly to the smaller and less developed States.

Grants and fellowship awards only to the larger institutions with proven research success deprive the smaller schools and younger investigators of the oppor-

tunity to contribute, and may well deprive the Nation of the research views of many who cannot, or who do not, choose to go to the well-established centers.

Mr. President, the Congress and the President of the United States, except for the appointment of the Board, have completed their work and they turn to the Board a vehicle for the advancement of science in this Nation, the possibilities of which have never been remotely equaled in this or any other nation, and if the Board, in its wisdom, sees fit in administering the act to include all areas of our great country in the various grants and scholarships at its disposal it will accomplish a great forward advancement in scientific research and development which the Congress expects and looks confidently to it to accomplish.

WINNING THE COLD WAR—VI

Mr. FLANDERS. Mr. President, in a colloquy on this floor a few weeks ago, I mentioned the fact that I had written a letter to General Marshall, then Secretary of State, offering suggestions for bettering the Chinese situation, which was then deteriorating rapidly. It may be worth while to read it into the RECORD at this point, since there are some lines of parallelism between conditions in great China then and little Indochina now. I proceed with the letter:

DEAR MR. SECRETARY: As a graduate member of the Business Advisory Council I was privileged to attend the dinner last evening and listen to your satisfying frank discussion of the Chinese situation. Of course, the satisfying thing about it was your frankness. The situation itself is incredibly difficult.

I have the temerity, nevertheless, to pass on to you some vague thoughts which have been going through my mind.

Would it be possible to clear a restricted area of China of Communist military strength and mark off that area for assistance and reconstruction? It might be from the Yangtze River south or perhaps an area of 50 to 100 miles north of the Yangtze might be included. If transportation, supporting coal mines, and cotton textiles, for instance, could be reconstituted in that area, it would form a basis for reviving normal living for many millions of harassed people.

The difficulties are obvious. It would require close supervision on our part to make sure the assistance is not poured down the military rat hole. It would be difficult to get such supervision to be politically acceptable to the Chinese Government, and it would be difficult to recruit and organize the necessary supervision. Recognizing these difficulties and others which your experience would suggest, it might still be considered as one of the faint hopes in the Chinese situation.

General Marshall's reply was in friendly terms but noncommittal. I quote:

DEAR SENATOR FLANDERS: Thank you for your kind letter of June 12, 1947, in regard to the problem of assistance to China.

The suggestions you make in regard to the demarcation of certain areas in China where we could concentrate American assistance for purposes of reconstruction are very pertinent ones. The Department has had under consideration a program such as that outlined in your letter, but has found itself confronted with some very obvious difficulties, including those mentioned in

your letter, which would be involved in carrying out a program of assistance of this kind.

Regardless of such difficulties, some of which are common to any program for assistance to China, your ideas on this subject merit the continuing attention and consideration of the Department. You may be assured that in our attempt to find some means of assisting China they will not be overlooked.

If the idea, or any similar idea arising in the Department or coming from the outside, were ever seriously considered, no evidence ever appeared in the form of action. Certainly not the whole, and almost as certainly no smallest part of the plan was ever undertaken.

In form, the situation resembled that which we were facing in Greece at about the same time. In both cases we were seeking to aid a people whose government was not at all satisfactory to deal with. In both cases the country was ravaged by bands of guerrillas armed and organized from the outside. In both countries the miserable, suffering population was divided in its sympathies, but longing far more for peace and a chance to produce than for either the existing order or the foreign ideology which were grinding them between the upper and nether stones.

In Greece, despite difficulties and false moves, we have achieved a fair measure of success. In China, with no such plan of action, we have failed miserably. Admittedly the problem was more difficult. For one thing, it was much bigger. For another thing the failings of the Nationalist Government were much more deeply rooted in the history and customs of the country. The Communists won over the people on promises of agrarian reform and peace. There was an opportunity to persuade the Nationalist Government, with our active assistance, to offer performance of peace and peaceful production to expanding areas of that unhappy country. If we made the effort, it is not recorded. If we made the effort and failed to get acceptance, at least our consciences would now be clear in the matter.

And now comes Indochina. Within the many differences, certain parallels with the Chinese and Greek situations may be discerned. Once more the aggression is inspired from without. Once more its strength seems to rest on popular dissatisfaction. Once more endless military engagements lead to no decision, even though the armies of one of the great powers are engaged.

Here again there would seem to be an opportunity to clear up and protect from guerrilla attack the most highly productive areas of the country. This applies to the cotton areas, among others, but above all to the rice areas. These products have immense importance to the people of eastern Asia and to the Indochinese themselves.

Along with clearing and protecting these limited productive areas must go a campaign of benefit to the people. A talk with an ECA friend who was on the recent mission to that land has led me to believe that the most useful, the most appreciated and the least expensive

service we can render the people would be a medical mission. This would not involve building, equipping, staffing and operating hospitals. Something more simple, something more widespread is needed. There is, literally, no medicine in rural Indochina. What there was no longer is. These basic medical missions should serve the recovered and protected areas. They should follow close behind the armed forces in every advance. The native people should have this good reason to be glad when the French armies appear.

Another opportunity may lie in improving the agriculture of this region. The traditional cultivation of the rice paddies is so long established and peculiar to that crop, that not much immediate improvement could be managed. But with the cotton at least, and with other crops, there are the same advantages to be gained which were gained by the Russians in their improvement of the agriculture of north China. Again, as in the medical mission, this is not a question of tractors and modern agricultural apparatus. Improved hand implements would go a long way.

What is needed is agricultural missionaries along with the medical missionaries. As always and as everywhere, the men under the command of the Politburo make themselves initially acceptable to the people of the region, no matter what their ultimate objective or their ultimate relationships may be. They know enough to know that military subjection will not work in this area. The question is, Do we know as much as the Soviet authorities? That question will be answered not by argument and debate but by results. If we succeed in making our appearance a welcome event to the people of Indochina, we shall have learned the lesson. If we do not succeed, our cause is lost.

Again we find a parallel in the possibility that it may be difficult to persuade the French authorities of the wisdom of such policies and such assistance. Yet they, and we, grossly misread the lessons of the modern world if we continue to act in the belief that a military victory can hold a territory or engage the allegiance of a people. In these days in which we live armies can defend only territories and people while the positive steps of economic recovery and unforced popular support are being generated. For our age peace can be attained by no other means.

In drawing a parallel between this situation and that which was met by the loan to Greece, we must admit that the political situation is much more difficult to handle. We must persuade ourselves and the French Government jointly that purely military operations will never succeed. We must persuade them and ourselves that only popular support will succeed. We must persuade them and ourselves that the slow task of finding and developing native administrative ability has to start at once. All this is difficult. It may seem to be almost impossible. In fact, it is the only possible way to success, and we must proceed with this knowledge and in this spirit.

Economic forces work in our favor. The surplus food produced by a peace-

ful Indochina is badly needed by Japan. That country, in turn, can easily provide the consumer goods which Indochina is not equipped to produce. How much better, how much more natural, is this interchange up and down the coast of Asia than is the attempt to force markets for Japanese industry into our own competing industrial population? Why are we so blind?

Indochina is the focal point today in the offensive of the men of the Politburo. If they win, the great surplus of rice goes to the Communists. If they win, the strongest dike against the southward sweep of the Communists has been breached, southeast Asia and Malasia are lost, and Burma and India are tottering to their fall.

Mr. President, the Communists need not win.

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance.

Mr. CONNALLY. Mr. President, we have been debating the bill which is the subject of the conference report for a considerable period, and I anticipate that there will be more speakers in the future. I should like to offer a unanimous-consent request and have it read from the desk.

The PRESIDING OFFICER. The clerk will read the unanimous-consent request.

The Chief Clerk read as follows:

Ordered, That on the calendar day of Thursday, May 25, 1950, at the hour of 4:30 o'clock p. m., the Senate proceed to vote, without further debate, on the question of agreeing to the conference report on the bill (H. R. 7797) to provide foreign economic assistance; that the Senate at the conclusion of its business today take a recess until 11 o'clock a. m. tomorrow (May 25); and that the time between 11 a. m. and 4:30 p. m. be divided as follows: 2½ hours for those favoring the report and 3 hours for those opposed thereto, to be controlled, respectively, by Mr. CONNALLY (Texas) and Mr. MILLIKIN (Colorado). (May 24, 1950.)

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered.

Mr. JENNER. Mr. President, before my colleagues vote on the ECA conference report, which will be at 4:30 tomorrow afternoon, I feel it my duty to point out how desperately we need to know more about the sweeping delegation of power included under the provisions of point 4, in this ECA authorization act.

No one has more clearly stated the need for more study of this matter than my colleague, the Senator from Massachusetts [Mr. SALTONSTALL] in his discussion of point 4 April 28, 1950, when he brought home to all of us what a complicated mess we are in so far as our international hand-out schemes are concerned.

These schemes have become so involved that neither the American taxpayer, nor the Members of the United States Senate, know where we stand.

I want to recall the words of the Senator from Massachusetts in his speech of April 28 to prove this point:

The junior Senator from Michigan [Mr. FERGUSON] had the foresight last August to ask the Director of the Budget to secure information for him concerning United States technical assistance and exchange programs for certain other foreign expenditures.

I call attention at this time to the fact that it took the Director of the Budget 5 months to gather the material and to reply to the Senator from Michigan on February 8.

This, I think, might well be traced to the fact that many different agencies of the Federal Government are involved in one way or another.

I have been endeavoring to reconcile the figures the Senator from Michigan received and which he was good enough a few days ago to read into the Record of the Subcommittee on Appropriations for State, Commerce, and Judiciary with other figures which have been furnished me.

It is extremely difficult.

Mr. President, not only are we not able to get a clear and honest picture of the extent to which we are already underwriting point 4 projects, all over the world, but we still are bombarded with propaganda which continues to justify point 4 as another innocent addition to our foreign hand-out schemes in face of the fact that this point 4 program has been smuggled into ECA for wholly different reasons.

We should remember, Mr. President, that point 4 is tacked onto a program which is supposed to die in 1952, the ECA program.

First, Mr. President, I can see no reason for us to ignore the obvious intentions of our present Secretary of State as to what he intends to encompass under this point 4 provision.

On January 12, 1950, Dean Acheson delivered an address before the National Press Club.

During the question period that followed, Mr. Acheson attempted to lump all the questions which were asked into one big bundle, and answered them by saying:

I have tried to talk about what we have done in the past and what we intend to do so far as we can in the future.

What I have said, I think, indicates a continuity of effort and a continuity of principle.

We are hoping to get from the Congress broader and wider powers and more support to do what we have been doing more vigorously.

The President has a fund of \$75,000,000 which is available.

We are asking Congress under the point 4 program for authority and further funds and we are going ahead along the lines that we have gone ahead in the past but we hope with greater power and greater resources and greater funds.

Second, Mr. President, we know that Mr. Gordon Gray has been appointed by the President and a special policy group in the State Department has been appointed by Mr. Acheson, to draft a program to take over where ECA leaves off in 1952.

It is perfectly obvious that the projects anticipated under point 4 will form the basis for this new international scheme when ECA is formally terminated.

Third, Mr. President, during the past few weeks our Secretary of State has been in London, forcing an agreement with Atlantic Pact powers to draw into one over-all program our economic, financial, and military aid.

This program also, for the first time, attempts to relate what our right hand has been doing in Europe, with what our left hand has been doing in the Far East.

Today, I believe, Mr. Bevin has announced that England is going to seek recognition for Communist China in the United Nations, and yet Mr. Acheson just left London, where he had worked out an over-all program which will involve our economic, our financial, and our military aid.

Fourth, this new adventure in total diplomacy will saddle us with a whole new series of economic and financial burdens at the very time when Mr. Walter Lippmann warns us we are so far overextended and we have promised so much more than we can possibly deliver that our whole foreign policy is threatened with collapse.

Fifth, Mr. President, I want to give my colleagues a clear picture of how staggering these new involvements and financial burdens will become if we blindly underwrite point 4 by dragging it by the heels into this ECA authorization.

February 13, 1950, the New York Times commented on President Truman's inaugural address and his plea for point 4, by asking, "Why was President Truman so concerned about improving conditions in underdeveloped countries?"

The New York Times went on to say:

The fact is that the age-old poverty and misery of the masses of these areas have been aggravated by new conditions. First, living conditions have grown shockingly worse. Next, the people of Asia, the Far East, the Middle East, Africa, and Latin America * * * are learning for the first time how wretched they are. Practically the whole underprivileged world is seething with unrest.

Mr. President, to get a picture of how staggering and impossible the task is which the administration is asking us to assume under the point 4 program, I want to read the following facts into the RECORD from a report to the Foreign Policy Association by Harold H. Hutcheson:

The underdeveloped areas contain about three-quarters of the world's population, which is about 2,200,000,000 people. Yet they conduct only about 13 percent of world trade. They account for less than 8 percent of the world manufactures. The average person in these areas uses each year \$7 worth of factory made goods, compared to \$104 worth elsewhere in the world. The average income is about \$100, compared to \$1,300 in the United States. Two-thirds of the people depend upon agriculture for a living, compared to about one-fifth in the United States. Yet production per acre is the lowest in the world. Their soil is overworked and they lack fertilizer, water, farm machinery, and transportation. Sanitation and health standards are extremely low. Some of the countries are the most densely populated on earth. An official of the United Nations' Food and Agriculture Organization estimates that in order to provide a normal diet in 1960 the food supply would have to be increased 90 percent, taking population growth into consideration. The governments must

spend what money is available to import necessities and thus have no opportunity to build up their productive facilities. For revenue practically all of them have to depend on commodity taxes. An income tax is impossible, since the mass of the population has less than a subsistence income.

That is a picture of the situation we are supposed to correct, in addition to all the other things we are asked to do all over the world.

Sixth, I believe it is time that the United States Senate realized the implications of how point 4 fits into the communistic blueprint for the destruction of the western world. I am convinced from the evidence which I am about to introduce into the RECORD that point 4 is not only part of the communistic plan to force America to spend itself into bankruptcy and into financial destruction, but point 4 also cannot be dissociated from the tragic collapse of America's interests in China.

On April 27, 1950, before the Senate Foreign Relations Subcommittee, Mr. Earl Browder, jailbird, perjurer, traitor, admitted that he had served as an intermediary between the Communist forces in China and President Roosevelt. Mr. Browder said in a shocking commentary that went unchallenged:

I assume this information played a decisive role in reforming the American position in China.

Mr. President, here is a jailbird, perjurer, and traitor acting as an emissary between our Government and China, and he says:

I assume this information played a decisive role in reforming the American position in China.

That is a portion of the testimony he gave before the Foreign Relations Subcommittee. That statement, Mr. President went unchallenged.

At the same time Mr. Browder went far out of his way to clear Owen Lattimore of any Communist connections. I do not think it is difficult to understand why. So far as I am concerned, it does not make any difference whether these men charged by the Senator from Wisconsin [Mr. McCARTHY] with being Communists are actually card-carrying Communists because I am going to introduce into the RECORD shocking evidence of how far these men have gone to sabotage President Roosevelt's plain directive to support Chiang and the National Government at all times, and to sell America and China down the river into the hands of Russia.

Why, then, would Earl Browder want to admit that this is what men like Mr. Owen Lattimore and Mr. John Service and others had done? Would he want America to stop playing the Communist game, in which there is far more at stake than China. China is gone.

Mr. President, I ask that at this point in my remarks I may insert in the RECORD a radio broadcast from Moscow made on December 27, 1949, entitled "Stalin Foresaw Designed China Victory." I wish to have it inserted at this point in the RECORD.

There being no objection, the broadcast was ordered to be printed in the RECORD, as follows:

STALIN FORESAW, DESIGNED CHINA VICTORY

(Talk by Yurev)

In its long road—reaction at home—the Chinese people have won a great historic victory as a result of which the Chinese People's Republic has been set up. The main source of inspiration in this struggle has been the heroic Communist Party of China armed with the teachings of Lenin and Stalin. Mao Tse-tung in his article on the Dictatorship of the People's Democracy indicated that the Chinese have accepted Marxism as a result of its application by the Russians.

Before the October revolution the Chinese were not only ignorant of Lenin and Stalin, they were also ignorant of Marx and Engels. "The broadside of the October revolution carried to us Marxism-Leninism."

In their classics Lenin and Stalin showed that the national colonial question is a part of the question of the proletarian revolution and the dictatorship of the proletariat. Stalin teaches us that colonial and dependent peoples are transformed from a reserve of the imperialist bourgeoisie into a reserve of the revolutionary proletariat. This statement is fully confirmed by the entire experience of the struggle of the oppressed peoples for their emancipation. Stalin gave particular attention to the Chinese antifeudal and anti-imperialist revolution.

STALIN AID SURPASSED ANGLO-UNITED STATES ARMS

In his historic works written in 1925 and 1927 exclusively on the subject of the revolution in China, Stalin created a well-reasoned theory concerning the Chinese revolution. The entire world armed the Chinese proletariat and its vanguard the Communist Party with a mighty weapon immeasurably stronger than guns or aircraft with which the American and British imperialists armed their Chinese puppets. Stalin revealed the main laws governing the victory in China. He gave important advice to the Chinese revolutionaries, transmitted to them the wealth of experience of the All-Union Bolshevik Party.

Stalin rendered invaluable aid to the Chinese Communists in their struggle against the right-wing and left-wing opportunists seeking to cause the Chinese Communist Party to deviate from the Lenin path.

The greatest service of the nucleus of the Communist Party of China which rallied itself around Mao Tse-tung is the fact that it defeated opportunism and headed the struggle of the Chinese proletariat for the victory of the people's revolution. Stalin revealed the characteristic of China as a semicolonial country which the capitalist hierarchy combined with the domination of the remnants of feudalism. Stalin showed the links between imperialist domination and the maintenance of the oppression of the feudal remnants.

Stalin indicated the peculiarity of the combination of the domination of feudal remnants with the existence of commercial capital in the Chinese countryside with the simultaneous maintenance of feudal medieval methods of exploitation and oppression of the peasants. Stalin moreover noted that the oppression by the feudal remnants * * * by that of military * * * bureaucracy while imperialism maintains and strengthens this feudal bureaucratic machine. Stalin exposed the American, British, and Japanese imperialists as the organizers of the intervention in China, showing that intervention is by no means confined to troops and that the introduction of troops by no means forms the main characteristic of an intervention.

INTERVENTION IN FORM OF CIVIL WAR

As early as 1926 Stalin emphasized that under present-day conditions imperialism prefers to carry out intervention by organizing a civil war in the dependent countries,

financing counterrevolutionary forces and giving moral and financial support of the Chinese agents against the revolution. Stalin noted that the Chinese revolution is the union of two streams of the revolutionary movement: the movement against the feudal remnants and the movement against imperialism. Stalin indicated that the Chinese Communists must take into account national peculiarities and make use of the smallest opportunities to provide the proletariat with a mass ally, even if temporary and unreliable, and to be guided by the axiom that for political upbringing propaganda and agitation alone are insufficient, that the masses' own political experience is essential for this.

Stalin showed that the Chinese proletariat and its Communist Party can and must establish a stable union with the bulk of the peasant masses, can and must pursue joint activity with the national bourgeoisie and the small urban bourgeoisie while these classes oppose the capitalist and feudal domination. It was on this basis that the national united front was formed in 1924.

STRUGGLE WITHIN UNITED FRONT

At the same time Stalin pointed out that inside this united front there will be a struggle for * * * in the revolution between the proletariat and the national bourgeoisie. Stalin predicted two ways of development of the Chinese revolution. Either the national bourgeoisie will smash the proletariat by making a deal with imperialism and together with it will make an attack against the revolution so as to end it by establishing capitalist domination; or the proletariat will sweep away the national bourgeoisie, strengthen its hegemony, and lead in its wake the millions of workers of town and country so as to overcome the resistance of the national bourgeoisie, achieve complete victory of the bourgeois democratic revolution, and then gradually lead it onto the road of a Socialist revolution with all the inherent consequences.

1927 BOURGEOIS-IMPERIALIST DEAL

As is known, in 1927 the Chinese national bourgeoisie made a deal with imperialism. The revolution suffered a temporary defeat, the united forces of imperialism and domestic reaction proved for a time stronger than those of the Chinese revolution. The Trotskyite and Zinovievist enemies of the people despaired at the temporary defeat of the Chinese revolution.

Stalin gave a devastating reply to these agents of imperialism arming the Chinese revolutionaries with the prospects of further struggle for the liberation of the Chinese people. In the political report of the Central Party committee to the fifteenth congress of the All-Union Bolshevik Party Stalin pointed out: "The fact that the Chinese revolution has not yet brought about a complete victory over imperialism is of no decisive importance to the ultimate prospects of the revolution. Generally great popular revolutions never triumph fully in the first round. They grow and strengthen in a series of ebbing and flowing tides. This principle has always applied, including in Russia, and this is what will happen in China."

This prediction was entirely borne out by history in the heroic struggle of the Chinese people. Emerging from the severe test of the civil war between the years 1928-36, the anti-Japanese war of 1936-45, and finally the liberation war against both the American imperialism and the Kuomintang reaction, the great Chinese people achieved its historic victory. The people's revolution proved itself to be immeasurably stronger than the reactionary bloc of the Chinese feudalists and American imperialists.

NEW UNITED FRONT DIFFERENT

Under the new conditions which arose in China following the Second World War and

the intervention of American imperialism, the vanguard of the Chinese proletariat contrived once more to establish a united democratic front. This front includes not only the peasant masses but also the small urban bourgeoisie and the national bourgeoisie. The difference, however, between the present united front and that of 1924-27 lies in the fact that at present the question of its hegemony has been finally solved: The proletariat, around which have rallied the bulk of the masses of the Chinese peasants, has assumed undivided leadership in the victorious struggle of the Chinese people against imperialism, feudalism, and capitalist bureaucracy.

As early as 1926, Stalin showed clearly the inevitability of the establishment of the hegemony of the proletariat in the Chinese revolution. If the main sections of industry are concentrated in the hands of foreign imperialists, said Stalin, the big national bourgeoisie of China cannot but be weak and backward. It follows from this, however, that the role of the initiators and leaders of the Chinese revolution, the role of leader of the Chinese peasantry must inevitably go to the Chinese proletariat and its party.

The Chinese revolutionaries are successfully putting into being Stalin's statements that the proletariat must win over to its side mass allies even if they are unstable. There is no doubt that the united democratic front formed and * * * by the Chinese Communist Party is one of the chief factors in the historic victory of the Chinese people. The most notable thing about the Chinese revolution is the fact that China borders on the Soviet Union, whose revolutionary activity and whose assistance cannot fail to facilitate the struggle of the Chinese proletariat against imperialism and against the medieval feudal remnants in China.

The Soviet people led by the great Stalin has shown solidarity toward the Chinese people in all the stages of its many years of struggle for national and social freedom. The Soviet Union's defeat of Hitler's Germany and imperialist Japan created decisive conditions for a rapid development and strengthening of the democratic forces of China.

Mao Tse-tung emphasizes the importance of this factor for the victory of the Chinese people saying: "If the Soviet Union did not exist, had there been no victory in the anti-Fascist war, had, and this is of particular importance to us, Japanese imperialism not been defeated, had the people's democracies not arisen in Europe, then the pressure of the international reactionary forces would of course have been a great deal stronger than now. Could we have sustained our victory under those circumstances? Of course not. Equally, victory could not have been consolidated after its achievement."

Comrade Stalin's works emphasize the leading role of the military factor in the Chinese revolution. In his historic speech on the prospects of the revolution in China, Stalin indicated: "The revolutionary army of China, is a supreme factor in the struggle of the Chinese workers and peasants for their liberation. In China it is not a defenseless people that is resisting the armies of the old government but an armed people as represented by its revolutionary army. In China the armed revolution is fighting an armed counterrevolution. This is one of the peculiarities and one of the advantages of the Chinese revolution. In this also lies the particular importance of China's revolutionary army."

The Chinese Communists (basing) themselves on this splendid analysis of Stalin, in two decades created and trained the Chinese people's army numbering millions. The Chinese liberation army has grown into

a mighty force which has smashed the troops of the Kuomintang reaction buttressed by American imperialism. At the head of this army stands the experienced leaders, Mao Tse-tung, Chu Teh, Chou En-lai, and other stalwart revolutionaries.

IMPORTANCE OF MILITARY SCIENCE

They have carried out Stalin's indication that Chinese revolutionaries, including the Communists, must take to heart the matter of studying military science, that they must not regard military science as being of secondary nature.

At the same time Stalin warned the revolutionaries that it is impossible to vanquish the imperialists and the Chinese feudalists by military force only. Victory over the enemy can only be achieved with the help of the agrarian revolution under the leadership of the proletariat. As is known the Chinese Communists fulfilled this indication too.

Stalin also defined the nature of the future revolutionary rule in China, emphasizing in 1926 that this would be a transitory administration toward a noncapitalist China or, more correctly, a Socialist development of China. It is precisely an administration of this kind that the dictatorship of the popular democracy represents.

Speaking about the successes which the Chinese Communist Party achieved in the revolutionary period of 1925-27, Stalin said that these were among other things due to the fact that the party followed the teaching of Lenin. After the 1925-27 revolution the Chinese Communist Party achieved more successes and managed to bring the Chinese people to victory over imperialism and reaction at home. During the years of the Chinese revolution, Stalin said that the revolutionaries' capacity is inexhaustible; it has not yet shown itself to the full; this will show itself in the future. The rulers of the east and west who do not see this will suffer.

Mr. JENNER. That is a broadcast by Radio Moscow and I do not see how anyone can read it without realizing how the chief architects of our foreign policy in the Far East have followed the Communist Party line. When we put together Alger Hiss' perfidy at Yalta and the traitorous stabbing in the back of Chiang Kai-shek which was carried on by our State Department representatives, it is impossible for me to understand how any American can fail to see the connections.

Mr. President, as proof of these connections, I wish to debunk all the talk about our official line toward Chiang Kai-shek changing only after Japan had surrendered. I want to read into the RECORD an official memorandum entitled "Report No. 40, of October 10, 1944, From Mr. John S. Service to General Stilwell." This came from Mr. Service, who is still in the State Department.

Our dealings with Chiang Kai-shek apparently continue on the best basis of the unrealistic assumption that he is China and that he is necessary to our cause.

This memorandum was written in 1944. China was then our great ally. We were sending her lend-lease materials. We were sending her money. President Roosevelt had directed that we cooperate with Chiang Kai-shek. Mr. Service says:

It is time for the sake of the war and also for our future interests in China, that we take a more realistic line.

This was in October 1944.

The Kuomintang Government is in crisis. Recent defeats have exposed its military ineffectiveness and will hasten the approaching economic disaster. Passive inability to meet these crises in a constructive way, stubborn unwillingness to submerge selfish power-seeking in democratic unity, and the statements of Chiang himself to the Peoples Political Council and on October 10, are sufficient evidence of the bankruptcy of Kuomintang leadership.

With the glaring exposure of the Kuomintang's failure, dissatisfaction within China is growing rapidly. The prestige of the Party was never lower, and Chiang is losing the respect he once enjoyed as a leader.

In the present circumstances, the Kuomintang is dependent on American support for survival. But we are in no way dependent on the Kuomintang.

We do not need it for military reasons. It has lost the southern airbases and cannot hold any section of the seacoast. Without drastic reforms—which must have a political base—its armies cannot fight the Japanese effectively no matter how many arms we give them. But it will not permit these reforms because its war against Japan is secondary to its desire to maintain its own undemocratic power.

On the other hand, neither the Kuomintang nor any other Chinese regime, because of the sentiment of the people, can refuse American forces the use of Chinese territory against the Japanese. And the Kuomintang's attitude prevents the utilization of other forces, such as the Communist or Provincial troops, who should be more useful than the Kuomintang's demoralized armies.

We need not fear Kuomintang's surrender or opposition. The Party and Chiang will stick to us because our victory is certain and is their only hope for continued power.

But our support of the Kuomintang will not stop its normally traitorous relations with the enemy and will only encourage it to continue sowing the seeds of future civil war by plotting with the present puppets for eventual consolidation of the occupied territories against the Communist-led forces of popular resistance.

We need not fear the collapse of the Kuomintang Government. All the other groups in China want to defend themselves and fight Japan. Any new government under any other than the present reactionary control will be more cooperative and better able to mobilize the country.

Actually, by continued and exclusive support of the Kuomintang we tend to prevent the reforms and democratic reorganization of the government which are essential for the revitalization of China's war effort. Encouraged by our support the Kuomintang will continue in its present course, progressively losing the confidence of the people and becoming more and more impotent. Ignored by us, and excluded from the Government and joint prosecution of the war, the Communists and other groups will be forced to guard their own interests by more direct opposition.

We need not support the Kuomintang for international political reasons. The day when it was expedient to inflate Chiang's status to one of the big four is past, because with the obvious certainty of defeat Japan's Pan-Asia propaganda loses its effectiveness. We cannot hope that China under the present Kuomintang can be an effective balance to Soviet Russia, Japan, or the British Empire in the Far East.

On the contrary, artificial inflation of Chiang's status can only add to his unreasonableness. The example of a democratic, nonimperialistic China will be much better counterpropaganda in Asia than the present regime, which even in books like China's Destiny, hypnotizes itself with ideas of con-

solidating minority nations (such as Tibet and Mongolia), recovering lost territories (such as the Southern Peninsula), and protecting the rights and at the same time national ties of its numerous emigrants (to such areas as Thailand, Malaya, and the East Indies). Finally, the perpetuation in power of the present Kuomintang can only mean a weak and disunited China—a sure cause of international involvements in the Far East. The key to stability must be a strong, unified China. This can be accomplished only on a democratic foundation.

We need not support Chiang in the belief that he represents pro-American or democratic China. All the people and all other political groups of importance in China are friendly to the United States and look to it for the salvation of the country, now and after the war.

In fact, Chiang has lost the confidence and respect of most of the American-educated, democratically minded liberals and intellectuals. The Chen brothers, military, and secret police cliques which control the party and are Chiang's main supports are the most chauvinist elements in the country. The present party ideology, as shown in Chiang's own books China's Destiny and Chinese Economic Theory, is fundamentally antiforeign and antidemocratic, both politically and economically.

Finally, we need feel no ties of gratitude to Chiang. The men he has kept around him have proved selfish and corrupt, incapable and obstructive. Chiang's own dealings with us have been an opportunist combination of extravagant demands and unfilled promises, wheedling and bargaining, bluff and blackmail. Chiang did not resist Japan until forced by his own people. He has fought only passively—not daring to mobilize his own people. He has sought to have us save him—so that he can continue his conquest of his own country. In the process, he has worked us for all we were worth.

We seem to forget that Chiang is an Oriental; that his background and vision are limited; that his position is built on skill as an extremely adroit political manipulator and a stubborn, shrewd bargainer; that he mistakes kindness and flattery for weakness; and that he listens to his own instrument of force rather than reason.

Our policy toward China should be guided by two facts. First, we cannot hope to deal successfully with Chiang without being hard-boiled. Second, we cannot hope to solve China's problems (which are now our problems) without consideration of the opposition forces—Communist, provincial, and liberal.

The parallel with Yugoslavia has been drawn before but is becoming more and more apt. It is as impractical to seek Chinese unity the use of the Communist forces, and the mobilization of the population in the rapidly growing occupied areas by discussion in Chungking with the Kuomintang alone as it was to seek the solution of these problems through Mikhailovitch and King Peter's government in London, ignoring Tito. We should not be swayed by pleas of the danger of China's collapse. This is an old trick of Chiang's.

There may be a collapse of the Kuomintang government; but it will not be the collapse of China's resistance. There may be a period of some confusion, but the eventual gains of the Kuomintang's collapse will more than make up for this. The crisis itself makes reform more urgent—and at the same time increases the weight of our influence. The crisis is the time to push—not to relax.

We should not let Chiang divert us from the important questions by wasting time in futile discussion as to who is to be American commander. This is an obvious subterfuge.

There is only one man qualified by experience for the job. And the fact is that

no one who knows anything about China and is concerned over American rather than Chiang's interests will satisfy Chiang.

We should end the hollow pretense that China is unified and that we can talk only to Chiang. This puts the trump card in Chiang's hands.

Public announcement that the President's representative had made a visit to the Communist capital at Yenan would have significance that no Chinese would miss—least of all the Generalissimo. The effect would be great even if it were only a demonstration with no real consultation. But it should be more than a mere demonstration; we must, for instance, plan on eventual use of the Communist armies and this cannot be purely on Kuomintang terms.

Finally if these steps do not succeed, we should stop veiling our negotiations with China in complete secrecy. This shields Chiang and is the voluntary abandonment of our strongest weapon.

Chinese public opinion would swing violently against Chiang if he were shown obstructive and noncooperative with the United States. We should not be misled by the relatively very few Kuomintang diehards; they are not the people. The Kuomintang government could not withstand public belief that the United States was considering withdrawal of military support or recognition of the Kuomintang as the leader of Chinese resistance.

More than ever, we hold all the aces in Chiang's poker game. It is time we start playing them.

J. S.
John S. Service.

OCTOBER 10, 1944.

Mr. President, I desire to insert in the RECORD also a copy of the congratulatory telegram dated November 28, 1949, which was sent by Eugene Dennis, general secretary of the Communist Party of the United States of America, to China's new Communist leader, Mao Tse-tung.

THE PRESIDING OFFICER (Mr. THYE in the chair). Is there objection?

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

CHINA, January 5, 1950.

DEAR COMRADE MAO: Throughout the long months of our trial, we were heartened by the inspiring achievements of the great Chinese people and their glorious vanguard, the Communist Party. We rejoiced that our friend, the new China, was inflicting defeat and disgrace on the imperialist rulers of America, who are violating justice by their false accusations against our party and its leaders.

The victory of the Chinese people represents even more than the liberation of 450,000,000 human beings from the age-old tyranny of feudal reaction and the yoke of foreign imperialism.

CAUSE OF WORLD PEACE

The establishment of the Chinese People's Republic is of historic significance for the consolidation of the cause of world peace. It has enormously strengthened the world camp of peace, freedom and socialism. It has thus also contributed much to the American people's struggle against the triple threat of economic crisis, fascism, and suicidal war created by Wall Street's desperate efforts to save monopoly's doomed social system.

We know that the American imperialists, thwarted in their schemes for world domination by the forces of peace, socialism, and democracy, whose leader is the invincible Soviet Union, will intensify their attacks on our vanguard party and on all democratic and peace-loving elements in our country.

BITTER STRUGGLE AHEAD

For us, and for the peoples of the Marshallized countries, the biggest and most bitter struggle still lies ahead. But we are mindful of the enormous difficulties overcome by the world camp of peace and social progress, and especially of the 20-year struggle of the magnificent Chinese Communist Party, which is now crowned with victory. Your expression of international working class solidarity is therefore deeply appreciated, and raises still higher our confidence in our party, our working class, and our people.

For a pact of peace and friendship of the United States and China, the Soviet Union, Great Britain, and France.

Long live the friendship of the American and Chinese peoples. Long live the Chinese People's Republic and its Communist leaders. Victory to the world camp of peace, national liberation, and socialism.

EUGENE DENNIS,
General Secretary.

Mr. JENNER. Mr. President, in the light of these facts, just these facts alone, Mr. President, how can anyone take seriously Senator TYDINGS' white-wash of the supporters of this Communist line, whose position he described as just coincidence?

I want to go back to the Moscow broadcast of December 27, 1949, which I had inserted in the RECORD, to show that point 4 is also directly connected to the collapse of China in the Communist strategy.

In this broadcast the Russian people were told:

In their classics Lenin and Stalin said that the national colonial question is a part of the question of the proletarian revolution and the dictatorship of the proletariat.

Stalin teaches us that colonial and dependent (peoples are transformed) * * * from a reserve of the imperialist bourgeoisie into a reserve of the revolutionary proletariat. * * * Stalin gave particular attention to the Chinese antifederal and anti-imperialist revolution.

In other words, the Communist strategy for provoking the Western World into its own self-destruction has received a twofold impetus with the fall of China. For as this Moscow broadcast points out, there were two revolutions sponsored by and financed by Moscow which have taken place in China.

First was the Chinese revolt against domestic feudalism, war lords, and tyrannical bureaucracy; the second was the revolution against imperialist exploitation of Chiang by outside powers, and this second revolution took place within one of the most impoverished, backward, and undeveloped areas of the world.

Now, Mr. President, it develops that Mr. Earl Browder, who was so anxious to protect Mr. Lattimore, is himself one of the Communist architects and advocates of the point 4 program, which was designed in Moscow to finance revolutionary movements in the underdeveloped, backward areas against exploitation by the western imperial powers, at the very time when those powers could no longer protect their vested interests.

I want to read to my colleagues from the book, *Tehran, Our Path in War and Peace*, written by Earl Russell Browder, published in 1944—about the same time John Service was mailing his memoran-

dum to General Stilwell—by International Publishers, Inc., New York City. On page 12 Mr. Browder quotes from the declaration of Tehran which was signed by Roosevelt, Churchill, and Stalin:

Our nations shall work together in the war and in the peace that will follow.

Then, Mr. President, I want to read from page 48 how Mr. Browder described the way in which Russia and the United States will work together in the peace:

A policy directed toward realizing a great market in Asia for American products must be directed, therefore, toward abolishing the colonial system and its replacement by a system of free, self-governing, unified nations.

Colonial or semicolonial regimes provide narrow and restricted markets, while independent, self-governing nations provide expanding markets.

Again on page 51, Mr. Browder goes on to describe in glowing terms what a wonderful thing America's financing of point 4 would be:

An American policy for Africa, to be practical, must have certain features which we can already define with a degree of exactitude:

It must be a policy which is made possible by America's participation in it;

That is, America must raise all Africa's problems to a higher level by the very act of committing America to participate in their solution, making a contribution no other country could make.

It must be a policy which does not weaken the relative position of Britain and France vis-à-vis America, either in the world in general or in specific relation to Africa.

And, finally, it must be a policy which will immediately set in motion the economic and political advancement of the African peoples themselves. * * *

America can underwrite a gigantic program of the industrialization of Africa, to be launched immediately at the conclusion of the war, at the moment that America's war industries can shift over to peacetime production.

No other country could do this but America, and to have such markets as this immediately available after the war is one of the most pressing postwar needs of America.

Such an African industrialization program would immediately furnish a basis for solving a thousand problems hitherto insoluble, and among them the most important problems.

If Earl Browder had written point 4 he could not have done a better job.

Mr. President, I do not know whether Mr. Haldore Hanson is a card-carrying Communist or not, but I do know that, as head of the State Department's technical staff on point 4, he is helping to draft this basic program, which the Communists in the Politburo in Moscow are counting on as essential in their expanding conquest of the Western World.

Therefore, Mr. President, again I want to warn my colleagues and the American people that we are being sucked ever deeper into Communist booby traps all over the world.

That the basic policies we are following and the new secret commitments that are now in the making cannot help but play directly into the hands of Stalin.

Mr. President, I ask unanimous consent that the article by Edna Lonigan, *What Lies in Point 4* published in the April issue of *American Affairs*, be in-

corporated in the body of the RECORD to conclude my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHAT LIES IN POINT 4

(By Edna Lonigan)

(NOTE.—Point 4 has had a wonderful prenatal life. It was conceived in January 1949. When it is born it will find an official emblem waiting for it—a kind of heraldic device made up of draftsman's tools by the State Department to decorate the cover of what is perhaps the most romantic state document in all the archives. To put the theme in your eyes there is a full page illustration showing the land masses of the earth in white, gray, and black, and under this six human figures, four of them white, one gray, and one black. The four white figures belong to the white land masses and represent that two-thirds of the whole world that is underdeveloped. The one gray figure belongs to the gray land masses, and represents that part of the world that is in a state of intermediate development. Thus you see at a glance what a task devolves upon the one black figure, who is one-sixth of the human race and alone is developed. Point 4 is his job in a general sense; he must uplift the one gray figure and the four white figures. Actually it is more heroic than that, because the black figure is itself in trouble. The weight of point 4 will rest principally on a small figure that is missing from the illustration, namely, one to represent the United States, which is the only great surplus nation in the world and has only one-fifteenth of its population. Speaking of the 1,500,000,000 underdeveloped people the State Department says: "These people in recent years have been stirred by a growing awareness of the possibilities of human advancement. They are seeking a fuller life and striving to realize their full capabilities. They aspire toward a higher standard of living, better health, and physical well-being. Under present circumstances their poverty is not merely a handicap to themselves. By leaving them unable to fulfill their reasonable aspirations, their misery makes them fertile ground for any ideology which will hold out to them promise, however false, of means toward a better life." Point 4 will be born when the Congress passes a law to authorize and clothe it. For that purpose several bills are pending. They do not name any specific sum of money. They say, all of them, something like this: "There are hereby authorized to be appropriated such sums as may be necessary."—Editor.)

I

In a few words of his inaugural address, January 20, 1949, making the first announcement of point 4, President Truman revealed both the philosophy and the outline of a program that put the whole world agog. He said:

"More than half the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. * * * We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas. * * * We should make available * * * the benefits of our store of technical knowledge. * * * And in cooperation with other nations we should foster capital investment in areas needing development. * * * This program can greatly increase the industrial activity in other Nations and can raise substantially their standards of living."

There is no ground for the frequently expressed opinion that the plan is vague, ill-formed, small, or tentative. It is clear and admirably designed for its purpose.

Point 4 extends the Marshall plan to the globe, and makes it permanent. One of its effects will be continue control by Government of the Nation's capital fund as other arguments for doing so may lose their force.

It is the capstone on a global new deal. Instead of "one-third of a nation" ill-fed, ill-housed, ill-clad, we have "more than half the people of the world" in need of "more food, more clothing, more materials for housing."

The program has two prongs: (a) The Government will employ and direct a group of technicians, who will administer the program. (b) Private owners of capital will be invited to supply the funds, within a "climate" provided by Government, that is, with wages, hours, costs, and profits, subject to Government regulation.

From this bold new program it does not follow that we shall give or lend an additional dollar of capital to the underdeveloped people, nor that our technical aid will be increased at all. What does happen is that the management of what we give and lend is transferred from private hands to government.

Bills have already been introduced into Congress to authorize the American Government to provide technical assistance to underdeveloped people of the world, and to insure private investors against the risks of confiscation of plant or earnings, or the inability to convert foreign money into dollars when they want to bring their profits home.

These technical staffs will not be charged to foreign aid. They will be recruited from the Public Health Service, Social Security, and other familiar agencies. They will be paid for under the regular appropriations.

By thus setting up a managerial staff, scattered throughout the Federal bureaucracy, and by enticing private investors to supply the capital, it is possible for the President to commit the country permanently to the entire program of point 4, by asking at first for very small appropriations, like \$25,000,000 for the Export-Import Bank to guarantee private loans, and a few millions for additional technical aid.

It is no part of the plan to reveal beforehand the total or ultimate cost of the bold new program. All we know for sure is that Undersecretary James Webb said it was to go on for 10 to 50 years.

One curious fact is that the President already has all the powers he needs to carry out a program of technical aid, as several Members of Congress pointed out at the hearings on the International Cooperation Act of 1949, before the Committee on Foreign Affairs, House of Representatives, Eighty-first Congress, first session. We are in fact deep in that program now. Nevertheless, point 4 must be dramatized by hearings, debate, and propaganda to build up public favor and to quiet criticism.

The program for mobilizing public opinion is being carried out by the same technique of indoctrinating groups of people through literature, state papers, meetings, public speeches, and the rest, which was used so effectively to mobilize the opinion of women's clubs, unions, and other groups favorable to welfare in the campaign for health insurance.

Some apparent confusion is introduced by the fact that the United States Government is to administer part of this program directly and part through its ties to the United Nations Budget and Secretariat. At the same time, the United Nations has a parallel program with its own technical staff, including representatives of the borrowing nations, and has plans for raising capital both from the United States and by forced saving in the underdeveloped areas.

These differences are all reconciled in one larger process, which is that of gradually

extending political control over investment capital, by means of a planning elite or technical aristocracy in the service of a political power. The effectiveness of this method can be seen if you look at public housing, in which a small technical staff in Government learned to direct and guide a huge volume of private capital invested in Government enterprises.

This is not the Governments first attempt to enter the field of long-term investment. Capital investment still remains, however, the last relatively open area of our economy. Interventionism appeared first on the periphery, in the field of relief. It has been steadily moving toward the heartland of investment, the source of all earnings and of all welfare.

II

Before we can gage the effects of the bold new program we have to note first how the free private economy has hitherto brought technical aid and capital goods to the underdeveloped areas.

We have been dealing with these areas for centuries, through trade and loans. Private investment loans are the sale of capital goods to poorer countries on the installment plan. When countries without capital needed railroads or steam engines, they borrowed the money to pay for them from private investors. They bought the equipment outright and paid the investors back over a series of years. In this way, the workers in poorer countries benefited because they got jobs building canals or railroads, or making steel, long before the country was rich enough to have saved the capital itself. The workers in the richer (lending) countries benefited because they could find jobs making locomotives and machinery, for people too poor to buy them outright.

The United States is the classic example of an "undeveloped area" industrialized by foreign investment. The English lent us money to build railroads and canals when we were too poor to assemble so much capital. We used the railroads to bring farm products out of the Middle West for export, and used our earnings to import machinery for our factories. Soon we made enough money to pay the British off, and then to lend money ourselves to Europe and Latin America.

President Truman might call this "the old imperialism, the exploitation for foreign profit." Would we be better off if the Middle West still sent its grain by boat down the Mississippi and the trip to California had to be made by way of Cape Horn?

In addition to loans, we had a very effective method for bringing capital and technical knowledge to backward areas by gifts through churches, foundations, colleges, and other voluntary organizations which we financed out of the fruits of our industry.

By a brilliant meshing of our loans and gifts we have been training Greeks, Arabs, Indians, Chinese, and Latin Americans in our technology and enterprise for many years. The Agricultural Missions Foundation has been training young Chinese in better farming methods, and in self-help cooperatives. The Near East Foundation has been teaching Greek and Arab youngsters to exterminate mosquitoes, test seeds and market farm products. The Rockefeller Foundation has sent some of the world's greatest doctors to teach sanitation and to find a cure for tropical diseases in Latin America and Asia. Henry Ford helped train the "Bailie boys" from China in methods of American industry, as he trained young boys from Alabama.

The purpose of private or economic investment was to direct savings into the most productive channels, so that the capital fund could be kept intact, and used again and again. Thus our savings were the source of constantly increasing employment and

earnings, as they were planted again and again, and produced harvest after harvest.

A clear distinction was always maintained between loans and gifts. Loans were made from savings, under an agreement that they were to be repaid. Gifts were made from outright contributions which the giver did not expect to have repaid. Gifts were used for education and health services, where the benefit in increased earnings was slow to show itself. The welfare fund did not renew itself, but, since it was provided entirely out of earnings, it created no debt and did not lower employment and wages at home.

No nation in history has ever had so magnificent a system for sharing the fruits of its work and skill with people of other nations. The President cannot be embarking on point 4 because we have not been helping underdeveloped areas.

III

The Government's new program abandons the distinction between loans and gifts. All questions of costs are therefore completely blurred.

They have substituted a new distinction between capital and technical assistance which serves no economic purpose. Technicians are as much part of capital costs as machines or any other roundabout expense. Private investors have always supplied technicians as well as equipment, whether at the Dniekrostroy Dam or the Tata Steel works in India.

The new distinction is political. Under point 4, the technicians will be Government employees. Thus the steering or direction of the new program is to be safe in the hands of the Government leaders. Capital will be privately owned or privately administered, but under Government steering.

How is private capital to be drawn in? Private investors will be given insurance against special risks, such as the inconvertibility of other money into dollars, confiscation, or political upset.

It seems a bit fantastic that the American Government should subsidize foreign nations to maintain inconvertible currencies and then subsidize American firms to meet the losses. It is even more fantastic that our Government should guarantee industries against losses like Hitler's seizure of power in Germany or Russian seizure of Czechoslovakia.

There is, of course, no actuarial factor in such insurance. The State Department refers to this as an indeterminate cost factor. That is a pleasant way to say that the Government does not have to make costs and revenues fit.

Why should private investors accept Government insurance against nonbusiness risks? It is no part of the tradition of free capitalism to buy and sell only where political order can be guaranteed by the state. French and Spanish merchants waited for the establishment of order by government, but the early English merchants went wherever trade was to be found, and brought their own order with them.

Free capitalism grew up in a world of war, robbery, piracy, at home and abroad. It expected treachery of governments. It established its own islands of order, and in time made limited government possible.

If businessmen accept the role assigned to them in the new private enterprise, they will eagerly seek Government orders, Government guaranties, Government support prices, and Government regulation of wages and profits. If they do, then the capital in the hands of private agencies will for all practical purposes be fully and freely at the disposal of the political leaders.

The heads of foundations and other philanthropies will be urged, by similar offers of cooperation, to put their capital and experience at the disposal of the Government planners. Heads of universities will be urged

to open their facilities to those projects and scholars whom the Government selects. Promotion and prestige will go, on the faculties, to the men who cooperate with Government. The teachers and scholars who might be tempted to criticize Government finance or centralized control will form a dwindling insignificant minority, whose opinions can be ignored.

Private missionary agencies will be invited to cooperate and promised grants-in-aid, if they support point 4, as health and welfare agencies were promised grants under the Federal health program. The support of nonprofit agencies high in the opinion of the public will be invaluable to the Government in the task of molding public opinion to accept without critical analysis a program with so humanitarian a label.

Mr. Oscar Ewing, the Social Security Administrator, said to Congress: "If we can get church organizations to do a thing, particularly if they can do it better, we certainly would be silly not to utilize them to the fullest extent, and do it through grants."

From the administration's point of view, the second function of private business and the foundations will be to supply enough know-how to keep the Government projects from making conspicuous (politically costly) errors. Economic losses are not serious but public ridicule might be.

The Government will pick the brains of businessmen with experience in industrialization and foreign loans, until its staffs have learned how to get on without them.

As soon as point 4 was unveiled to the public, a stream of ideas, suggestions, and criticisms poured into Washington from people of experience advising them what were the hazards they were about to face. The staffs of State, Commerce, Treasury and other departments sifted these suggestions, disregarded those which explained how to operate economically, but took over those which explained how to operate efficiently, in the physical sense, so that there would be no visible breakdowns.

This is the method by which a spending government can commandeer all the practical working knowledge of technical matters that it needs—by letting private industry and nonprofit bodies give it to them.

Private firms cannot keep their present monopoly of the knowledge of economic operation if the government sets its suction pumps to pulling the knowledge from them. Every bit of business experience that is of value to the strengthening of big government can be skimmed off for future use.

Of course, the administration does not spell out any plan to take all investment under political management. It is only offering to help, by taking over the "unmanageable surplus" of our industries.

Federal management of farming began with the Federal Farm Board, which tried to take care of our unmanageable surpluses of wheat and cotton. The people who tried the experiment, for a temporary emergency in President Hoover's administration, knew that economically they had failed. But they did not realize that to the technicians of government control their experiment was a complete success. They sold the idea to the New Deal as the AAA, and it gets bigger every year.

The American public does not hear much about our "unmanageable surpluses" of locomotives, tractors, road machinery, and electrical equipment. But the European press, and our propagandist literature, are full of statements that Europe must "help" us by taking the streams of trucks and tractors that we are eager to give away.

The belief that our heavy industries must get into a position of extreme "overproduction," with a large unmanageable surplus, is a cardinal principle both of the Russian Marxists and those in the Socialist Labor Party. The Marxists are as sure of the ulti-

mate breakdown of the heavy industries through collapse of our capital goods market as they are that the sun will rise.

The collectivists believe that they can persuade the businessmen who make capital goods to fear surpluses, as farmers and labor unions now do, and so make them responsive to Government promises to buy their output at prices the people of the Nation cannot afford to pay.

Producers' goods are as dependent as corn or wheat on the axiom that where there is "overproduction" at a given price, the price is too high. The price verdict of the free market is kinder in the long run—however harsh its verdict—than the Government's promise to move surpluses by using printing-press money to buy them.

We need only remember that when the Government guarantees a loan it is encouraging buyers who cannot afford to buy. When the Government provides working capital it encourages producers who cannot produce at prices the free market can pay. Government purchase of output is capital destruction. And Government purchase of output abroad is putting foreign workers on a dole paid by workers in our country.

Each of these plans has a *raison d'être* from the Government's point of view. It brings about political intervention in costs or prices within the private firm. A small amount of political intervention in internal costs acts like a small stream in the cleft of a rock. The dislocations of a little interventionism always lead to more intervention. The first effects of Government marketing of surplus tractors and freight cars and generators will be like those in cotton and wheat in the 1930's—price inflation in producer goods, larger and more unmanageable surpluses of tractors and freight cars, a much more painful price drop if producers tried to return to true economic prices in a free market, and the continuous growth of vested interests urging newer and better price supports.

IV

The State Department has summarized our present commitments in its Foreign Affairs Outlines. Building the Peace, No. 21, issued in the spring of 1949.

The Interdepartmental Committee on Scientific and Cultural Cooperation is the vehicle for our exchange of technical help with other American Republics. This committee coordinates the work of 25 departments and agencies of the Federal Government. Projects are under way in agriculture, public health, labor, social security, fiscal administration, transportation, mining, and geology.

The United States lends experts and undertakes field work and trains personnel both on the spot and in universities and technical schools in this country.

As the State Department tactfully puts it, "Latin American countries contributed \$3 to every dollar expended by this country in programs carried out during the latter (sic) half of 1948." That means, in the simpler language of Calvin Coolidge or Abraham Lincoln, that American workers in farm or factory or at their desks, paid 25 cents for every 75 cents spent in Latin America on raising farm and industrial output and increasing the population of nations which cannot feed their present population.

The State Department calls this a "surprisingly low cost." It mentions the budget of the Interdepartmental Committee, but does not mention the costs incurred by the 25 cooperating agencies.

This is not of course confined to Latin America. The Smith-Mundt Act, passed in January 1948, authorized the administration to expand these activities on a worldwide basis, which goes to show how closely the camel's nose is attached to his neck.

There is also the Institute of Inter-American Affairs, a Government corporation,

not a bureau. It was chartered in August, 1947. It has what the State Department calls "wide latitude" in the choice of projects and "the time and money to be spent on them."

It sets up agencies known as *servicios*, staffed jointly with American and local administrators and technicians and "jointly financed and administered" by both the United States and the beneficiaries. The experts work under the ministry of the local government or with private firms. They establish health centers, construct hospitals, and laboratories and schools of nursing and hygiene. They have 1,200 scholarships for training technicians in the United States and local training centers for 7,500 people in Latin America. We are engaged therefore in requiring that young technicians in Latin America who wish to come to this country must have the approval of their governments before the doors of opportunity are opened to them.

The receiving government gradually assumes "increasing" responsibility for operating costs. When the United States withdraws, the projects become the property of the local government.

This is only one of the resemblances between the *servicios* and the machine tractor stations in Soviet Russia; by means of which the central government has an agency of its own in every village and hamlet in the land. For example in Peru, we have set up a nationwide agricultural extension service, with a "machinery pool," as well as seeds, trees and insecticides. But what local areas will disagree with the central government, when the central government owns all the farm equipment in the district?

The President has already asked for extension of the Institute's charter until 1955, and a "further request may be made," says the State Department, to extend the Institute "outside the Western Hemisphere."

American experts are helping the Mexican Government with mining and metallurgical techniques. We have geologists in Brazil helping that government locate minerals. In aeronautics we have government field parties in five Latin American countries. In Brazil they followed the quaint practice of having the Brazilian Government itself hire and pay American aeronautical engineers.

It is obvious now that by building up a large staff of technicians, and "giving" their services to foreign governments on a government-to-government basis, the administration is exerting tremendous pressure all over the world in favor of government control of the new industries that arise, and in favor of the planned economy, whether the people of those countries want their governments to control them or not.

Likewise when foreign technical students come here they are given a thorough course in the Public Roads Administration, TVA, the Public Health Service, and other planning agencies, before they are sent to private colleges which might still hold to the idea of economic life free from governmental direction.

Technical assistance projects under ECA include (1) increasing industrial productivity, (2) increasing farm productivity, (3) man power utilization and "conditions of employment," (4) market surveys, (5) governmental administration and (6) colonial development. The last is of course point 4 for "undeveloped areas" owned by European nations.

The Export-Import Bank also makes technical surveys. A large variety of UN agencies are doing likewise. All the really alert Federal and UN agencies are "empire building" their technical staffs.

We can take it for granted that every bureau and agency, no matter how small, will find increased need for technical men, and will discover that its mandate requires it to carry on its operations in foreign countries.

This sudden building up of technical staffs has the greatest political significance.

In economics, technicians do not play the decisive role in investment. The most important role is that of the enterprisers, the men who know how to direct new ventures into the right channels at the start. In the whole literature of point 4 there is no mention of the men who are to have over-all direction of these investments.

Government does not need economic enterprisers. Private enterprisers have to find productive uses for their capital or they do not get their capital back, and they soon cease to be capitalists. The Government is not subject to that annoying restriction because it gets its capital through the taxing power. "Losses" no longer have any meaning. "Costs" no longer have any meaning. Government can operate with any cost structure and any margin of error, because the producers of the Nation can be compelled to make up the losses. Government has no incentive to low-cost operation. It has the strongest incentives to high-cost operation.

Another reason why the bold new program does not call for a staff of enterprisers before it hires its technicians is the Marxian dogma that capital is automatically profitable, it reproduces itself without any attention, and so the enterpriser performs no function for his profits. It doesn't make any difference how capital is spent. There is always more where the last came from.

Marxians are as enthusiastic about technicians as they are skeptical about enterprisers. Technicians are "workers." Also they are numerous and easily organized. They are part of the discontented intellectual class, from whom the collectivists have won so many recruits.

In addition to the somewhat mystical enthusiasm for technicians on the part of the true Marxists, more earthy politicians have been eager to draw experts onto the Government payroll, because they are part of the ideological front, behind which the change to the European pattern of government is going on.

Everyone knows technicians are intelligent, idealistic, good, public-spirited. If a government employs great numbers of them, it must be a good government. Both the technicians and the public will believe it is.

Point 4 is skillfully designed to hold out to the young biologist, soil chemist, public-health doctor or engineer the vision of new opportunities to use his talents to serve the people. This is the same technique by which the social workers were won over to collectivism through WPA, and the young doctors and nurses to socialized medicine.

George Allen, Assistant Secretary of State, said to the American Society of Engineering Education, "I can assure you that engineering will play a prominent part in the program, and subject to approval by the United States Congress, and by other countries * * * hundreds of American and other engineers will be going annually to assist the governments of underdeveloped areas of the world."

Point 4 is an appeal to all the bright young technical men in the world to get on a government payroll. It is part of the attempt to concentrate in government virtually the whole of the secondary intellectual class.

What benefits can we expect from this sudden eruption of politically governed foreign investment?

A precise statement of the economic problem of political investment is given by the International Bank for Reconstruction and Development in its press release No. 134, for May 11, 1949.

Lest we forget, the bank was set up at Bretton Woods, to give us once and for all the perfect machinery for the reconstruction of underdeveloped areas.

The release says: "The bank will not be deflected from its determination to make loans only for sound and productive projects. For the efficient canalization of savings is as essential on the international plane as it is on the domestic. Any organization which lowered its standards in this respect would be guilty of waste for the sake of an ostensibly humanitarian gesture. The bank has no intention of so abusing its responsibilities."

"This does not mean, of course, that the bank finances only projects which pass private investment criteria. To the contrary * * * its purpose is to finance projects involving risks which private investors are unable or unwilling to assume."

The report goes on: "Since loans made by the bank are on terms which are not designed to make any substantial profit, it is clear that any greater liberality * * * would amount simply to disguised intergovernmental grants."

It is the more distressing therefore to find evidence of a recent sharp change to a policy of "going along with" the new program. The bank suddenly announced on June 30, 1949, that it was sending to Colombia a nine-man team of experts, headed by Lauchlin Currie. His committee is to study not specific long-term loans, but Colombia's "over-all economy." Its staff includes not only economists but experts on welfare from the WHO and FAO.

The results of shifting from specific economic loans to over-all welfare loans may be tested by examining the results of our 15 years of political investment in Puerto Rico.

Puerto Rico is the classic case of American governmental aid to "undeveloped areas." The original program for this aid was drafted in 1934 by Luis Muñoz-Marín at the suggestion of R. G. Tugwell and Mrs. Franklin D. Roosevelt. Newspaper statements, like that in Time for May 2, 1949, saying that the Tugwell program was set up in 1941, ignore the early stages of the planning which did not get into the record.

There was first the Chardon plan, based throughout on the Marxian assumption that the sugar companies and other large firms had made no contribution to the island but only extracted revenue from it.

It proposed that the Federal Government provide the capital to buy the sugar company lands and centrals, and give them to the Puerto Rican landowners. In addition the Federal Government was to undertake a variety of welfare projects on the island.

In 1934 a special committee was sent down to investigate the adequacy of the plan. The committee found that the sugar industry profits were based on American engineering skill, and the sugar industry had actually trained many young Puerto Ricans in our technical arts.

The committee found that the planners had missed the real problem. American health and sanitation measures had lowered the death rate so greatly as to lead to disastrous overpopulation. The committee urged the immediate cessation of relief, doles and every form of American subsidy, and a shift of policy to training the Puerto Ricans in strict production.

What happened is a side light on Government planning. The Chardon group borrowed from the committee's report everything which was useful to the planners, and filed the rest.

Although the Chardon plan was manifestly ruinous to the Puerto Rican economy and a good plan for self-help was available, the Federal Government poured millions into the plan for buying up the sugar lands from

those who knew how to operate them efficiently.

Why didn't this socialist utopia hit the rocks? Because, as with English socialism, our Government continued to siphon the earnings of Americans into political spending on the island. When peacetime spending might have come to an end, and let the socialist skeleton in our closet out into the light, American military spending supported the island's economy, high up on artificial wages set by the New Deal's welfare agencies.

The good showing of our socialist experiment in Puerto Rico rests entirely on the red ink in the Federal budget in Washington.

The net result of 15 years of "planning" is that the population of the overcrowded island increased by another half a million, although a cityful of Puerto Ricans has migrated to Marcantonio's district in New York. Over a billion of American dollars has been spent (probably much more). The island government has started some new industries—but how many private firms were wiped out or never started, during the years of Tugwell's planning to make the island a pilot plant for socialism on the Continent? The economy of Puerto Rico rests today, where it did in 1934, on federal relief.

The point 4 program follows exactly the pattern of Puerto Rico in its major error—it puts health and welfare ahead of industry and employment. As Isaiah Bowman said of Africa: "If millions are saved from tribal war, malaria and tsetse fly only to be permitted to die of starvation, the controlling white has not improved the status of the population, he has only changed the categories of the vital statistics."

Thousands of competent people know this. The difficulty is the absence of any tie between the political leaders who want to spend money on dramatic projects, and the victims of their "help."

Every single step taken under point 4, insofar as it is successful, means adding more and more people, billions of people, to the poor eroded overcrowded areas of the world where human misery is now at its worst.

The use of DDT in British Guiana so reduced the death rate that the population is expanding about 10 percent a year. The suppression of tribal wars in British Africa had the same kind of result. Population in Latin America, India, and China is rising about 2½ percent a year. So also in Europe, whose extra people now have no place to go.

William Vogt in the Saturday Evening Post says, "Anything that we do to speed the rate of population increase without assuring a parallel increase in the necessities of life imposes an extremely grave responsibility upon us. This relationship between mounting appetites and the possible means of satisfying them is one that must have fundamental and controlling consideration as we develop a program under point 4."

If there is anything that the world does not need at the moment, it is stimulants to population growth. The pattern of point 4 may be only a larger and more distressing version of the story of Puerto Rico. All will go well so long as the spending continues. But a time may come when dollar imperialism would look like the Golden Age compared to the horrors of welfare imperialism.

Is there no hope? Must we abandon our promise to help the poorer nations of the earth, dash the hopes of innocent people, and expose ourselves to ridicule?

Certainly not. The hopes that have been aroused are too great to be lightly ignored. Our only choice is to return to our own tested method of irrigating the undeveloped

areas of the world with our capital, economic skills, and social benefits.

There is, however, a total conflict between, on one hand, the method of private investment and private gifts, and, on the other, government-controlled capital, managed by a governmental technocracy.

Every loan or grant which can legitimately be made to an undeveloped area, without risk of ruining the beneficiaries, can be made now through private initiative or through the original program of the International Bank.

The advantage of the old American method of aiding people who are not yet industrialized is that it depends on private savings, not on the taxing power. That means lenders cannot put their money into any project that will not provide the people of the undeveloped areas with more employment and higher wages.

Of course the borrowers complain about repaying our loans. They always do. They pay installments for many years, after the locomotives and machines are no longer new, and they have long forgotten what it would be like to do without them. It is natural that borrowers do not like to pay old debts. We were not too pleased to repay what the British lent to us. But why transfer these tensions between private citizens into tensions between governments?

Of course there were some shady transactions in the history of private investment. But according to Pravda there are some shady transactions even in Soviet Russia, and it is hinted that there are some in our own Government in Washington.

Of course private managers and technicians were arrogant, and missed some of the possibilities of hiring local talent, but what reason is there for thinking that government managers are free from arrogance, or that Indian engineers would like it better if they thought their talents were ignored by a foreign government operating in their country?

The most important thing, however, is that private investment rests on the right human foundation, a foundation so completely right that it was never necessary to formulate it in plain English.

Because private investment could not get capital by taxation, projects that paid out had to come before gifts, or, to say the same thing, projects to raise production and employment had to precede projects that increased health and welfare. The society therefore was kept in balance, and jobs, employment, food, health, and education grew together.

The rule is absolute that no people can spend money on health and education and welfare simply because they need it. They can spend on welfare only when they have achieved high production and high employment.

VIII

Can we return to the free system? Politically such a step would be resisted by all the propaganda and organizational skills of the administration. The spending on point 4 is so scattered that only a drastic cut in all spending will save us from many Puerto Ricans.

A cut in spending will stop the waste of our Nation's capital fund, but we need much more than that. We need to turn triumphantly to our own free system in full confidence that it is the world's most magnificent enterprise in sharing capitalist savings and industrial arts with less fortunate people. We need to search out every legitimate channel through which our use of free enterprise can be expanded.

American capital lived so long in a stable political atmosphere that it now puts the cart before the horse. It has accepted the Marxian argument that risk takers cannot

lend money until governments have established political order.

The truth lies at the opposite pole. Businessmen have to look back at the history of business enterprise and see how much it rests on courage and imagination. "Risk-taking" does not mean deciding whether to charge five per cent or six per cent for a loan backed by a piece of paper. It means deciding whether to go unarmed and unprotected into regions of danger. Political order would be sooner restored if private enterprise would take up the true burden of risk in the world as it is, and put behind it all spurious economic "security." That means to realize that there can never be for long a higher price than the market pays and that government cooperation with free enterprise is like the cooperation of the young lady of Niger with the tiger.

INVESTIGATION OF OLD AGE AND SURVIVORS INSURANCE AND ALL OTHER ASPECTS OF SOCIAL-SECURITY SYSTEM

Mr. CAIN. Mr. President, on Wednesday of last week, May 17, 1950, H. R. 6000 as amended, was reported by the Senate Committee on Finance to the Senate Calendar. It was stated when the bill was offered that the committee report on the proposed legislation would not be printed and made available to all Senators until some time this week. The report has not yet appeared on our desks.

The junior Senator from Washington has not yet had an opportunity to study the committee report. He is, however, of the considered opinion that H. R. 6000, whatever its amendments may be, ought not to be passed and approved by the Congress and the President of the United States. The junior Senator from Washington holds to the view that the time has come when a new and different social-security system and pattern ought to replace the system which was initiated 15 years ago.

The junior Senator from Washington believes that the Nation ought to recognize the needs of the American aged as being our Nation's responsibility. If the Nation is willing to recognize and provide for the needs of some of the aged it ought to be willing to provide for the needs of all of the aged. It is because of the conviction, a very deep and sincere one, that I shall oppose the passage of H. R. 6000, as amended, with every legitimate means at my disposal.

Even though H. R. 6000, as amended, is not the pending business I think it is proper and necessary to speak to that subject at this time. My intention and hope is to arouse a national interest and concern over the coming question of what should the Nation do about our Nation's aged.

When our social-security system was initiated in 1935, millions of aged men and women were not included within its coverage. These millions have either been left to their own devices or they have been required to seek assistance through relief, or a means test, or a dole. Since 1935 additional millions of Americans have become aged who were not provided for through our social-security system. If the Congress now agrees to extend the coverage and liberalize the benefits of the social-security system

which began in 1935 additional millions of aged persons will be left out in the cold as a continuing charge on society, on charity, and on some kinds of relief.

If it was our intention in 1935—and I think that it must have been—to devise a social-security system which would take care of the legitimate needs of the American aged, we must admit today that our objective has not been fulfilled and that it never can be through any mere extension of the prevailing social-security system.

The junior Senator from Washington is convinced, Mr. President, that if we take the time carefully to explain to the Nation what the prevailing social-security system has done and intends to do in the future, and what this system can never accomplish, a vast majority of the citizens will have the patience—and it will require a great deal of patience—to grant the Congress sufficient time through which to design and establish a social-security system which will adequately protect and provide for the needs of all of our American aged. On the strength of this conviction, I offer now the views of one Member of the Senate.

For 15 years we have been telling the American people that we, here in the Congress, were helping to build up an honest social-security system. We have said that we were really concerned about the plight of the old and the indigent. We have told the boys and girls just starting their first jobs that if their social-security taxes were faithfully paid over a certain number of years each could look forward to an annuity when he retired.

Gradually, as the traps and pitfalls of the Social Security Act have become clear, it has dawned on many of us that we are not building up an honest social-security system at all. We see now that the promises we made to those boys and girls in their first jobs, promises sustained by our votes in the Senate, are promises that all too often are not worth the paper on which they are printed.

We are daily running the risk of exposure as collaborators in a national swindle. If once or twice we blundered because we did not understand what we were doing, we no longer have that excuse.

Mr. President, it is time to purge ourselves, to openly confess the deception in which we have been unwitting partners. It is time, as I see it, to tell the American people the truth. It is time to admit what is really a sort of organic dishonesty in the very heart of the pending social-security bill, H. R. 6000, which soon will be before us. It is time to acknowledge that what we thought was liberalism back in 1935 is really a blind and reactionary philosophy on which to base a social-security system. And it is high time that we got busy and tried to do a really honest and on-the-level job with old-age benefits.

I am therefore submitting a resolution for a full and complete investigation of old age and survivors insurance and all other aspects of the social security program, including its administration,

Government will then be in question. The Social Security Administration has spent millions on publicity and propaganda in an effort to sell to the American people an expensive security system which does not, and cannot, furnish the promised benefits unless crushing taxes are imposed on every recipient of income. The people are entitled to the truth. Thus far they have not had it.

MARJORIE SHEARON, Ph. D.

Mr. CAIN. Mr. President, how can the Senate hope to deal intelligently with social-security problems if we must labor constantly under the suspicion that significant facts have been withheld from us by the Social Security Administration and that we have been supplied with misleading information?

I wish to quote once more from the task force report. The passage occurs on page 492, under the heading of "General recommendations":

The concrete recommendation that we would make is that an able, objective legislative commission be created to reconsider the entire system in all its essential aspects and submit its findings and recommendations to the Congress and the people and that no substantial changes in the existing law be made until after that commission has reported.

This reconsideration by a legislative commission is precisely what I would like to see accomplished and I urge Senators of both parties to support such an effort. Let us make no substantial changes in the existing law until a completely independent, objective, and impartial investigation has been made, both of the system itself and the methods used to administer the system.

Some will say that the subject has been adequately investigated and that legislation should not be further delayed. They point to the advisory council appointed by the Finance Committee during the Eightieth Congress.

This council had on it several of the Nation's most competent men and women, drawn from various professions, and nothing but praise can be given to their ability and conscientiousness. But these were people who were extremely busy in their own fields of endeavor, they met for only a few brief periods, and the actual work of the council was largely done by a technical staff rather than by the council members.

A reliable source informs me that the head of this staff was a man who both before and since that time was a Social Security Administration employee, but who at the time of his appointment to the staff was working under Social Security Commissioner Altmeyer's guidance in an outside organization.

Mr. President, section 902 of title 42 of the United States Code, the title dealing with public health and welfare, reads as follows:

The Administrator shall perform the duties imposed upon him by this chapter and shall also have the duty of studying and making recommendations as to the most effective methods of providing economic security through social insurance, and as to legislation and matters of administrative policy concerning old-age pensions, unemployment compensation, accident compensation, and related subjects.

I am told that officials of the Social Security Administration excuse anything they do, simply by pointing to this section

of the statute and saying in effect, "We do what we do by virtue of the power vested in us."

Mr. President, are these things true?

This section of the statute gives authority to the Social Security Administration only to the extent of "studying and making recommendations." It says nothing about the use of propaganda among the public generally, nor does it give any permission to influence legislation in the manner which the Social Security Administration has done. Instead, such activities were expressly prohibited by other statutes.

Are we to suppose, Mr. President, that this section completely negates title 18, section 1913, of the United States Code? This law states that:

No part of the money appropriated by any enactment of Congress shall be used directly or indirectly to pay for any device intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation.

In the same way, Mr. President, does that cover-all section of the Social Security Act completely nullify title 31, section 628, of the United States Code? This section provides that—

Except as otherwise provided by law, sums appropriated for the various branches of expenditure in the public service shall be applied solely to the objects for which they are respectively made, and for no others.

I cannot believe, Mr. President, that these statutes are rendered null and void, by a clause in the Social Security Act. If such statutes are null and void, then Mr. President, we have set up in the heart of our Government an autonomous agency beyond any possible congressional discipline and control.

For all the reasons enumerated, Mr. President, I earnestly appeal for support to all Senators. Let us let the existing law alone, until we know better what to do. We have a good and sound right, Mr. President, to take whatever time may be required to find and adopt a security system which satisfies the real needs of all of our aged, and does not place an unreasonable burden on our economy. The junior Senator from Washington hopes that a majority of us in the Senate will agree to meet the magnificent, if troublesome and complex, problem of social security head-on and do so now before we extend and expand a bad system to a point from which there can be no retreat or fundamental cure.

Mr. President, I send to the desk a concurrent resolution and ask for its proper reference.

The concurrent resolution (S. Con. Res. 92), submitted by Mr. CAIN, was received and referred to the Committee on Finance, as follows:

Whereas the Senate Finance Committee had neither an adequate staff nor sufficient time to investigate all phases of the national social-security problem, nor to make the full and complete investigation of old-age and survivors insurance and all other aspects of the existing social-security program authorized in Senate Resolution 141 of the Eightieth Congress; and

Whereas there is a growing dissatisfaction with the complexities, the shortcomings, and the inequities of our social-security system; and

Whereas numerous actuaries, economists, tax experts, and other social-security technicians, as well as businessmen and former social-security administrators maintain that the entire system is unworkable, costly, and capricious and have urged that it be reexamined and overhauled; and

Whereas there is an insistent demand for soundly financed universal pay-as-you-go pensions for the present aged who are no longer working, a demand which cannot be satisfied merely by extending coverage to more of the people who are still working; and

Whereas there is an increasing volume of informed criticism of the fiscal policies incorporated in the present Social Security Act and with their long time implications; and

Whereas there is a growing insistence in many quarters for a thorough investigation of the past and present administration of the Social Security Act, including the staff activities in the field and in Washington; and

Whereas there is a strong conviction in the minds of many persons that the present Social Security Administration has engaged in lobbying and propaganda in violation of title 18, section 1913, United States Code, and of title 31, section 628, United States Code: Now, therefore, be it

Resolved, That there be created a Social Security Commission to advise the Congress and to provide the impartial, technical knowledge required by the Congress in its deliberations, said Commission to consist of 16 members, one-fourth of whom shall be nominated by the President of the Senate, one-fourth by the minority leader of the Senate, one-fourth by the Speaker of the House, and one-fourth by the minority leader of the House.

Sec. 2. The Commission is authorized and directed to make an exhaustive study of the past and present operations of the Social Security Act and of other methods of providing for the aged, the blind, dependent children, and other dependent individuals with a view to proposing a simple, financially sound method of dealing with the problems of dependency.

Sec. 3. The Commission is authorized to sit and act at such places and times and during the sessions, recesses, and adjourned periods of the Eighty-first Congress and of the first session of the Eighty-second Congress, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable.

Sec. 4. The Commission is authorized, with the approval of the Committee on Rules and Administration, to request the use of the services, information, facilities, and personnel of the departments and agencies in the executive branch of the Government in the performance of its duties under this resolution, but is enjoined from employing any person on its technical staff who has been in the employ of the executive branch of the Government at any time during the year preceding the enactment of this resolution.

Sec. 5. The Commission shall report its findings with respect to the lobbying activities of the Social Security staff and shall make such recommendations for such legislation as it may deem advisable, to both Houses of the Congress at the earliest practicable date, but not later than April 1, 1951.

Sec. 6. The expenses of the Commission under this resolution, which shall not exceed \$100,000 shall be paid out of the contingent fund of the Senate and the contin-

gent fund of the House, one-half from each fund, upon vouchers signed by the Chairman of the Commission.

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance.

Mr. CONNALLY. Mr. President, in accordance with the unanimous-consent agreement, I move that the Senate stand in recess until 11 o'clock tomorrow.

Mr. MALONE. Mr. President—

The PRESIDING OFFICER. Will the Senator yield to the Senator from Nevada for a moment?

Mr. CONNALLY. I yield for a question.

Mr. MALONE. I should like to have about 2 minutes, or 3.

Mr. CONNALLY. The Senator has had 2 hours or 3 hours already.

Mr. MALONE. What difference does it make?

Mr. CONNALLY. What is it the Senator desires to discuss?

Mr. MALONE. If the Senator from Texas is interested, what the Senator from Nevada is about to say, if he will wait a couple of minutes, will be very clear.

Mr. CONNALLY. I understand, but what is it about?

Mr. MALONE. It is about the subject in hand, and about the way we are proceeding.

Mr. CONNALLY. I yield.

Mr. MALONE. That is very kind of the Senator.

The PRESIDING OFFICER. The Senator from Nevada.

THE WASHINGTON SCENE NO COMMUNITY SENTIMENT

Mr. MALONE. Mr. President, national legislation should reflect the wishes of the war veterans, the workers, and the farmers, rather than the wishes of official and unofficial Washington, D. C. There is no American community sentiment in Washington. The people who stay in Washington a considerable length of time get too far away from the thoughts and feelings of the Americans across the Nation who must earn their living the hard way—98 percent of the residents have not the slightest idea of how the people west of the city limits make a living.

In passing upon each of the policy and appropriation bills the Congress should consult the people back home regarding the true issues involved, who are far enough removed from Washington to have a balanced opinion, not colored by local prejudices put on them in Washington.

Traveling over the country and talking particularly with war veterans, workers, and farmers, I find that the people have not changed, that they are still as sound as ever. The Congress could not go far wrong on fundamental problems if it would only keep in close contact with these three groups of Americans.

For one thing, I have found that these three groups are opposed to the coddling

which the subversives too often receive in Washington. They cannot understand why it seems so easy for one accused of being a red sympathizer to get the backing and smile of approval of prominent officials in the Government. I find that the American people still have the highest respect for patriotism.

In my opinion, the Congress stays in session too long. More of our time should be spent at home, in the mills and mines and factories, on the farms and on the home town streets, catching up on what is going on in the American mind.

Furthermore, I believe we should turn back to the States many of the things which we try to regulate here in Washington, D. C., where public sentiment is the criterion for settling controversial issues. There is no community sentiment in Washington.

Mr. President, I ask unanimous consent to have inserted in the RECORD at the end of my remarks this afternoon resolutions adopted by groups in the State of Nevada.

The PRESIDING OFFICER. Without objection—

Mr. CONNALLY. Mr. President, wait a minute. In the Appendix of the RECORD, or the body?

Mr. MALONE. I did not say in the Appendix. I said to be inserted at the end of my address this afternoon.

Mr. CONNALLY. I object to them going in the body of the RECORD. If the Senator wants them to go in the Appendix, very well.

Mr. MALONE. Then I will read the resolutions.

Mr. CONNALLY. I will not yield for that purpose. I yielded for 2 minutes, and the Senator has taken 10 minutes.

Mr. MALONE. Mr. President, a point of order.

Mr. CONNALLY. The pending motion is that the Senate take a recess.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. CONNALLY. I renew my motion that the Senate stand in recess in accordance with the unanimous-consent agreement.

Mr. MALONE. Mr. President, a point of order.

The PRESIDING OFFICER. The motion to recess is not debatable.

Mr. MALONE. Very well. Then let us put it to a vote. Is that possible?

Mr. CONNALLY. The unanimous-consent agreement controls.

The PRESIDING OFFICER. The question is on the motion of the Senator from Texas. All those in favor of the motion will say "Aye."

Mr. CAIN. Mr. President, will the Senator yield before calling for a vote? It is my understanding that the Senator from Texas has been misinformed, that the situation is simply this, that it was unanimously agreed that at the close of business today the Senate would recess until 11 o'clock a. m. tomorrow. But it likewise is my understanding that the Senator from Nevada has been transacting a part of today's business, and there is no prohibition, so far as I know, against the Senate remaining in session until any of its Members have completed whatever work they desire to transact.

Mr. MALONE. I thank the Senator from Washington.

The PRESIDING OFFICER. In the opinion of the Chair the acting minority leader is correct in his interpretation of the order of business under which the Senate is proceeding. The Chair recognizes the Senator from Texas.

Mr. CONNALLY. I made a motion.

The PRESIDING OFFICER. The Senator yielded 2 minutes to the Senator from Nevada, and the motion before the Senate at the time he yielded was that the Senate stand in recess until tomorrow at 11 o'clock, under the unanimous-consent agreement.

The Senator from Texas objected to a consent agreement to insert some resolutions which had been adopted by certain groups in Nevada, and because of that objection, the Senator from Nevada was going to read them, but the Senator from Texas refused to yield further, and move to recess. The motion is not debatable. The Chair was putting the motion to a vote—

Mr. CAIN. I asked ahead of that if the Chair would not withhold putting the question until I could ask to have a ruling on the unanimous-consent agreement.

The PRESIDING OFFICER. If the Chair may be privileged to make this type of a remark, the Chair believes that if the Senator from Texas knew the contents of the resolutions the bodies in Nevada had adopted, the Senator from Texas would not object, as the Chair presumes they were resolutions by farm organizations.

Mr. MALONE. By a farm organization, a labor organization, and a wool organization in another State.

The PRESIDING OFFICER. The Chair is sure the Senator from Texas did not know the contents of the resolutions.

Mr. CONNALLY. Mr. President, I shall consent to the request, but shall not yield any further.

The PRESIDING OFFICER. Then, without objection, the insertions will be made in the RECORD in accordance with the request of the Senator from Nevada.

Mr. MALONE. I thank the Chair.

RECESS

Mr. CONNALLY. I move that the Senate stand in recess until 11 o'clock tomorrow.

The motion was agreed to; and, at 6:18 o'clock p. m., the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Thursday, May 25, 1950, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate May 24 (legislative day of March 29), 1950:

DEPARTMENT OF COMMERCE

Maj. Gen. Philip B. Fleming, United States Army, retired, to be Under Secretary of Commerce for Transportation.

CIRCUIT COURTS, TERRITORY OF HAWAII

Hon. Carrick H. Buck, of Hawaii, to be first judge of the first circuit, circuit courts, Territory of Hawaii. Judge Buck is now serving in this post under an appointment which expired April 13, 1950.

Senate

THURSDAY, MAY 25, 1950

(Legislative day of Wednesday, March 29, 1950)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

God of all mercies, in a world swept by violent forces with which, in our own strength, we cannot cope, Thou only art the rock of our salvation. Through all the mystery of life Thy strong arm alone can lead us to its mastery. In a time when the world's hopes depend on personal character, may there be found in those who are here called to serve the Republic those spiritual values which alone can bring order out of chaos and peace out of strife. As those into whose unworthy hands in this day of peril has been placed the crying needs of stricken humanity, may the thoughts of our minds and the sympathies of our hearts, the words of our lips, and the decisions of our deliberations be acceptable in Thy sight, O Lord, our strength and our Redeemer. Amen.

THE JOURNAL

On request of Mr. CONNALLY, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, May 24, 1950, was dispensed with.

LEAVES OF ABSENCE

On request of Mr. WHERRY, and by unanimous consent, Mr. YOUNG was excused from attendance on the sessions of the Senate today and tomorrow.

On request of Mr. WILEY, and by unanimous consent, Mr. MCCARTHY was excused from attendance on the session of the Senate today.

On his own request, and by unanimous consent, Mr. ANDERSON was excused from attendance on the sessions of the Senate for an indefinite period.

On his own request, and by unanimous consent, Mr. JOHNSON of Texas was excused from attendance on the sessions of the Senate for an indefinite period.

On his own request, and by unanimous consent, Mr. BUTLER was excused from attendance on the sessions of the Senate tomorrow and Monday, May 29, 1950.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. CONNALLY, and by unanimous consent, the Committee on Public Works, a subcommittee of the Committee on the Judiciary, a subcommittee of the Committee on Foreign Relations, and a subcommittee of the Committee on Labor and Public Welfare were authorized to meet during the sessions of the Senate today.

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the

two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance.

The PRESIDENT pro tempore. Under the unanimous-consent agreement entered into yesterday the time between now and 4:30 is divided 2½ hours for the proponents and 3 hours for the opponents of the conference report.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. WHERRY. I should like to ask the distinguished acting majority leader if he intends to have a quorum call.

Mr. CONNALLY. I make the point that there is not a quorum present, to satisfy the Senator. It is agreeable to me to have a quorum call.

Mr. WHERRY. With the time to be charged equally to both sides?

Mr. CONNALLY. Yes. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CONNALLY. Mr. President, I ask unanimous consent that the quorum call be vacated.

The VICE PRESIDENT. Without objection, the order for a quorum will be rescinded, and the further proceedings under the call will be suspended.

Under the unanimous-consent agreement the time is to be controlled by the Senator from Texas [Mr. CONNALLY] in favor of the conference report, and by the Senator from Colorado [Mr. MILLIKIN] in opposition. The opponents have 3 hours, and the proponents two hours and a half. The Chair assumes that the time taken in the quorum call will be equally divided between the two sides.

Mr. MILLIKIN. Mr. President, the main business before the Senate is to legislate the extension of the ECA program with a view to its ultimate demise. Intruded into this important concern is the inclusion, by oblique and back-door strategies, of the so-called point 4 carry-on program, which is limitless in scope and duration, indefinite in purpose, and which contains the strong possibilities of harmful results to our country.

No effort was made to achieve wide areas of agreement on both sides of the aisle for the support of this program as it left the Senate, or as it comes to us in its expanded form from the conferees. There were no adequate preliminary studies similar to those which preceded the comparably important ECA program, and which were conducted by the Harri-man, the Krug, and Herter committees.

This off-the-cuff approach to foreign policies of incalculable impact upon the welfare of this Nation and of the world

flies in the face of commonly accepted precepts for sound legislative procedure, and rebukes the sound advice of a statesman such as the senior Senator from Michigan [Mr. VANDENBERG], urging careful preliminary study.

This radically changed point 4 program affronts the due process of the Senate. Coming to us for the first time from conference, we have no alternative but to take or to leave it in its entirety. That which we are asked to take bears only submicroscopic relationship to that which was approved by this body.

A reading of the conference report and a comparison of the report with the bill which left the Senate shows complete surrender to the House version of a bill which met with one form or another of condemnation by every member of the Senate Foreign Relations Committee attending the 2 days of hearings to which I have referred. These abbreviated hearings did not scratch the surface of the subject because it was made clear by the committee that it did not intend to approve a measure of the type now before us.

The magnitude of the surrender of our conferees is measured by their acceptance in conference of 401.5 of the total of 417 of the lines of the House version of point 4, and of 14 or 15 minor changes in wordage.

The Senate version, as amended, with a cut-off 5-year term and with explicit provisions of the Russell amendment making certain that there were no obligations beyond simple and limited technical assistance, was surrendered by our conferees, and now we face—

Mr. CONNALLY. Mr. President—
The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Texas?

Mr. MILLIKIN. Certainly.
Mr. CONNALLY. I challenge the last statement of the Senator. The conferees did not surrender. The language was changed because we adopted the House language, but the purposes of the clauses in the bill are the same as those indicated in the so-called Russell amendment.

Mr. MILLIKIN. I suggest that there is a vast difference between the changes incorporated in the conference report and the Russell amendment, and that will be developed. I hope also to develop substantive changes between the Senate and the House versions.

Now we face the full implications of the point 4 program of technical assistance and foreign investments without defined limits of scope or duration.

The relatively mild Senate version of point 4 met with intense resistance because it was considered by many Senators as an ill-timed and inadequately

considered preliminary to the full point 4 program which is now revealed to us by conference legislation. The Senate version passed by a vote of 37 to 36. I believe that many of those who voted for the Senate version did so because of its allegedly limited character—limited to simple technical assistance and exchange of knowledge, for which we have the precedent of existing legislation such as the Smith-Mundt and Fulbright Acts. The limited term of 5 years stilled many doubts. Those who voted for and against it are now met with something infinitely more questionable or infinitely more objectionable.

There is no emergent need for this point 4 legislation. It has no place in the ECA extension legislation. It should be considered separately and extensively by separate procedures. This conference report should be rejected. It should be sent back to conference with instructions to our conferees to stand fast for the elimination of the point 4 program and for a bill limited to the extension of the ECA program.

Section 402 of the bill contains what is described as a finding by Congress. It is not a finding of fact because, as I shall show, it is full of untruths. In the main, these findings are a lot of senseless gibberish which I suggest can serve no purpose except to obscure the real meanings of the bill and possibly to further a hope that they will exercise a hypnotic effect upon those who are more interested in mellifluous words of noble purpose than in the substance of things. It certainly is to the credit of our own conferees that they have no appetite for this gobbledygook and accepted it most reluctantly.

Let us, for example, consider section 402, subparagraph (a):

(a) The peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples. Such progress can further the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace.

Sounds pretty good, does it not? Well, let us see. In the first place to give any validity to this finding the United States and the other nations referred to must define and accept the definition of the word "freedom" and the words "the economic and social progress of all peoples," and the words "democratic ways of life," and the words "the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace."

We have our own concepts governing the meaning of these words, but do the other nations referred to?

Do the authoritarian governments such as Turkey and Portugal and Russia and socialist Great Britain and the nations governed by tribal or feudal chiefs have a common interest in these desirable objectives as we see them?

Is this an accurate finding by Congress?

Do these countries think of the freedom of the citizens as we think of it, do they think of economic progress as we think of it? Do they think of democratic ways of life as we think of them?

How many times are we going to stumblebum ourselves and the world into tragedy by the loose use of words? Remember what has followed the imbecilic notion that Russia was a promoter of the democratic way of life. I suggest that we get rid of these pre-Yalta ghost writers.

What do countries with planned internal and external economies contribute to mutually beneficial commerce? Do the 300 or more bilateral western European trade agreements further the expansion of mutually beneficial commerce? Is this type of commerce advanced by the monetary controls, the quotas, the licenses, the intense nationalistic practices, the exclusionary tariffs of these other nations? Do their conflicting economic, political, ideological systems develop international understanding and good will and promote the maintenance of world peace?

No more than a moment's reflection reduces the whole paragraph to pompous nonsense and remember, please, that it is presented and it might be made into law as a finding by Congress.

Now we come to section 402 (b):

(b) The efforts of the peoples living in economically underdeveloped areas of the world to realize their full capabilities and to develop the resources of the lands in which they live can be furthered through the cooperative endeavor of all nations to exchange technical knowledge and skills and to encourage the flow of investment capital.

This provision assumes that the peoples living in those underdeveloped areas have reached a consciousness of their full capabilities and are making efforts to reach them. There is no supporting evidence.

In some of these underdeveloped regions there are leaders with ambitions which they, for tin-cup passing purposes and in some instances with genuine conviction, attribute to their people but which are absent en masse. Under the feudal systems which prevail in many underdeveloped regions, there may be unrest but we may suspect that the goals of the restless are to depose their greedy leaders or get rid of oppressor master nations, but otherwise they are unknown or too vague to supply a basis for programs of the type here envisaged.

Now it is proposed that these efforts and the realization of these full capabilities are to be helped by the cooperative endeavors of all nations in exchanging technical knowledge and skill and to encourage the flow of investment capital.

I cannot think of anything worse than to deluge those underprivileged people with the conflicting views of all nations

as to what is best for them. And to encourage the flow of investment capital might be the final catastrophic blow.

The history of transplanting technical skills, of trying to lift underprivileged people into better standards of living by outside effort, can be illuminated by study of former colonial and dependent countries now seething with revolt because in part they wearied of that kind of solicitude.

We do not make an industrial nation by sending in money or factories. Long periods of training and conditioning are required. We began with a wilderness more than 300 years ago. Combinations of resources, transportation, potential markets, climate, aptitudes and many other factors must be present.

This provision is also a loose and meaningless generality and yet it is to be given the dignity of a congressional finding.

Now we come to section 402 (c):

(c) Technical assistance and capital investment can make maximum contribution to economic development only where there is understanding of the mutual advantages of such assistance and investment and where there is confidence of fair and reasonable treatment and due respect for the legitimate interests of the peoples of the countries to which the assistance is given and in which the investment is made and of the countries from which the assistance and investments are derived. In the case of investment this involves confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will provide adequate wages and working conditions for local labor. It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation; that they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.

Note again the reiteration of the thought that capital investment is linked with technical assistance. This is mentioned now, it has been mentioned before, and it will be mentioned in later connections, to dispose of the notion which might be advanced that we are still dealing with a limited, technical assistance measure.

This provision contains an attractive gloss of balanced reasonableness. There must be mutual understanding of mutual advantages. There must be confidence, there must be due respect for legitimate interests of the borrower and of the lender, there must be willingness by the lender to accept a fair share of local taxes, to obey local laws, and to provide adequate wages and working conditions for local labor. The investors property shall not be taken without prompt, adequate, and effective compensation.

There must be reasonable opportunity for the investor to remit his earnings and to withdraw his capital and reasonable freedom to manage his business, and so forth.

But who determines the fair share of taxes, who determines what are adequate wages and working conditions, who determines what is prompt, adequate, and effective compensation, who determines what is reasonable freedom in the management of one's business.

If these matters are subject to local control, subject to local hazards, subject to all of the difficulties encountered by the local competitor of the foreign investor, then the language is more or less meaningless so far as creating an attractive climate for foreign investment is concerned.

Is it not apparent that whether by treaty, agreement, or otherwise, if the outsider who comes in with his technical assistance and his investments gets better treatment than does the local citizen, we are not promoting good will, but, instead, we are promoting jealousies, irritations, and enmities?

If the American businessman operating in a foreign country is allowed to convert soft local moneys into dollars, is allowed to pull out his capital and convert it into dollars, is it not clear that he has an unfair advantage over his native competitor who would like the same privilege?

The great American department store, for example, will be competing with the little businesses of the native merchants. They would like the privilege of turning their earnings into dollars, of turning their capital into dollars; but they are not permitted to do so. They must cling to the unstable values of their local money. Will that help our foreign relations or will it encourage movements for the confiscation of American capital and earnings and ultimately for kicking us out of foreign countries as disruptive nuisances?

Mr. TAFT. Mr. President, will the Senator yield; does he care to yield at this point?

Mr. MILLIKIN. I am glad to yield.

Mr. TAFT. I wish to call the Senator's attention to the fact that the House report which deals with this measure discusses the entire question of the encouragement of the investment of capital and the creation of a favorable climate. That discussion appears on page 10 of the House report. So the House in drawing up this language distinctly had in mind going into the question of the investment of capital, did it not?

Mr. MILLIKIN. I think so.

Mr. TAFT. In other words, except perhaps as to the \$35,000,000 authorization, the House never did have in mind confining this measure to technical assistance. Does the Senator agree?

Mr. MILLIKIN. That is correct, and that was the interpretation put on the bill in the Senate hearings. The Senate Foreign Relations Committee refused, at least in the first instance, to accept the expanded purposes of the House bill.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. CONNALLY. Are we to vote on the House bill or on the conference report?

Mr. MILLIKIN. We are to vote on the conference report; but I assume that we are entitled to talk about the House bill or the Senate bill or any other matter.

Mr. CONNALLY. Yes; but the Senator makes a big point about something the House rejected and which is not in the conference report.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. TAFT. All that the conferees on the part of the House did was to take the whole House bill, with the exception of one paragraph which deals with reciprocal trade agreements or something of that kind.

Mr. MILLIKIN. Yes; they threw out 15½ lines, and kept in 401½ lines.

Mr. TAFT. I think the Senator is approximately correct.

Mr. MILLIKIN. I counted the lines; I am exactly correct.

Mr. TAFT. I compared the conference report with the House report, and the two are substantially identical.

Mr. MILLIKIN. Yes.

I respectfully suggest that we cannot assure American investors any advantages abroad which are not paid for by the American taxpayer. I respectfully suggest that we do not have the right to subject the money of our taxpayers to business risks which our businessmen are unwilling to assume with their own money. I respectfully suggest that preferential treatment to American businessmen in foreign countries guaranteed by our taxpayer's money will weaken the will of those countries to do those things necessary to put themselves into sound fiscal condition and to adopt standards of business and conduct which will attract investment capital without guaranties of any kind.

I repeat that those American businessmen who want a sure thing abroad by the guaranty or any other governmental route are setting up precedents which will plague them here at home. It takes but a slight change in thinking to produce the demand that our domestic capital and earnings be guaranteed; that annual wages be guaranteed; that agricultural income be guaranteed; that professional income be guaranteed, and so forth. So I pass from these solemn congressional findings of untruth, bad policy, and nonsense to authorizations which are supposed to implement them.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield for a question?

Mr. MILLIKIN. I yield gladly.

Mr. SMITH of New Jersey. The Senator from Colorado has used the expression "guaranty." For my own information, I shall appreciate it if the Senator can point out anything in title IV of the conference report which has to do with a guaranty.

Mr. MILLIKIN. It seems to me that the conference report, for the reasons suggested by the Senator from Ohio, and which I shall suggest later, contemplates programs of American investments in these foreign countries, and that the record of the hearings and everything else shows that we intend to work up an insurance system or some kind of a guarantee system for those investments.

Mr. SMITH of New Jersey. In answer, I may say that was one thing which the conferees on the part of the Senate fought to the bitter end to keep out of the conference report, and it is the one thing which we kept out of the conference report. We got that out.

Mr. MILLIKIN. Mr. President, I suggest that as we go along we shall find that we are giving the President a blank check to inaugurate executive programs which can cover the ends the Senator is suggesting, as well as almost anything else having to do with technical assistance and also foreign investments. I suggest that as we go along it will be established that all that will be left, so far as the point 4 program is concerned, is to go before the Appropriations Committee and try to obtain covering money. We shall find the Congress will have surrendered its complete control over the subject, except as it provides appropriations for things already done which it must provide or be accused of breaking the heart of the world.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. FERGUSON. I wonder whether the Senator feels that if this conference report is agreed to without the guaranty as indicated by the Senator from New Jersey, if private capital does not flow into these backward areas, the next step will be the guaranty.

Mr. MILLIKIN. Mr. President, what is the point if that is not the case? Private investment is not flowing into those countries. So, under the views of the proponents it must be stimulated by guaranties or by other governmental assistance.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield gladly.

Mr. DONNELL. Is not that very strongly indicated by the fact that in subdivision (b) of section 402 of the conference report it is found solemnly by Congress that—

The efforts of the peoples living in economically underdeveloped areas of the world * * * can be furthered through the cooperative endeavor of all nations to exchange technical knowledge and skills and to encourage the flow of investment capital.

Then in subdivision (c), we find set forth as obviously one of the means of encouraging such investments, the creation of confidence on the part of investors "through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation."

Mr. MILLIKIN. That is one of the reasons why I emphasize the provisions

of section 402. These are solemn findings, solemn declarations of policy; and they specifically provide for investment.

Mr. DONNELL. And the most logical method of encouraging investment is—to use the language of the conference report—"to encourage the flow of investment capital" by "intergovernmental agreement or otherwise" that investors "will not be deprived of their property without prompt, adequate, and effective compensation."

Mr. MILLIKIN. I quite agree.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. TAFT. I wonder whether the Senator would mind my reading the only lines of the House bill which appear to have been cut out in drawing up the conference report.

Mr. MILLIKIN. Not at all; I am glad to have the Senator do so.

Mr. TAFT. They constitute subsection (d) on page 15:

(d) Greater production and higher standards of living in the economically underdeveloped areas and international trade between these areas and the economically advanced areas of the world can be promoted through agreements, negotiated through the United Nations and its specialized agencies or otherwise, to establish fair-labor standards of wages and working conditions, including the encouragement of collective bargaining between management and labor.

So all that was eliminated was an express authority to make labor agreements.

Mr. MILLIKIN. That is correct.

Mr. TAFT. In other respects, the House bill was in no way changed by the conference report.

Mr. MILLIKIN. But I invite the Senator's attention to the fact that they still have retained the provision with respect to adequate wages and working conditions, which can lead to similar agreements.

Mr. TAFT. Yes; in other parts of the bill that was retained.

Mr. MILLIKIN. In other parts of the bill. I think it should be added that there were—I counted them—I think 12 or 15 minor changes in wording, which are also different from the House version.

What is the special virtue of foreign investment by American citizens that should cause them to be given guarantees which are not available to the people who live in this country and who do their business in this country?

It is not long before we come to provisions with startling implications. I read from section 403 (b):

(b) It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes—

Remember, we are talking about public and private sources of such aid—shall take into consideration (1) whether the assistance applied for is an appropriate part

of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned; (2) whether any works or facilities which may be projected are actually needed in view of similar facilities existing in the area and are otherwise economically sound; and (3) with respect to projects for which capital is requested, whether private capital is available either in the country or elsewhere upon reasonable terms and in sufficient amounts to finance such projects.

The effect of this provision may well be to channel all private foreign investment through agencies of the United States Government. It will be noted that the language specifically includes private resources "which are or may be available for aid in the development of economically undeveloped areas * * *." It will be noted that it is contemplated that foreign governments shall ask our Government for private aid, which means that private parties in the foreign countries must channel their requests through those countries. There is nothing startling about that, because it is routine in the Socialist and semi-Socialist and totalitarian governments of the world.

But it is not routine for the private investors of the United States to put themselves in the hands of "agencies of the United States Government" which will determine whether a contemplated foreign investment fits their over-all purposes, whether there is need for the investment, whether it is economically sound. I doubt whether this expansion of interest and power of the Federal Government in our private investment field would meet with the wholehearted support of the thoughtful segments of the business community. If it is intended that an American enterpriser may, despite the adverse findings of these agencies, make his investment in a foreign country, will he be deprived of the protections which the bill talks about?

Sections 404, 405, 406, and 407 are as follows:

SEC. 404. (a) In order to accomplish the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, and their related organizations, and by other international organizations, wherever practicable.

(b) Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations for technical cooperation programs carried on by it and its related organizations which will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis. The President is further authorized to make contributions for technical cooperation programs carried on by the Organization of American States, its related organizations, and by other international organizations.

(c) Agencies of the United States Government on request of international organizations are authorized, upon approval by the President, to furnish services and such facilities as may be necessary in connection therewith, on an advance of funds or reimbursement basis, for such organizations in connection with their technical cooperation

programs. Amounts received as reimbursements from such organizations shall be credited, at the option of the appropriate agency, either to the appropriation, fund, or account utilized in incurring the obligation, or to an appropriate appropriation, fund, or account currently available for the purposes for which expenditures were made.

SEC. 405. The President is authorized to plan, undertake, administer, and execute bilateral technical cooperation programs carried on by any United States Government agency and, in so doing—

(a) To coordinate and direct existing and new technical cooperation programs.

(b) To assist other interested governments in the formulation of programs for the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas.

(c) To receive, consider, and review reports of joint commissions set up as provided in section 410 of this title.

(d) To make, within appropriations made available for the purpose, advances and grants in aid of technical cooperation programs to any person, corporation, or other body of persons, or to any foreign government or foreign government agency.

(e) To make and perform contracts or agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency: *Provided*, That with respect to contracts or agreements which entail commitments for the expenditure of funds appropriated pursuant to the authority of this title, such contracts or agreements, within the limits of appropriations or contract authorizations hereafter made available may, subject to any future action of the Congress, run for not to exceed 3 years in any one case.

(f) To provide for printing and binding outside the continental limits of the United States, without regard to section 11 of the act of March 1, 1919 (44 U. S. C. 111).

(g) To provide for the publication of information made available by the joint commissions referred to in section 410, and from other sources, regarding resources, opportunities for private investment capital, and the need for technical knowledge and skill in each participating country.

SEC. 406. Agreements made by the United States under the authority of this title with other governments and with international organizations shall be registered with the Secretariat of the United Nations in accordance with the provisions of article 102 of the United Nations Charter.

SEC. 407. In carrying out the programs authorized in section 405 of this title—

(a) The participation of private agencies and persons shall be sought to the greatest extent practicable.

(b) Due regard shall be given, in reviewing requests for assistance, to the possibilities of achieving satisfactory results from such assistance as evidenced by the desire of the country requesting it (1) to take steps necessary to make effective use of the assistance made available; including the encouragement of the flow of productive local and foreign investment capital where needed for development; and (2) to endeavor to facilitate the development of the colonies, possessions, dependencies, and non-self-governing territories administered by such requesting country so that such areas may make adequate contribution to the effectiveness of the assistance requested.

(c) Assistance shall be made available only where the President determines that the country being assisted—

(1) Pays a fair share of the cost of the program.

(2) Provides all necessary information concerning such program and gives the program full publicity.

(3) Seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that country.

(4) Endeavors to make effective use of the results of the program.

(5) Cooperates with other countries participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 408. The President is authorized to prescribe such rules and regulations as may be necessary and proper to carry out the provisions of this title.

It will be noted from the language of these sections that the multitudinous powers granted the President are set forth in explicit terms of authorization. If this bill should become law, from that time on the policy involved in those programs will be determined exclusively by the President. All he will have to do is to present the results of his work to the Appropriations Committees and ask for covering funds. The Appropriations Committees and the Congress will be limited to judgments after the fact, to judgments on facts accomplished. These programs might be fateful trouble breeders, and we may well rue the day when we abdicated our power to require specific authorizations.

I mention in this connection that during the hearings on the United Nations Charter, the intention was developed that these various economic programs involving the United Nations and originating with it should come to the Congress for prior approval.

But here the President is authorized to participate in unspecified multilateral technical cooperation programs, is authorized to make contributions to the United Nations, to the programs carried on by the Organization of American States and its related organizations. The agencies of the United States Government are to furnish services and facilities as may be necessary, on approval of the President. The President is authorized to plan, undertake, and execute bilateral technical cooperation programs.

Let me invite attention specially to section 405 (b), which authorizes the President in connection with bilateral technical cooperation programs "to assist other interested governments in the formulation of programs for the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas."

In other words, the President can spend the taxpayers' money to assist the British Empire, the Dutch Empire, and the French Empire with programs for developing their economically underdeveloped areas.

I suggest that this takes in too much territory. I suggest that we are getting too big for our britches. I suggest that it will help our foreign affairs if we keep our noses out of the internal governmental affairs of the great empires of

this earth, if we let those empires know that we expect them to assume fully the duties which go with their privileges and pretensions.

The grant of authority in section 405 for publication of information has staggering implications. We have all been appalled at the magnitude of the propaganda and the useless printed matter that comes out of our Government agencies. But wait until the joint committees, which I shall describe in a moment, get the printing presses running on the resources, the opportunities for private-investment capital, and the need for technical knowledge and skill in each participating country. That will be something beyond anything that we have ever encountered. The task is endless and limitless.

The United States Government itself does not have adequate knowledge of its own resources. Heretofore we have allowed private enterprise to dig out its private investment opportunities. We have never had a comprehensive official survey of the whole subject. Imagine the magnitude of the task of getting that kind of stuff together for all of the underdeveloped areas of the world.

It will be noted that the Executive agreements authorized become official international documents without the specific prior approval of the Congress.

Then, in section 408, the President is authorized to prescribe rules and regulations, and it is easy to imagine the proliferation of bureau-made law for plaguing our American citizens deriving from this soft-spoken grant of power.

Now we come to the pork in the bill. Let us look at section 409:

SEC. 409. The President shall create an advisory board, hereinafter referred to as the "board," which shall advise and consult with the President or such other officer as he may designate to administer the program herein authorized, with respect to general or basic policy matters arising in connection with operation of the program. The board shall consist of not more than 13 members to be appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the board shall be broadly representative of voluntary agencies and other groups interested in the program, including business, labor, agriculture, public health, and education. All members of the board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any agency or instrumentality of the United States) who as such regularly receives compensation for current services. Members of the board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purposes of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses. The President may appoint such committees in special fields of activity as he may determine to be necessary or desirable to effectuate the purposes of this title. The

members of such committees shall receive the same compensation as that provided for members of the board.

This is only one of the boards and special commissions to which I shall later invite attention.

Here we have an advisory board which shall advise and consult with the President, or with any other person designated by the President, consisting of not more than 13 members but only one of whom, the Chairman, shall be appointed by the President, with the advice and consent of the Senate.

It is easy to see that membership on this board with its plenary powers might be coveted by representatives of selfish special-interest groups and assorted strange characters. We are not without experience in these appointment matters, and the advice and consent of the Senate for each member of that board should be required.

Notice, please, that under section 409 "the President may appoint such committees in special fields of activity as he may determine may be necessary or desirable to effectuate the purposes of this title." And note, also, that the members of such committees shall receive the same compensation as that provided for members of the board, to wit, \$50 per day when away from home or from regular places of business.

The special fields of activity under this bill are limited only by the limits of imagination. The masters of the President's patronage must be drooling over the possibilities.

Section 410 reads:

SEC. 410. (a) At the request of a foreign country, there may be established a joint commission for economic development to be composed of persons named by the President and persons to be named by the requesting country, and may include representatives of international organizations mutually agreed upon.

(b) The duties of each such joint commission shall be mutually agreed upon, and may include, among other things, examination of the following:

(1) The requesting country's requirements with respect to technical assistance.

(2) The requesting country's resources and potentialities, including mutually advantageous opportunities for utilization of foreign technical knowledge and skills and investment.

(3) Policies which will remove deterrents to and otherwise encourage the introduction, local development, and application of technical skills and the creation and effective utilization of capital, both domestic and foreign; and the implementation of such policies by appropriate measures on the part of the requesting country and the United States, and of other countries, when appropriate, and after consultation with them.

(c) Such joint commissions shall prepare studies and reports which they shall transmit to the appropriate authorities of the United States and of the requesting countries. In such reports the joint commissions may include recommendations as to any specific projects which they conclude would contribute to the economic development of the requesting countries.

(d) The costs of each joint commission shall be borne by the United States and the requesting country in the proportion that

may be agreed upon between the President and that country.

Once more please note that the American members of this joint commission are not to be confirmed by the Senate. Inept American members could disturb our international relations. These commissions will do the recommending, both as to skills and capital. The quality of the membership will have important effect on the economy of this country and of the beneficiary countries. Yet the Senate, which is supposed to have an important voice in our foreign affairs, has no voice in the membership of these joint commissions. We should retain the power to make our own tests of the character, ability, patriotism, and general suitability of these appointees.

Section 412 provides:

The President may exercise any power or authority conferred on him by this title through the Secretary of State or through any other officer or employee of the United States Government.

It is the intention to delegate the powers and authorities conferred by this bill to the Secretary of State. The active man will be Mr. Thorp. Mr. Thorp is the man who said that the extension of the Reciprocal Trade Agreements Extension Act without the peril-point safeguarding provision gives the State Department a clear mandate to guide the economy as a whole into the most productive lines possible.

Mr. Thorp was referring to our domestic economy. Now we propose to give the State Department and Mr. Thorp additional mandates to guide our domestic economy as a whole and to guide the economy of the world as a whole.

I wonder if it is not about time to exercise a little restraint in granting powers to the State Department. There is a serious question as to whether our foreign trade and economic relations should be completely subjugated to the vagaries of the diplomatic policies of that agency.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MILLIKIN. I am glad to yield.

Mr. TAFT. As I understand, it is proposed to take the work which has been done in this general line and put all of it under the State Department. While the powers are given to the President, it was clearly stated in the hearings that he proposes to set up an administrator in the State Department to run the whole show. Is that correct?

Mr. MILLIKIN. That is correct. He will also be aided by this special advisory council. He will be aided by the special commissions which are to be set up. He will be aided by the joint commissions of the participating nations.

But we have not finished with the jobs which will be ladled out under this bill. Section 413 reads:

SEC. 413. In order to carry out the purposes of this title—

(a) The President shall appoint, by and with the advice and consent of the Senate, a person who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for plan-

ning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum.

(b) Officers, employees, agents, and attorneys may be employed for duty within the continental limits of the United States in accordance with the provisions of the civil-service laws and the Classification Act of 1949.

(c) Persons employed for duty outside the continental limits of the United States and officers and employees of the United States Government assigned for such duty, may receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), as amended, may receive allowances and benefits not in excess of those established thereunder, and may be appointed to any class in the Foreign Service Reserve or Staff in accordance with the provisions of such act.

(d) Alien clerks and employees employed for the purpose of performing functions under this title shall be employed in accordance with the provisions of the Foreign Service Act of 1946, as amended.

(e) Officers and employees of the United States Government may be detailed to offices or positions to which no compensation is attached with any foreign government or foreign government agency or with any international organization: *Provided*, That while so detailed any such person shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits, an officer or employee of the United States Government and of the United States Government agency from which detailed and shall receive therefrom his regular compensation, which shall be reimbursed to such agency from funds available under this title: *Provided further*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(f) Experts and consultants or organizations thereof may be employed as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a), and individuals so employed may be compensated at a rate not in excess of \$75 per diem.

(g) Such additional civilian personnel may be employed without regard to subsection (a) of section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as amended, as may be necessary to carry out the policies and purposes of this title.

When this thing really gets going we might as well give up any hope of achieving any reduction in our Federal payrolls. There will be the technicians and all of the employees necessary to sustain their efforts, here and abroad. There will be the advisory counsel with all of its attendant staff. There will be this numberless number of special commissions with their staffs. There will be the joint committees and their staffs. There will be the additional staff required by the State Department. There will be the officers, employees, agents, and attorneys, to which reference has just been made. There will be alien clerks and employees. Officers and employees now in other agencies will be taken out of their jobs and put on this job, which means that in the end, the jobs from which they have been transferred will have to be filled. There will be experts and consultants, and their staffs, ad nauseam.

I venture to say that all the ingenuity of the most expert payroll padders has been employed in dreaming up this weird concoction of patronage intrusion and imperialism.

Mr. THYE. Mr. President, will the Senator yield?

Mr. MILLIKIN. I am glad to yield.

Mr. THYE. Is there any provision in any act which provides for a per diem of \$75 to be paid to any Federal employee or anyone employed by the Federal Government?

Mr. MILLIKIN. I wish I could answer the Senator's question from my own knowledge; but I am unable to do so.

Mr. THYE. I notice that there are two provisions in the bill. One is for \$50 a day and the other for \$75 a day.

Mr. MILLIKIN. The Senator is correct.

Section 418 says:

SEC. 418. As used in this title—

(a) The term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute to the balance and integrated development of the economic resources and the productive capacities of economically underdeveloped areas. Such activities may include, but need not be limited to—

"May include, but need not be limited to"—

economic, engineering, medical, educational, agricultural, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources and productive capacities of underdeveloped areas. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6)—

That is the Smith-Mundt bill— as are not primarily related to economic development—

And so forth. The use of the double negative at the beginning of the latter part of this provision obscures its meaning. I do not know whether they are taking the Smith-Mundt bill out of this pattern, whether they are incorporating it, or whether they are limiting it. I should be glad to have information on that point.

I invite attention to the open-end authorization so far as technical cooperation programs are concerned:

Such activities may include, but need not be limited to, economic, engineering, medical, educational, agricultural, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources and productive capacities of undeveloped areas.

I believe this analysis of the bill shows very clearly that no adequate study has been made either of its terms or its implications.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. WILEY. Does the Senator bear in mind the interpretation placed upon the term "technical cooperation programs" as defined in section 418? The term is defined as meaning "programs for the international interchange of

technical knowledge and skills designed to contribute to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas."

My question is: Does not this definition clearly limit the whole program to an interchange of technical knowledge and skills?

Mr. MILLIKIN. I say definitely it does not. I say that the interchange to which the Senator has referred and the remainder of the language in that section, and under the language of the whole bill, which I have analyzed in some detail, is the point 4 program with all its implications, and the President has a full range of authorizations to make agreements of limitless scope and limitless duration for carrying out the point 4 program. I suggest again that the Senate disapprove this conference report and that it be sent back with instructions to eliminate the point 4 program.

Mr. MARTIN. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. MARTIN. In the Senator's study of these provisions, has he found anywhere any curtailment on the power of the President of the United States to make any arrangements or agreements he may wish to make?

Mr. MILLIKIN. Offhand, I do not think of a single one. I have taken pains in my discussion to read the exact language, to point out the limitless scope of the power which we are giving to the President, and which we may never be able to get back, because we are giving him authorizations. He then will be in position to make contracts of every kind within the general purpose of the bill, to make agreements which must be registered with the United Nations, to send them to the Appropriations Committees, and the Appropriations Committees will then be under the duress of either accepting what he hands them and providing the money coverage for what he hands to the committee, or of breaking the heart of the world.

Mr. MARTIN. Mr. President, will the Senator yield again?

Mr. MILLIKIN. I yield.

Mr. MARTIN. Is there any precedent for this much power being given to the President of the United States during peacetime?

Mr. MILLIKIN. I would have difficulty in answering that question, but I cannot think of a more unlimited grant of peacetime power on a subject which is within the primary jurisdiction of the Congress.

Mr. MARTIN. Is it not most difficult for the Congress to turn down a request for an appropriation based upon international arrangements made either by the President or by members of his Cabinet?

Mr. MILLIKIN. It is most difficult; it is almost impossible when our agents have gone to foreign countries, entered into agreements, and made all sorts of promises. We might repudiate promises which have been made domestically, but when we repudiate promises by the State Department or by the President to

foreign countries, we are apt to do very provocative things. We are apt to do things which make for hard feelings, which cause foreign countries to feel that we do not keep our word, and are letting them down.

Mr. MARTIN. Is there any limitation in case there might be a conflict with our domestic economy? For example, the coal industry is having great difficulty in employing all its men, and there are other instances of that kind. Are there any provisions to limit the bill if action under it might be detrimental to a part of our local economy?

Mr. MILLIKIN. None whatsoever.

Mr. KNOWLAND. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield to the Senator from California.

Mr. KNOWLAND. I would not want the record to remain as I think it is now, to the effect that the passage of an authorization bill, in effect, at least, gives a blank check for the appropriation of funds. I do not know how the vote will go today with regard to sending back the conference report, but it is quite possible that it will not be sent back to conference.

Speaking as a member of the Committee on Appropriations, I think that the State Department would be very derelict in its duty if its negotiators in any of these countries entered into an agreement unless it was clearly understood by those countries that the final action depended upon the appropriating power of the Congress of the United States.

Certainly, as one Member of the Senate and as one member of the Senate Committee on Appropriations, I desire to make it perfectly clear that, regardless of the fact that this conference report may be adopted today, I do not feel that it is a blank check written upon the Treasury of the United States.

Mr. MILLIKIN. I may say to the distinguished Senator that the junior Senator from Georgia [Mr. RUSSELL], who is also a member of the Committee on Appropriations, pointed out yesterday the great pressures which come upon the Committee on Appropriations when it has to work against these facts accomplishes. I agree entirely that the Committee on Appropriations theoretically retains all its liberties, but the junior Senator from Georgia pointed out just yesterday, as I have said, the difficulty involved in turning down authorizations, particularly when they affect foreign affairs.

Mr. KNOWLAND. The Senator will agree with me, will he not, that in the field of public works, in the field of flood control and reclamation many hundreds of millions, in fact, many billions of dollars of authorizations are standing on the statute books, for which Congress has not appropriated funds?

Mr. MILLIKIN. Certainly.

Mr. KNOWLAND. I simply do not want anyone elsewhere to get the impression that the passage of the pending bill in itself is going to be automatically followed by any "X" number of dollars.

Mr. MILLIKIN. I invite the Senator's attention also to the fact, if I may, that the authorizations to which he has just

called attention are subjected to hearings before the appropriate committees of the Congress, whereas in this case we are asked to give the President power to come forward with his own authorizations.

Mr. KNOWLAND. If the Senator will yield once more on that point, I think that is all the more reason why it would be the duty of the Congress and the duty of the Appropriations Committee to give very close scrutiny to any requests for funds under the pending measure, so that the congressional arm of the Government could participate, as of necessity it must participate when a matter relates to the expenditure of public funds.

Mr. MILLIKIN. The Senator has stated a very fine Spartan code for the government of the Appropriations Committee, but, as I have said, the junior Senator from Georgia pointed out yesterday the pressures on the Appropriation Committee to go along with programs of the President in foreign affairs.

Mr. SALTONSTALL. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I agree entirely with what the Senator from Colorado has said. I am not certain that I remember the specific words of the question of the Senator from Pennsylvania, but I would point out, if I may, with the consent of the Senator from Colorado, that the Senate Committee on Foreign Relations unanimously reported favorably a treaty of friendship, commerce, and economic development with the Republic of Uruguay on May 22, 1950. I read the principal purpose of the treaty from the report of the Committee on Foreign Relations:

This treaty with Uruguay, which is similar to some 14 other treaties of friendship, commerce, and navigation that have gone into effect since the end of World War I, sets forth the basic legal framework within which Americans may carry on business in Uruguay, and Uruguayans may do business in the United States. In addition to covering the usual matters such as trade, shipping, and the protection of persons, the treaty contains increased emphasis on provisions that will be helpful to American private capital in Uruguay.

The fifth article of the treaty states, quoting again from the report:

Article V, paragraph 1, which, from the standpoint of assuring the rights of aliens to engage in economic activities may, together with article VI, be considered the heart of the treaty, provides that each country shall accord to the citizens and companies of the other the same rights it accords to its own citizens and companies with regard to engaging in commercial, manufacturing, processing, financial, construction, publishing, scientific, education, religious, philanthropic, and professional activities.

I also call to the attention of the Senator from Colorado an act, with which I know he is familiar, because he quoted it in his speech, namely, the United States Information and Exchange Act of 1948, which is the so-called Smith-Mundt Act. In that act section 832, subparagraph 2, reads:

The Secretary, the Department, and the other governmental agencies—

The Secretary being the Secretary of State and the Department being the Department of State—
are authorized—

To make contracts, including contracts with governmental agencies, foreign or domestic—

I skip a little, and read this—

and intergovernmental organizations of which the United States is a member, and, with respect to contracts entered into in foreign countries, without regard to section 3741 of the Revised Statutes.

I also call to the attention of the Senator from Colorado another point.

Mr. MILLIKIN. I wonder if the Senator would mind bringing these up one at a time, and letting me answer them one at a time.

Mr. SALTONSTALL. Certainly not.

Mr. MILLIKIN. I am in hearty agreement of the wisdom of making treaties with these countries. But I still wonder how we are to implement the treaties. The history of treaties of that kind is one of almost unbroken bad faith. So we will have to get something more than a treaty. The treaty is an expression of a noble purpose which, standing by itself, may produce nothing.

Mr. SALTONSTALL. I agree.

Mr. MILLIKIN. Now let us take the next point. What was the Senator's second point?

Mr. SALTONSTALL. As for the second point I was trying to make, perhaps by way of a supplementary or a little different answer to the Senator from Pennsylvania, I merely called attention to the Smith-Mundt Act, which now permits the President, as I see it, to do substantially the same thing he could do under the bill we are considering.

Mr. MILLIKIN. The Smith-Mundt Act is admittedly an act of limited scope, clearly not intended to proliferate into vast foreign investment programs, and therefore it is entirely reasonable to say that we can delegate those powers without binding ourselves to delegate the powers included in the different kinds of measure before the Senate.

Mr. SALTONSTALL. My third point, I would say to the Senator from Colorado, is that, so far as I know, aside from the provisions with relation to the ECA, there is contained in the bill no guaranty of private investment in any way, shape, form, or manner. So far as I know, it contains no language that would necessarily intimate that there will be a guaranty of private investments. I point out, however, that there is a bill on the calendar dealing with guaranties by the Export-Import Bank for convertibility and expropriation, but that is not now before the Senate.

I am highly in accord with the Senator from Colorado in believing that the Congress should proceed slowly and carefully. I am not a member of the committee, but I understand that the guaranties in the ECA provisions have been limited to what they were in previous years.

Mr. MILLIKIN. If there are no provisions, if there is nothing in the bill that really has to do with investments, if the bill before us does not provide the open

door to an investment program, then it serves no purpose, because the same result could be accomplished by enlarging the provisions of the Smith-Mundt bill.

Mr. SALTONSTALL. Mr. President, will the Senator yield further?

Mr. MILLIKIN. I yield.

Mr. SALTONSTALL. As I see it, the bill would open the door, if the Senator wishes to use that term, to investigation of the possibility of private investments abroad. It does not provide for any guaranty of investments. If the bill provided for guaranties of private investments, unless such guaranties were extremely limited, I, for one, would have nothing to do with such a provision.

Mr. MILLIKIN. It would be a distinctly futile and harmful thing to go into the various countries and operate technical services, make surveys and studies, set up pilot plants and demonstration units, and then say, "Well, boys, we have shown you what to do. Now we have lost all interest. We are not going to help do it."

The Senator yesterday said that it was preliminary to the full point 4 program.

Mr. SALTONSTALL. Is the Senator from Colorado cognizant of what is going on in South America through the Inter-American Affairs Organization and the Rockefeller Foundation?

Mr. MILLIKIN. I am cognizant of that. Technical assistance is being furnished by dozens of organizations, by the British Empire, by Belgium, by the Dutch Empire, and by the French Empire.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. CONNALLY. The Senator from Pennsylvania asked some questions to which I wish to advert. The Senator from Colorado has made repeated references to the great powers which are proposed to be given to the President. There is a \$35,000,000 limitation in the bill. The purposes of the bill are limited to particular things; to technological assistance and advice. There is not a sentence in the bill, there is not a line in it, there is not a phrase in it, there is not a clause in it anywhere that guarantees to American citizens foreign investments made by them.

Mr. MILLIKIN. But I respectfully suggest to the Senator from Texas that the bill is full of grants of authority to the President to make agreements, and to send them here under the general authorizations that are given for appropriations.

Mr. CONNALLY. I dispute that. If an appropriation should be requested we have a Senate Committee on Appropriations. We have a Senate. The Senator from Colorado is a Member of the Senate. Does he mean to say that he wants to negate the power of the Senate to make an appropriation for some particular purpose which has been authorized?

Mr. MILLIKIN. Oh, no. Of course—

Mr. CONNALLY. Just a moment. I beg the Senator's pardon. I am subject to the Senator.

Mr. MILLIKIN. I yield.

Mr. CONNALLY. I forgot that the sword of Damocles hangs above me and

may cut off my head at any moment the Senator from Colorado may desire.

Mr. MILLIKIN. The distinguished Senator from Texas is always a kind taskmaster to me. I want to reciprocate.

Mr. CONNALLY. I thank the Senator. The Senator from Colorado is always a kind taskmaster until it comes to facts and arguments on the Senate floor. The Senator contends that this is such a tremen-n-n-n-dous grant of power.

Mr. MILLIKIN. Oh, I made it bigger than that.

Mr. CONNALLY. What?

Mr. MILLIKIN. I made it bigger than that.

Mr. CONNALLY. Well, the Senator made it as big as he could.

Mr. MILLIKIN. No, not as big as I could, but I made it bigger than that.

Mr. CONNALLY. If the Senator could make it any bigger than he made it here on the floor, he would have to explode.

Mr. MILLIKIN. I am not going to explode.

Mr. CONNALLY. Let me ask—why in the world did the Senator vote to pass this bill when it was before the Senate?

Mr. MILLIKIN. I did not vote to pass this bill. I voted against this bill.

Mr. CONNALLY. The Senator from Colorado voted against point 4, but he voted to pass the ECA bill with these terrible powers in it, did he not?

Mr. MILLIKIN. The Senator from Texas is talking about the ECA bill?

Mr. CONNALLY. Yes; I am talking about the ECA bill.

Mr. MILLIKIN. Yes; I voted for the ECA bill.

Mr. CONNALLY. What the Senator is discussing is a part of the ECA bill. The Senator is pointing out that if the bill contains the provisions about which he complains the Republic will go on the rocks, will be destroyed, because under them the President is going to be given tremendous powers, and that we cannot recall them. Yet the Senator voted for them. They were in the ECA bill. That is where they are now. We are now considering a conference report so as to bring about agreement on the ECA bill, and the Senator voted for the ECA bill with the provisions in it about which he complains. How can the Senator sleep at night? [Laughter.]

Mr. MILLIKIN. Let me tell the Senator from Texas how I sleep at night. I go to bed and go to sleep. So far as the ECA program is concerned, it is a dying institution—I hope. What we are talking about now represents an intrusion into it of an entirely different program.

Mr. CONNALLY. The Senator says it is a "dying institution."

Mr. MILLIKIN. I hope it is.

Mr. CONNALLY. If it is a dying institution, that should limit it.

Mr. MILLIKIN. There is no time limit to point 4.

Mr. CONNALLY. The time limit is here in the Senate. Whenever the Senate gets ready to terminate this thing, it can terminate it. The Senator knows that.

Mr. MILLIKIN. We will be so involved in it that we will never be able to terminate it. We will have such big payrolls, so many vested interests, so

many clerks, so many lawyers, so many consultants, so many commissions, so many joint commissions, that there will be no way in God's world of getting rid of it. The Senator knows that. [Laughter.]

The VICE PRESIDENT. The Senate will be in order. Occupants of the galleries will refrain from demonstrations.

Mr. CONNALLY. That does not apply to Senators, does it? I hope it does not apply to the Senator from Colorado, because his physical exertions here are so attractive as to obliterate completely his intellectual achievements.

Now, Mr. President, if the Senator from Colorado, with all his learning and experience and legal ability, can explain how \$35,000,000, which is all that would be provided by the authorization, will pay for all the members of the staffs and all the clerks and all the boards and all the commissions and all the other things he referred to—in which case there would be nothing at all left to carry on the technological assistance contemplated in the bill—if the Senator can explain that, we can solve all the Government's troubles by simply referring the employment of clerks to this little \$35,000,000 fund which, if it is appropriated, is, according to the Senator, going to destroy the Government.

I repeat, the Senator from Colorado, with his eyes open and his ears attending, voted for the ECA bill, with this damnable provision in it.

Mr. MILLIKIN. I repeat to the Senator that I did not vote for the ECA bill with this damnable provision in it. I would vote for the Senate version of the ECA bill with the 5-year limitation, and with the other very sensible provisions, relatively speaking, which were in that bill. But the conferees brought back something entirely different. The conferees brought back something which they had admitted they did not like and which they wanted to change. Every conferee on the part of the Senate voiced his discontent with the very bill they brought back to the Senate.

Mr. CONNALLY. No; the Senator is incorrect. There were features of the bill which the Senate conferees did not like. If we had liked them, we would not have had any conference.

Mr. MILLIKIN. The distinguished Senator said yesterday that he did not like point 4.

Mr. CONNALLY. I did not like all aspects of it, and it was amended in conference.

The Senate conferees stripped point 4 down to the bare bones—only technological assistance. I challenge the Senator from Colorado, or any other Senator on his side of this issue, to show where anything other than technological assistance is authorized. There is not a dollar of guaranty for any business enterprise, not a dollar to build roads, not a dollar to build bridges, not a dollar to build any public improvements.

The purpose of point 4 is to let the people in these foreign areas have our advice and our assistance, so that they will learn how to do these things—not

that we are going to do them. We do not need any law to authorize us to go abroad and do these things, if we make an agreement or treaty to do them. However, we want the people of these foreign countries to do them. We want them to learn how to develop their own country and the resources of their own country, because we believe that if a country is developed and if it develops its own skills and knowledge and prosperity, it is more amenable to peace and harmony and prosperity in the world than would be the case among a number of ignorant, undeveloped peoples with resources which were all about them, but which they had not learned how to utilize. Such an environment is fertile soil for communism, fertile soil for totalitarianism, fertile soil for such arguments as those which are being advanced by the Senator from Colorado. [Laughter.]

Mr. MILLIKIN. Mr. President, the distinguished senior Senator from Texas and the distinguished chairman of the Foreign Relations Committee is telling us now that this measure is a simple technical assistance bill, that it will not extend into investments and the full point-4 program.

In other words, the Senator's method of encouraging peace in the world is to send to the poor people he is talking about our technicians, our doctors, and our consultants, and then do what? Are we going to do them any good? No; we are not. We are going to say to them, "Here is the prescription, you poor devil. Now go to your own drug store and get yourself cured."

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. TAFT. The Senator referred recently, I think, to the attitude of the Senator from Texas in the committee. I wonder whether the Senator remembers the exact words the Senator from Texas then used?

Mr. MILLIKIN. I do. I read that in detail here the other day.

Mr. TAFT. May I read it to the Senator now?

Mr. MILLIKIN. I wish the Senator from Ohio would do so.

Mr. TAFT. I read now from the hearings on March 30, where the chairman of the committee, the Senator from Texas [Mr. CONNALLY], was speaking:

The CHAIRMAN. A good many people are apprehensive of this program, that while we are only appropriating \$35,000,000 at the beginning, it is just sort of getting a foot in the door, and the expenses of this thing will grow from year to year and, just as Secretary Thorp mentioned a while ago, they will come up with a project, and some country will say "Oh, now you have sent these experts over here and they have smelled around and we have a big project for \$100,000,000 and we want you to carry out your promises now and give us the \$100,000,000."

Those are the words the Senator from Texas used regarding this program, are they not?

Mr. MILLIKIN. Those are his exact words. There are three or four similar expressions by the distinguished Senator which gave all of us hope that nothing

at all would come out of the committee on the proposed point 4 program, and certainly that nothing resembling the conference report.

Mr. TAFT. Mr. President, will the Senator yield further?

Mr. MILLIKIN. I yield.

Mr. TAFT. Question has been raised as to the authority which the conference report may give from the point of view of authorizations for which appropriations may be made. The Senator has emphasized section 402, which declares findings. However, I wish to point out that section 403 declares a policy on the part of the Government, which is a policy to encourage "the flow of investment capital to countries which provide conditions," and so forth, favorable to that point of view.

Then the conference report says:

It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States, private and public—

In other words, our money; that is a declaration of policy which, it seems to me, is an authorization for the spending of our money—

which are or may be available for aid—

How? By the Appropriations Committee, at some time—

in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes—

That is, for the flow of Government capital.

So it seems to me that section 403 is a direct authorization for Government loans for investments.

Whether the technical gadget of guaranties may require additional legislation, I am not certain; but it seems to me that section 403, which was not in the Senate bill, and was eliminated from the bill the conferees were considering, is a direct authorization to spend money in any amount, because the \$35,000,000 is confined purely to providing technical assistance in various fields, such as medicine, and so forth.

Mr. MILLIKIN. I agree entirely with the distinguished Senator.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield for a question?

Mr. MILLIKIN. I yield.

Mr. SMITH of New Jersey. Does the Senator from Colorado agree with me that the purpose of ECA was to try to help the countries of Western Europe recover and rehabilitate themselves and get back on their own feet; and that over the period of 3 years during which we have been operating the ECA, successful progress has been made toward increasing the productivity of the ECA countries, and now we want to bring to an end further grants or loans at our taxpayers' expense? I think the Senator probably will agree generally with that statement. I am entirely in accord with that view.

Mr. MILLIKIN. I believe I agree with everything the Senator now says.

Mr. SMITH of New Jersey. The contemplation of the House group in the

past 3 years since the inauguration of ECA was, so they explained to us in the conference, to try to bring about such a condition that the United States could cease using the taxpayers' money to help these endeavors abroad; and if the foreign countries needed additional assistance to take care of the dollar gap program, that assistance might conceivably be brought about by the investment of private capital.

In our early ECA legislation we tried to include provisions which would be helpful to private capital, so that private capital would carry a part of the load. However, that was not successful, because there were fears about this, that, and the other thing.

The attempt was made, in the early ECA legislation, to provide some limited guaranties, which still are retained in this measure, with regard to convertibility of foreign currencies into dollars in case our industrialists were willing to take the risk of making investments. We found that was not adequate to encourage the program to any great extent.

Members of the other House have been studying for 2 years, now, whether there is any way by which we could encourage—not guarantee—American investors to develop a foreign investment policy with the backing and approval of the Government, so that a part of the load could be taken over by private investors, and our taxpayers could be relieved. That was the motivation. That is why that provision was taken out of the conference report—because we were limiting it to investors. We were limiting the Senate provision to technical skills, although I point out that a good many of the technical skill provisions which the Senator from Colorado has been criticizing today are ones for which he has previously voted. However, I pass over that point.

All the conferees did was to include provisions which definitely have no guaranties of any kind in them, but are only aimed at seeing whether we can induce private investors, with reasonable protection by bilateral agreements with foreign countries, to make investments in foreign countries, and thereby relieve our taxpayers.

Mr. MILLIKIN. I see nothing in the conference report that provides the detailed mechanics for a guaranty program. But I say that, by the entire bill, the President is given such broad powers that he can proceed to act by executive agreements, which will escape the requirement of further authorizations.

Mr. SMITH of New Jersey. I understand the Senator's argument, but, so far as the conferees are concerned, they agreed to no such guaranty. I should like merely to ask the Senator one question further, then I shall be through for the moment. I may speak a little later, but I desire to ask the Senator this question: Do I correctly gather from the Senator's very able argument and very able analysis—and he makes many points of criticism of this proposed legislation with which I agree—that he thinks we should abstain entirely from entering into these areas anywhere in the world and from seeking to assist

and help in the development of underdeveloped areas, and to encourage the people who are trying to find their freedom, countries such as Indonesia and others?

Mr. MILLIKIN. I think I have made it very clear. I believe I voted for the Smith-Mundt Act. That act is the prototype of that sort of assistance. So far as the exchange of information and knowledge is concerned, the Fulbright Act is a prototype. I am entirely agreeable to that.

Mr. SMITH of New Jersey. I am glad to hear the Senator say that, because it seems to me we must develop a positive approach to these questions.

Mr. MILLIKIN. Because we agree on that, we do not have to agree on everything that springs from it.

Mr. SMITH of New Jersey. That is true.

Mr. MILLIKIN. Or to any change that might be proposed. That is what I am objecting to. I have said repeatedly that it would have been possible to take the Smith-Mundt Act—I think the Senator developed this idea in committee—and expand it, and accomplish the purpose of special technical assistance. The other program, the stuff embodied in point 4, is unnecessary.

Mr. SMITH of New Jersey. Of course, in the Smith-Mundt Act, there was no idea of encouraging the investment of private capital abroad.

Mr. MILLIKIN. No.

Mr. SMITH of New Jersey. The House committee had been studying that for 2 years, and they insisted upon it in the conference report. We yielded to that, because, in exchange for accepting what they call the development of a favorable climate for foreign investment, they gave up certain guaranties on which they had insisted in the ECA bill, and which we said we would not go along with under any conditions, since, as a group, we were definitely opposed to the guaranty feature.

Mr. MILLIKIN. I remind the distinguished Senator that he was especially insistent that what we should do, along this line in this ECA Extension Act, should be limited simply to technical assistance, and that he himself was responsible, I believe, for putting the 5-year limit on the program.

Mr. SMITH of New Jersey. That is true.

Mr. MILLIKIN. That gave heart to many of us.

Mr. SMITH of New Jersey. I think that is true.

Mr. MILLIKIN. And that really was the intent of the Senate action. We now have no limit.

Mr. SMITH of New Jersey. I shall speak a little later on that.

Mr. MALONE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Nevada?

Mr. MILLIKIN. I yield for a question.

Mr. MALONE. The first question is, Does the point 4 program, in the opinion of the distinguished junior Senator from Colorado, have a place in legislation of this kind, at this time? That is

the first question. The second question is: Is there any limitation of time as to how far the point 4 program may be applied, if the conference report is adopted, and is there any limit as to the area in which it may be applied? Those are the two questions.

Mr. MILLIKIN. In answer to the first question, I have stated repeatedly that I think the intrusion of point 4 is a very bad thing in what I hope is this dying ECA program. I have stated repeatedly that I think the point 4 program contains so many implications that it should be treated separately, that it should be preceded by the most thorough study, the most thorough hearings, and that it has not had any of those things. I say again that the point 4 program which has been intruded into this ECA legislation has no limit in time, and that it has no limit in geography. It may be an extreme picture, but under the authority of this bill, technical assistance could be given to countries behind the iron curtain. Technical assistance could be given to Russia, if desired. I mention that extreme illustration in order to illustrate the full scope of the thing.

Mr. MALONE. Mr. President, will the Senator yield for one further question?

The VICE PRESIDENT. Does the Senator from Colorado yield further?

Mr. MILLIKIN. I yield.

Mr. MALONE. For the past 3½ years at least that the junior Senator from Nevada has been present, whenever a vote is needed and a foundation has been laid and a precedent established for certain types of legislation and appropriation, has it been the custom for the great, powerful propaganda machine of the State Department to soften up the taxpayer and to soften up the Senate for the next blow by way of an increased appropriation?

Mr. MILLIKIN. I do not think there is any question of that. Those who sponsored the Smith-Mundt bill have complained of the smallness of the appropriations. The Senator from Arkansas [Mr. FULBRIGHT] has been much disappointed with the meager approach to his program. But, step by step, the appropriations increase until at the present time we are talking about \$35,000,000.

Mr. MALONE. Then, Mr. President, what actually happens is, if the precedent is once set; we then go to one type of appropriation after another, in order to give the taxpayer the idea that each certain one is going to end all the problems. But nothing ever ends. Is that about right?

Mr. MILLIKIN. That is the way it looks to me. If the Senator will take a look again at the boards, the commissions, the joint commissions, the special commissions, the office of special assistant to the President, and all the other patronage that is provided for in this bill—the clerks, the consultants, the foreign exports—when he looks over that whole array, he will reach the conclusion that this will never grow less, but that it will expand mightily. There is too much pork in it to permit its neglect.

Mr. MALONE. I thank the distinguished Senator from Colorado.

The VICE PRESIDENT. Does the Senator from Colorado yield the floor?

Mr. MILLIKIN. I yield the floor for the time being. I still have some unexpired time.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 5473. An act to promote the rehabilitation of the Gros Ventre and Assiniboine Tribes of Indians of the Fort Belknap Reservation, Mont., and for other purposes;

H. R. 5570. An act to promote the rehabilitation of the Chippewa Cree Tribe of Indians of the Rocky Boy's Reservation, Mont., and for other purposes;

H. R. 6063. An act to authorize the Secretary of the Interior to carry out a research and development program with respect to natural sponges;

H. R. 6152. An act to promote the rehabilitation of the Devils Lake Sioux Tribe of Indians of the Devils Lake Reservation, N. Dak., and for other purposes; and

H. R. 7262. An act to promote the rehabilitation of the Turtle Mountain Band of Chippewa Indians of the Turtle Mountain Reservation, N. Dak., and for other purposes.

ENROLLED BILL AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker pro tempore had affixed his signature to the following enrolled bill and joint resolutions, and they were signed by the Vice President:

H. R. 7635. An act to amend the Armed Forces Leave Act of 1946, as amended, to provide graduation leave upon appointment as commissioned officers in the Regular components of the armed forces of graduates of the United States Military, Naval, or Coast Guard Academies;

S. J. Res. 183. Joint resolution to suspend the application of certain Federal laws with respect to attorneys and assistants employed by the Subcommittee on Reconstruction Finance Corporation of the Banking and Currency Committee of the Senate in connection with the study ordered by Senate Resolution 219, Eighty-first Congress, second session; and

H. J. Res. 476. Joint resolution making temporary appropriations for the fiscal year 1950, and for other purposes.

CONSTRUCTION AT MILITARY AND NAVAL INSTALLATIONS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2440) to authorize certain construction at military and naval installations, and for other purposes, which was, to strike out all after the enacting clause and insert:

TITLE I

Sec. 101. The Secretary of the Army, under the direction of the Secretary of Defense, is hereby authorized to establish or develop military installations and facilities by the construction, installation, or equipment of temporary or permanent public works, including buildings, facilities, appurtenances, and utilities, as follows:

CONTINENTAL UNITED STATES

Aberdeen Proving Ground, Md.: Climatic testing facilities, air-to-ground rocket-firing research facilities, high-explosives loading and disassembly facilities, and compressor building for supersonic wind tunnel, \$2,930,000.

Arlington Hall, Va.: Extension between wings 1 and 2, building No. 450, extension of wing No. 1, building No. 450, \$94,000.

Army Medical Center, District of Columbia: Reconstruction of heating plant, \$350,000.

Army-Navy General Hospital, Arkansas: Ground-storage water reservoir, \$65,000.

Army Chemical Center, Maryland: Process laboratory, radiological cold laboratory, low-temperature test chambers, experimental loading and filling building, test chamber for aerosols, radiological hot laboratory, protective equipment laboratory, explosion test chamber, collective protector and air-filter laboratory, facilities for assembly of clusters and fire bombs, high-pressure laboratory, storage building for radiological equipment laboratory for radiological defense school, \$2,861,000.

Army receiving station, La Plata, Md.: Barracks, receiving building, powerhouse, and garage, \$535,000.

Army transmitting station, District of Columbia area: Improve roads, land acquisition, power facilities, powerhouse and garage, telephone facilities, transmitter building, barracks, and utilities, \$1,186,500.

Fort Belvoir, Va.: Communications building, \$118,000.

Benicia Arsenal, Calif.: Improvements to water system, \$243,800.

Fort Benning, Ga.: Repair shops, magazines, storage facilities, administration building, gasoline station and pump house, central heating plant, lavatory building, target house, \$210,000.

Black Hills Ordnance Depot, S. Dak.: Improvements to water system, \$150,000.

Brooklyn Army Base, N. Y.: Fire protection of piers, \$150,000.

California Institute of Technology, California: Test cells, hazardous propellant storage, construction, modification, and relocation of facilities, \$635,000.

Deseret Chemical Depot, Utah: Barracks, \$266,700.

Camp Detrick, Md.: Civilian dormitory, decontamination facilities, munitions building, aerobiological building, basic science building, meteorological building, pilot plant for crop studies, surveillance building, storage facilities, maintenance shops, research and development laboratory, central boiler plant, plant science building, bacteriological development laboratory, agent control laboratory, animal breeding facilities, animal barn and corral, medical-veterinary laboratory, soils preparation building, \$5,822,500.

Dugway Proving Ground, Utah: Technical administrative, and community facilities, bachelor officers' quarters, barracks, and utilities, \$8,695,300.

Sault Ste. Marie, Mich.: Housing, administrative, operational and community facilities, \$1,000,000.

Camp Hood, Tex.: Battalion motor park, highway bridge, improvements to water system, \$718,000.

Fort Lewis, Wash.: Removal of structures and relocation of post office and finance building, telephone exchange building, \$272,000.

Lima Ordnance Depot, Ohio: Connection with city water supply and utilities, \$90,000.

Malta Test Station, New York: Additional garage space, additions to, electrical distribution system; Quonset huts and platforms; fencing, drainage, roads, fire lanes and clearings, vehicle storage sheds, well, pump and water distributing system, addition to test structure No. 6, chemical test structure and test cells, oxygen pump and turbine test buildings, extension of nitrogen and oxygen gas lines to pits 1 and 2 and chemical pit, fire-alarm system, increase storage for new type fuels, stockroom addition, extension engineering and laboratory building, water pipe wall for pits 3 and 4, addition to ram jet structure, \$840,000.

Marion Engineer Depot, Ohio: Sprinkler system, special storage facilities, \$533,000.

Middletown, Calif.: Receiver, relay center, and utility buildings, access roads, clearing and grading, fencing, utilities and land acquisition, \$760,000.

Midwest Chemical Depot, Arkansas: Storage sheds, \$551,000.

Muroc Air Force Base, Calif.: Improvement to range bombing facilities, \$144,000.

Navajo Ordnance Depot, Ariz.: Utilities for Navajo Village, \$225,000.

Picatinny Arsenal, N. J.: Construction of facilities for rocket development and test purposes, and utilities (Loki project), \$260,000.

Redstone Arsenal (Huntsville), Ala.: Chemical laboratory and administration-engineer buildings and rocket motor test stands; engineer building, administration building, laboratory buildings; four rocket motor test stands; storage facilities; flight test range; nitroglycerin plant; two temperature conditioning buildings; modification of eight buildings; modification of one building for machine shop; expansion and modification of utilities, roads, and fences; \$4,250,000.

Fort Riley, Kans.: Underground magazines, \$44,000.

Rossford Ordnance Depot, Ohio: Fireproofing of warehouses, \$500,000.

St. Louis Medical Depot, Mo.: Modification of medical laboratory building, \$125,000.

Schenectady General Depot, N. Y.: Base maintenance shop building facilities and utilities, \$749,000.

Sharpe General Depot, Calif.: Equipment processing building, \$184,900.

Hanford, Wash.: Administrative, supply, community, operational and tactical facilities, site development, and utilities, \$6,551,343.

Fort Sheridan, Ill.: Beach-erosion protection, \$150,000.

White Sands Proving Ground, N. Mex.: Barracks, extension of field instrumentation, automotive maintenance shops, fuel stations, improvements to airfield facilities, meteorological station, refrigeration and ice plant, utilities shops, storage facilities, extension of water supply system and electric power system and bachelor officers' quarters, \$2,460,400.

SPECIAL WEAPONS PROJECT

Construction at classified installations, \$2,258,800.

OUTSIDE CONTINENTAL UNITED STATES

Alaska: Communications station, including housing, technical, administrative, operational, supply and community facilities, site development, and utilities, \$7,873,700.

Elson Air Force Base, Alaska: Petroleum terminal storage, clearing and site preparation, outside utilities, barracks, organizational maintenance shop, special maintenance shop, ordnance shop, roads, streets and walks, gasoline dispensing station, warehouse, parking areas, oil and grease storage, family quarters, ammunition storage, fire reporting telephone system, battalion headquarters and storage building, \$13,746,000.

Ladd Air Force Base, Alaska: Clearing and site preparation, outside utilities, roads, streets and walks, barracks including mess facilities, organizational maintenance shops, post exchange, gasoline dispensing facility, service club, battalion headquarters and supply building, infirmary, \$12,590,200.

Fort Richardson, Alaska: Petroleum terminal storage and dock, water supply warehouses, heat and power plant, bachelor officers' quarters, family housing and utilities, outside utilities, organizational maintenance shops, barracks, engineer shops, roads, streets and walks, officers' mess, \$36,881,845.

Whittier, Alaska: Central heat and power plant, composite bachelor housing, service and recreation building, \$3,131,000.

Okinawa: General depot facilities, laundry, barracks, bachelor officers' quarters, family quarters and utilities, operations building, emergency power building and direction finder building, \$13,071,480.

Heleman, Oahu, T. H.: land acquisition, \$6,000.

TITLE II

The Secretary of the Navy, under the direction of the Secretary of Defense, is hereby authorized to establish or develop naval installations and facilities by the construction, installation, or equipment of temporary or permanent public works, including buildings, facilities, appurtenances, and utilities as follows:

CONTINENTAL UNITED STATES

Naval Air Station, Alameda, Calif.: Jet overhaul building and accessories, \$950,000.

Naval Research Laboratory, Anacostia, D. C.: Research laboratory building and accessories, correction of deficiencies to existing facilities, \$1,570,000.

Naval Engineering Experiment Station, Annapolis, Md.: Submarine propulsion test facility, \$2,000,000.

Naval Ammunition Depot, Bangor, Wash.: Mine assembly facilities, including buildings and accessory construction, \$1,000,000.

Naval Command Operations Center, Training Center, First Naval District: Alterations for command operations center equipment, \$151,000.

Naval training schools, Massachusetts Institute of Technology, Cambridge, Mass.: Combustion test and development facility, \$682,000.

David Taylor Model Basin, Carderock, Md.: Alter 24-inch variable pressure water tunnel, wind tunnel and associated facilities, completion of 3-meter wind tunnel, free surface test facility, \$2,344,000.

Naval Proving Ground, Dahlgren, Va.: Interior ballistics measurements building, \$410,000.

Marine Corps: depot of supplies, eastern United States: Depot facilities at a location to be determined, \$25,000,000.

Naval Ordnance Aerophysics Laboratory, Daingerfield, Tex.: Addition to test chamber to increase capacity of wind tunnel and additional laboratory facilities, \$864,500.

Fleet Air Defense Training Center, Dam Neck, Va.: Expansion of present facilities, including roads, walks, generators, transformers, utilities, collateral equipment, auxiliary construction and facilities for administration, command operations center and radar, command operations center instruction, dispensary, barracks, galley and mess hall, bachelor officers' quarters, storage, public works operations, garage, laundry, incinerator, sewage disposal, recreation, chapel, fire house and community services, \$18,541,719.

Naval Ammunition Depot, Earle, N. J.: Mine assembly facilities, including buildings and accessory construction, \$1,100,000.

Naval Training Center, Great Lakes, Ill.: Addition to main power plant, including boilers and accessory construction, \$650,000.

Naval Ammunition Depot, Hawthorne, Nev.: Additional water storage facilities, \$320,000.

Naval Ordnance Test Station, Inyokern, Calif.: Morris Dam under-water test facilities, static firing facilities for liquid fuels, aerodynamics ballistic track range, ballistic ground ranges and additional instrumentation for and modification of guided missile range, ballistics-range facilities, \$9,160,000.

Naval Air Station, Jacksonville, Fla.: Aircraft carrier berthing, turning basin and approach channel, Mayport, Fla., \$4,920,000.

Naval fuel storage facility, Jacksonville, Fla.: Acquisition and expansion of residual terminal facility, including tankage, pipelines, and accessory construction, \$3,175,000.

Naval Air Development Station, Johnsville, Pa.: Extension of runways for jet operations, acquisition of aviation easements in runway approach zone, development and test facilities, \$5,253,500.

Naval Station, Key West, Fla.: Dredging at submarine basin, \$739,000.

Naval Aeronautical Rocket Laboratory, Lake Denmark, N. J.: Rocket test and development facilities, \$7,500,000.

Camp Lejeune, N. C.: Construction of railroad spur from Camp Lejeune to Cherry Point, N. C., \$3,000,000.

Naval Auxiliary Air Station, Miramar, Calif.: Aircraft maintenance hangar, parking utilities, services, and gasoline storage, \$2,230,000.

Naval Postgraduate School, Monterey, Calif.: Facilities, including buildings, utilities, and accessory construction (second increment), \$11,000,000.

Naval Submarine Base, New London, Conn.: Hydrogen peroxide storage facilities, \$60,000.

Naval Base, Newport, R. I.: Acquisition of land on Conanicut Island for small-boat landings, \$9,000.

Naval Base, Newport, R. I.: Sewage facilities, \$1,243,000.

Naval Air Station, Norfolk, Va.: Test cells for turbine engines, \$435,000.

Headquarters, commander in chief, Atlantic Fleet, Norfolk, Va.: Combined antisubmarine warfare plot and administration building, \$650,000.

Naval Communication Station, Norfolk, Va.: Communication facilities for Headquarters, Commander in Chief, Atlantic Fleet, \$11,650,000.

Naval Air-Test Center, Patuxent River, Md.: Installation of slotted cylinder catapult and arresting gear, \$1,110,000.

Naval Air Station, Pensacola, Fla.: Improvement of power plant and electrical distribution system, \$3,960,000.

Naval Electronics Laboratory, Point Loma, Calif.: Laboratory supply and utility buildings, including services and accessories, \$3,450,000.

Naval Civil Engineering and Evaluation Laboratory, Naval Construction Battalion Center, Port Hueneme, Calif.: Laboratory building and associated facilities, \$450,000.

Naval Air Station, Quonset Point, R. I.: Completion of two-engine test cells, \$300,000.

Naval Air Station, San Diego, Calif.: Turbo prop engine test cells, \$530,000.

Special Devices Center, Sand Point, Long Island, N. Y.: Acquisition of land and buildings, \$350,000.

Naval Shipyard, San Francisco, Calif.: Conversion of building numbered 351 for radiological laboratory, \$1,000,000.

Thirteen Naval District: Radio direction finder facilities for supplementary communication requirements, \$211,000.

Twelfth Naval District: Vacuum system housing at naval ordnance activity, \$85,000.

Naval Air Station, Whidbey Island, Wash.: Acquisition of rocket target range (three hundred and fourteen and sixty-two one-hundredths acres), \$35,800.

Naval Ordnance Laboratory, White Oak, Md.: Model test tank, ballistics laboratory, \$1,450,000.

Navy communication station, Winter Harbor, Maine: Addition to radio operating building, permanent remote control high frequency direction-finder facilities, \$410,000.

Fort Lauderdale, Fla.: Advanced undersea warfare school, \$275,000.

Various locations: Additional aviation fuel storage to support jet operations, \$5,000,000. Extension of runways for jet operations at naval air station, Alameda, Calif.; Marine Corps air station, Cherry Point, N. C.; Marine Corps air station, El Toro, Calif.; naval air station, Norfolk, Va.; naval auxiliary air station, Oceana, Va.; and/or at such stations as changes in strategic dispositions indicate, \$8,190,000.

OUTSIDE CONTINENTAL UNITED STATES

Fourteenth Naval District: Communication control links, including equipment and land, \$527,000.

Navy communication supplementary activity, Guam: Permanent facilities for commu-

nication supplementary activities, interim operating building and accessory construction, \$8,870,000.

Naval supply center, Guam: Additional petroleum storage facilities, \$14,200,000.

Agana Naval Air Station, Guam: Water, electric, and sanitary systems, \$1,850,000.

Naval operating base, Guam: Extension of power generation, transmission, and distribution system; water supply and distribution system; family housing and completion of civil-service bachelor quarters, \$21,936,000.

Oahu, Hawaii: Acquisition of part of Oahu Railroad, \$1.

Naval operating base, Kwajalein: Water supply and distribution, power plant and water distillation, refrigerated storage, sewage-disposal system, barracks, mess and galley, \$5,958,000.

Argentina, Newfoundland: Permanent communication facility, family quarters and utilities (conversion), \$3,193,000.

Pacific: Naval government facilities in Trust Territories, \$1,000,000.

Roosevelt Roads, P. R.: Acquisition of land (4,170 acres), \$330,000.

Naval station, Tutuila Island, Samoa: Acquisition of land (11 acres), \$3,500.

Construction at classified installations, \$23,316,000.

Various: Additional communications facilities, \$1,000,000. Aviation gas storage (190,000 barrels), \$3,350,000.

TITLE III

The Secretary of the Air Force, under the direction of the Secretary of Defense, is hereby authorized to establish or develop installations and facilities by the construction, installation, or equipment of temporary or permanent public works, including buildings, facilities, appurtenances, and utilities, as follows:

CONTINENTAL UNITED STATES

Bakersfield, Calif.: Purchase and rehabilitation of Mohawk Oil Co. plant, including land, \$141,000.

Barksdale Air Force Base, Shreveport, La.: Jet-fuel storage and dispensing facilities, \$1,500,000.

Biggs Air Force Base, El Paso, Tex.: Additional aviation fuel storage and airfield pavements, and water wells, \$3,203,000.

Campbell Air Force Base, Hopkinsville, Ky.: Control tower and security fence, \$100,000.

Castle Air Force Base, Merced, Calif.: Airfield pavements, land for runway extension and aviation fuel storage facilities, \$4,587,000.

Air Force Base, Savannah, Ga.: Facilities, barracks, quarters and utilities, pavements and storage, \$1,275,000.

Eglin Air Force Base, Fla.: Construction of armament center and related facilities including engineering building, hangar, warehouse, armament facilities, ramps, roads and taxiways, modification and improvements of range and ammunition area, ammunition and inspection plant, and addition to measurement and analysis building, and railroad, \$9,399,250.

Ellington Air Force Base, Houston, Tex.: Celestial navigation training buildings, \$57,000.

Great Falls Air Force Base, Great Falls, Mont.: Aviation fuel storage facility and airfield pavements, barracks, \$4,361,000.

Hamilton Air Force Base, San Rafael, Calif.: Aviation fuel storage facilities, \$1,000,000.

Holloman Air Force Base, Alamogordo, N. Mex.: Instrumentation building, telephone circuits to instrumentation sites, utilities, conversion of electrical distribution system, water supply and storage facilities, missile assembly buildings, photo laboratory, commissary, sales store and warehouse, tracking device (telemetering and radar), access trails in range area, technical building, upper atmosphere research station, \$3,719,725.

Hood Air Force Base, Temple, Tex.: Operation building, control tower, and fire-crash station, night lighting, transformer building, fuel storage, oil storage, electrical distribution system, gas mains, water mains, sewage-disposal facilities, grading and seeding, roads and parking areas, gate house, obstruction lighting, airfield pavement, \$1,913,467.

Kelly Air Force Base, San Antonio, Tex.: Addition to sewage-disposal plant, \$255,170.

Kirtland Air Force Base, Albuquerque, N. Mex.: Utilities and barracks, \$1,270,000.

Lackland Air Force Base, San Antonio, Tex.: Water well, \$77,000.

Langley Air Force Base, Hampton, Va.: Jet fuel storage and dispensing facilities, \$486,000.

Limestone Air Force Base, Limestone, Maine: Barracks, aviation fuel storage facilities, heating plant and extension to existing heating facilities, warehouses, maintenance shops, fire and crash station, bomb handling and storage facilities, airfield pavements, oil storage facilities, commissary, nose hangars, training-school building, utilities, roads and parking areas, administrative telephone system, communications and electronic facilities, railroad, refrigeration plant, recreation facility, school, motor pool, \$24,631,200.

MacDill Air Force Base, Tampa, Fla.: Aviation fuel storage facilities and airfield pavements, \$2,828,000.

McChord Air Force Base, Tacoma, Wash.: Jet fuel storage and dispensing facilities, runway extension and taxiway, \$573,337.

McGuire Air Force Base, Trenton, N. J.: Jet fuel storage and dispensing facilities, \$300,000.

Moses Lake Air Force Base, Moses Lake, Wash.: Barracks, hospital, bachelor officers' quarters, operations building and control tower, crash fire station, \$4,195,000.

Mount Washington Weather Station, N. H.: Climatic projects laboratory, \$363,600.

Muroc Air Force Base, California: Quartermaster warehouse, electrical system, land for base expansion, unconventional fuel storage, water system, radar and telemetering station, hangars, pavements, runway and taxiway, warehouses and railroad spur, hangar shop and warehouse, rocket static test facilities, barracks, family quarters and utilities, \$28,042,280.

Norwalk, Calif.: Rehabilitation and provision of additional operating facilities, purchase of Wilshire and Sunset Oil Co. plants, \$767,000.

Offutt Air Force Base, Omaha, Nebr.: Reconstruction of barracks for troop housing, \$300,000.

Otis Air Force Base, Falmouth, Mass.: Aviation fuel storage facilities and hangar, \$1,150,000.

Panama City, Fla.: Purchase and rehabilitation of Panama City Oil Co. plant, \$537,339.

Rapid City Air Force Base, Rapid City, S. Dak.: High-speed refueling system, airfield night lighting and hazard removal, \$1,576,100.

Selfridge Air Force Base, Mount Clemens, Mich.: Aviation fuel storage facilities and airfield pavements, \$600,000.

Spokane Air Force Base, Spokane, Wash.: Purchase of land, airfield pavements, aviation fuel storage facilities, and barracks, \$6,645,000.

St. Louis, Mo.: Renovation of building for aeronautical chart service and moving of equipment, \$1,500,000.

Tacoma, Wash.: Purchase and rehabilitation of General Petroleum Corp. terminal No. 2 facilities, \$200,000.

Walker Air Force Base, Roswell, N. Mex.: Aviation fuel storage facilities, airfield pavements, \$3,504,000.

Wright-Patterson Air Force Base, Dayton, Ohio: Structure branch storage, addition to electrical distribution system for engineering laboratory building, modification to shop

and office (wind tunnel building 24C), addition to film-storage building, compass test building, modification of wind tunnel (building 24B), addition to radar-test building, high-powered electric whirrig, extension to electric system, coal-handling facilities (area C), extension to engineer shops, vibration-test building, \$3,340,010.

Location to be determined: Additional strategic bulk petroleum storage facilities, \$14,200,000; facilities for storage and repair of rocket motors, including storage facilities for unconventional fuels, \$1,000,000; facilities for Air Force Security Service, \$5,802,900; classified facilities, \$580,000.

Various locations: Conversion of engine overhaul and test facilities, \$7,990,000; airways navigational aids and communications facilities, \$11,627,415; repair and replacement of airfield lighting, \$1,000,000; facilities for storage and dispensing of unconventional fuels, \$2,000,000.

OUTSIDE CONTINENTAL UNITED STATES

Alaska: Warm-up shelters for aircraft, \$700,000.

Elision Air Force Base, Alaska: Utilities, utilidor and tie-in to new power plant, power and steam plant, family quarters and utilities, aviation gasoline storage and dispensing facilities, airfield pavements, \$11,213,320.

Elmendorf Air Force Base, Fort Richardson, Alaska: Outside utilities, warm storage for vehicles, \$1,191,746.

Ladd Air Force Base, Fairbanks, Alaska: Family quarters and utilities, barracks and outside utilities, \$11,283,000.

Lagens Field, Azores: Fuel unloading facilities, water supply and distribution facilities, \$2,332,000.

Kindley Air Force Base, Bermuda: Completion of bridge, \$600,000.

Johnston Island Air Force Base: Petroleum storage facilities, salt water flushing system, fresh-water supply system, airfield lighting, dock repair and replacement, electrical distribution system, electric power plant, communications facilities, \$2,031,000.

Goose Bay Airport, Labrador: Aviation gasoline storage and dispensing facilities, high-speed refueling facilities, \$3,050,000.

Wheelus Field, Libya: Water supply and distribution facilities, \$325,000.

Dhahran Air Transport Station, Saudi Arabia: Additional facilities, \$4,500,000.

Various locations: Weather broadcast and point-to-point communications facilities, \$1,701,613; northeast Loran chain, \$2,850,000; ground-control-approach facilities, \$433,760; air/ground radio stations, \$2,076,592; three multichannel single-side-band stations, \$4,180,131; radar set facilities, \$381,000; demountable or low-cost family housing, \$4,800,000; instrument landing system, \$150,000; facilities for Air Force Security Service, \$1,670,000; classified facilities, \$1,000,000.

TITLE IV

GENERAL PROVISIONS

SEC. 401. To accomplish the above-authorized construction the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force, under the direction of the Secretary of Defense, are authorized to acquire lands and rights pertaining thereto, or other interests therein, including the temporary use thereof, by donation, purchase, exchange of Government-owned lands, or otherwise, without regard to section 3648, Revised Statutes, as amended. When necessary, the Secretary of the Army, under the direction of the Secretary of Defense, is authorized to commence construction authorized in title I hereof for a single special weapons project prior to approval of title to such lands by the Attorney General as required by section 355, Revised Statutes, as amended.

SEC. 402. There is hereby authorized to be appropriated, out of any money in the

Treasury of the United States and otherwise appropriated, such sums of money as may be necessary for the purposes of this act, but not to exceed:

(1) For public works authorized by title I: Inside continental United States, \$34,623,363; outside continental United States, \$87,301,225; special weapons project, \$2,258,800.

(2) For public works authorized by title II: Inside continental United States, \$143,554,519; outside continental United States, \$85,533,501.

(3) For public works authorized by title III: Inside continental United States, \$200,140,593; outside continental United States, \$56,469,162.

SEC. 403. The approximate cost of each project enumerated and authorized by titles I, II, and III of this act may, in the discretion of the Secretary concerned, be varied upward 5 percent, but the total cost of work for each title as authorized in section 402 shall not be exceeded.

SEC. 404. (a) Nothing contained in this act shall be construed to authorize the construction of family quarters or the conversion of existing structures to family quarters at any of the localities mentioned in titles I, II, and III of this act under the heading "Continental United States."

(b) No family quarters shall be constructed under the authority of this act outside continental United States which are in excess of a net floor area of 1,080 square feet per unit.

SEC. 405. When family quarters are constructed outside continental United States, or in Alaska, unit cost and average cost thereof for construction, including kitchen range, refrigerator, telephone, site development and outside utilities, architectural and engineering services, and all contingencies shall be limited to \$33,000 and \$29,500, respectively.

SEC. 406. Appropriations made to carry out the purposes of this act shall be available for expenses incident to construction, including administration, overhead planning and surveys, and shall be available until expended when specifically provided in the appropriation act.

SEC. 407. Any projects authorized herein may be prosecuted under direct appropriations, or authority to enter into contracts in lieu of such appropriations.

SEC. 408. (a) There is hereby rescinded, as of December 31, 1949, any authority conferred by any act of Congress enacted prior to the beginning of the Eightieth-Congress to proceed with any project or projects for the establishment or development of military, naval, or air-force installations and facilities by the construction, installation, or equipment of temporary or permanent public works, unless funds to be used for the exercise of such authority have been appropriated on or before December 31, 1949.

(b) The Secretary of Defense is authorized and directed to make a report to the Congress at the beginning of the first session of the Eighty-second Congress, and at the beginning of the first session of each succeeding Congress, listing all projects for the establishment or development of military, naval, or air-force installations and facilities by the construction, installation, or equipment of temporary or permanent public works which have been authorized by this Congress subsequent to the beginning of the Eightieth Congress and for which adequate funds for the completion thereof have not been appropriated. The report shall include any recommendations which the Secretary of Defense deems appropriate with respect to the rescission of all, or any portion, of the authority to proceed with any such project.

(c) Nothing in subsections (a) and (b) of this section shall be deemed to relate to any project authorized to be prosecuted by the Department of the Army in the exercise of the civilian functions of the Corps of Engineers.

Mr. TYDINGS. I move that the Senate insist upon its amendment, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. TYDINGS, Mr. RUSSELL, Mr. BYRD, Mr. BRIDGES, and Mr. SALTONSTALL conferees on the part of the Senate.

CONFIRMATION OF NOMINATIONS IN THE NAVY AND NAVAL RESERVE

Mr. TYDINGS. Mr. President, as in executive session from the Committee on Armed Services I report certain routine promotions in the Navy and in the Naval Reserve, which come unanimously from the committee. I ask unanimous consent that the nominations be confirmed and that the President be notified.

The VICE PRESIDENT. Without objection, the nominations are confirmed, and without objection the President will be immediately notified.

Mr. TAFT. Mr. President, may I have the attention of the Senator from Maryland a moment? No notice was given of this request for the confirmations, and I understand there may be certain Senators on this side of the aisle who might be interested and who might wish to be heard. I do not know what the facts are, but will the Senator state them?

Mr. TYDINGS. Mr. President, if the Senator will yield, none of these promotions, as I recall, cover a higher rank than commander in the Navy. They deal with ensigns, and so on. They come from the committee unanimously, and I am sure there is no objection that could possibly be raised. They have been on the calendar of the committee for more than a week. None of them are promotions in the higher grades.

Mr. TAFT. I am told that the Senator from Missouri [Mr. DONNELL] objects to the adoption of any routine practice that the President be immediately notified. If the Senator will withdraw that request, it will make only a day's difference.

Mr. TYDINGS. I shall be delighted to do that. The only reason I made that request was that these young men are going on a cruise shortly.

Mr. TAFT. One day, I think, will not make much difference.

Mr. TYDINGS. It may make some difference as to the time they receive their commissions. They may not reach them until they come back from the cruise. I know that in many cases men have lost their number because they have not qualified, by reason of absence from the country, although on the same plane of promotion as men in the country who were simultaneously promoted. For that reason, in order to keep the files uniform, it is quite necessary that the President be notified and that all the commissions go out simultaneously.

Mr. TAFT. I understand the failure immediately to notify the President would delay the matter only 1 day. All the commissions could be prepared.

Mr. TYDINGS. I think notification to the President should be made, but I shall not object.

The VICE PRESIDENT. The motion immediately to notify the President is withdrawn.

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7797) to provide foreign economic assistance.

Mr. CONNALLY. Mr. President, I yield such time as may be required to the Senator from Massachusetts [Mr. SALTONSTALL].

Mr. SALTONSTALL. Mr. President, I shall speak very briefly in favor of the conference report. I say very frankly, at the outset, that men may differ perfectly sincerely on the principle involved in title IV, which is under discussion. As I listened to the Senator from Colorado I gathered that that title in the conference report is the only one at issue and as to which there is any disagreement.

I am in favor of title IV, selfishly, because I believe it helps the national security. The only justification we have for many of the measures we have enacted in the past few years, during which I have been a Member of the Senate, is to strengthen our security and afford a greater opportunity to bring about peace on earth.

How does title IV help the national security? As I see it, it gives other nations an understanding of the standard we expect of them if they want to do business with us. I have heard a very derogatory statement from the distinguished Senator from Colorado, in words which he can employ with great ability, regarding the language which is used in the declaration of policy in section 402 of title IV.

I agree with him that the language may be superfluous in many respects; I agree with him that it may be very broad in some of its implications; but, as I see it, one of the purposes of that language which has not been brought out in the debate, so far as I know, is to give to other nations an understanding of the basis on which we shall be willing to do business with them. In other words, they must reach certain standards; they must be willing to do certain things; they must be willing to understand that we are insisting on these standards before we will do business with them.

In the second place, as I understand, the purpose of the language is to help us negotiate treaties. The Senator from Colorado spoke at length about agreements and bilateral understandings without using the word "treaty." We have pending a treaty of friendship, commerce, and economic development with Uruguay, which has just been reported favorably by the Foreign Relations Committee. There is now pending in the Committee on Foreign Relations a treaty of friendship and mutual understanding with Ireland. I understand other treaties are being negotiated. These are all efforts to encourage mutual business relations between the private citizens of the various nations involved.

There is reason, it seems to me, why it would help the national security. I

may say first, however, that we must keep our eyes on the purpose of title IV; we must keep our attention focused on what we are trying to do, namely, to get greater security for ourselves and greater peace in the world. Another reason why it promotes our security is that it helps us to be economically stronger by potentially increasing our markets through the building up of other peoples as possible purchasers.

In the appropriations subcommittee I listened with a great deal of interest to what was said about the work of the Institute of Inter-American Affairs in South America. I read their report, not only as a member of the Committee on Appropriations, but as a Senator of the United States, because the whole subject was of great interest to me. That is one example of cooperation. In South America, where the Institute of Inter-American Affairs operates, it has helped to improve agricultural practices and to bring about better methods in mining and in other industries, but I think it is concentrating mostly on health and agriculture as a beginning. That, as I understand, is the meaning of technical cooperation.

The Senator from Texas [Mr. CONNALLY] rightly says that the limit of technical cooperation in the bill is \$35,000,000. There is definitely no commitment beyond that amount. As the Senator from California [Mr. KNOWLAND] pointed out in his discussion with the Senator from Colorado [Mr. MILLIKIN], any further commitment by the President or any further authorization by the President will have to come before the Congress for appropriations.

In addition to the Institute of Inter-American Affairs, we have, as has already been cited, the Fulbright program and the Smith-Mundt Act. The Smith-Mundt Act does much in a more limited way, perhaps, than would be done by the understandings which may come from the pending measure, which would increase our security by stimulating the interest of private citizens in investing funds abroad.

I say, Mr. President, as emphatically as I can, that so far as I know, in title IV there is no guaranty of funds invested by private citizens in any other country in the world, nor is there any obligation on the part of our Government.

There is now pending on the calendar of the Senate a bill from the Committee on Banking and Currency concerning greater powers of the Export-Import Bank. There is in the House another bill which has been introduced on the same subject. I believe these bills should be given the most careful scrutiny. I entirely agree with the Senator from Colorado that we do not want to guarantee, except in a very limited way, the investment of private funds going into other countries. Unlike the Senator from Colorado, I do not think it is a mere gesture on our part to pass this bill if there is no guaranty included.

Mr. President, this is a long-range program. It has to be. If Senators will read the work of the Rockefeller group and the work of the Institute of Inter-

American Affairs they will find it requires a long time to develop—

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield to the Senator from Colorado.

Mr. MILLIKIN. The Senator says it is a long-range program, and I do not deny it would be a long-range program under the conference report. But the Senate expressed itself as favoring a short-range program, to wit, a 5-year program.

Mr. SALTONSTALL. I would say in reply to the Senator from Colorado that the Senate program was a short-range program with relation to technical cooperation under the ECA Act. With that I am in entire accord. I will go even further than does the Senator from Colorado and say the amount for technical cooperation could be cut down to \$10,000,000 or \$15,000,000. My interest and my belief in the point 4 program are not concerned with the amounts which the Government spends for technical cooperation. That program gives encouragement to private investors to go into other countries with some assurance that they may succeed in their efforts as private investors in those countries.

I should like to quote one paragraph from the hearings held by the Committee on Foreign Affairs of the House on House bill 5615. I read from page 101 of that document, from a report by the Foreign Trade Council, as follows:

PRIVATE ENTERPRISE AND THE POINT 4 PROGRAM—GENERAL CONSIDERATIONS—TIME AND SCOPE

A foreign economic development program must be thought of in terms of an ever-continuing effort rather than one of any determinable period. Emphasis should be placed on setting up the program on a sound basis with assurance of continuity rather than undue haste in its initiation.

I believe that is the principle on which we should work in considering title IV. As I have stated, the technical cooperation of our Government is limited, so far as this bill is concerned, to an authorization of \$35,000,000, and in this and any future situation it is limited by congressional appropriation. As I read the bill, there are no guaranties given to private investment outside the limited guaranties under the ECA program.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. TAFT. How can the Senator possibly read section 403 without seeing that the Senate would commit itself to the policy of appropriating public money, if necessary, or taking other action to provide the flow of investment capital into these countries? Whether the authorization question arises or not, section 403 commits us to that policy beyond a shadow of a doubt. It seems to me that this is the main change which was made in the Senate bill by the conferees.

Mr. SALTONSTALL. I do not understand that it commits the Senate to provide investments in these countries beyond stimulating investigatory processes and establishing a foundation on which to go ahead. I say again, I hope

the final determinations will be in the form of treaties which will come before the Senate. That is the theory, at least, on which I believe this bill should be passed.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. TAFT. The Senator is familiar with what the State Department has done with the authority to make reciprocal trade agreements. Into that authority, which permits them to make agreements requiring no ratification by Congress, they have incorporated all kinds of provisions, including all kinds of quotas. They have expanded the power until under this so-called gap they have almost written ITO into agreements which they have based on that theory. Here we give them power to make other agreements which would not have to be submitted to Congress. They are not treaties. Under section 405 we give them the power to make and perform contracts or agreements in respect of technical cooperation programs on behalf of the United States Government "with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency." Exactly what a technical cooperation program is, I do not know. However, it seems clear to me that, in view of the way the State Department has stretched its powers in respect to reciprocal trade agreements to cover anything, it could outline all kinds of agreements and projects, to be financed by us, with no treaty whatever, and then have come to the Congress for money. They could say, "Here is an agreement we made under your authority. We made this agreement with Iran under your authority. We are going to develop Mesopotamia. We made this agreement. Are you going to back out on the agreement, after you authorized us to make it?"

We can say, "We did not authorize it." To which they can reply, "We understood the language to mean we had the authority, and we claim that authority." We have an extremely open declaration of policy, which clearly includes financing with Government money, as well as private money, economic development projects in these countries.

Mr. SALTONSTALL. I would reply to the Senator from Ohio that I do not agree with his definition of economic development.

Mr. TAFT. Let me read what it says in section 403 (b):

It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes—

What purposes? One of the purposes is the flow of investment capital to these countries—

with respect to projects for which capital is requested—

Does not that language contemplate that these governments will ask us for money?—

whether private capital is available either in the country or elsewhere upon reasonable terms—

For what purpose? To determine whether we should put up public money. It seems to me that we have here a wide-open policy to use all the resources of the United States in the economic development of all countries throughout the entire world. It is something far beyond our power, and it is something far beyond anything which Congress has the power to declare as a policy of the Government of the United States.

Mr. SALTONSTALL. I agree with the Senator from Ohio that our Government should not put funds into those countries for those purposes. I would not support this title for one moment if I thought that was the fact. It is my understanding that this title is a background for treaties similar to the Uruguay treaty, which does not contemplate any such thing. The technical cooperation programs are defined in section 418. The section is reasonably clear. It is much clearer, in my humble judgment, than the Senator from Colorado [Mr. MILLIKIN] so aptly and ably pointed out in some of the objections he made to it. The Senator from Ohio says that we are going to help develop Morocco, or some other country. What country did the Senator refer to a moment ago?

Mr. TAFT. Mesopotamia.

Mr. SALTONSTALL. Let us take Mesopotamia. How are we going to develop Mesopotamia unless we make it possible for private investors to go there and find suitable ground for investment?

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. TAFT. The project with relation to the canals between the Tigris and Euphrates Rivers has been urged as a suitable project. The project of taking all the Arabs out of Palestine and putting them in Iraq and Mesopotamia has also been urged. That cannot be done by private capital. I think the head of TVA, whose name escapes me for the moment, made a study of that project, and he said it was too expensive. It would cost too many millions of dollars. The proposal was that we use Government money for that purpose, not private capital.

Mr. SALTONSTALL. I hope the Senator from Ohio knows the Senator from Massachusetts well enough to realize that he would put Government money into the deepening of the channel in Boston Harbor rather than pay it out for the widening of the Tigris River in Mesopotamia.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. LUCAS. It strikes me that the argument made by the very able Senator from Ohio is a complete exaggeration of what point 4 really is. I read from section 416 (b), which says:

Nothing in this title is intended nor shall it be construed as an expressed or implied

commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries, or to any international organization.

Mr. President, if I understand the English language, that is a complete answer to what the Senator from Ohio has been trying to tell the Senate with respect to what the point 4 program is going to do. This is a specific limitation upon what can be done under it. After all, point 4 is not a big program. It calls for only \$35,000,000. It does not involve \$35,000,000,000. Judging by some of the arguments we have heard here, one would think that \$35,000,000,000 were involved.

Mr. SALTONSTALL. I would say to the Senator from Illinois, the Senator from Ohio, and the Senator from Colorado that, so far as the technical cooperation program is concerned, I would just as soon have it call for \$15,000,000, rather than \$35,000,000, because I do not think that program is the basis on which we must ultimately go ahead if we are to be successful in carrying out the theory and ideals which interest me.

Mr. TAFT. Madam President—

The PRESIDING OFFICER (Mrs. SMITH of Maine in the chair). Does the Senator from Massachusetts yield to the Senator from Ohio?

Mr. SALTONSTALL. I yield.

Mr. TAFT. The particular provision read by the Senator from Illinois is pretty weak. It says:

Nothing in this title is intended nor shall it be construed as an expressed or implied commitment.

It does not say that the agreements made by the President under the title shall not be at least moral commitment and that is what we are always getting into. Once the President is given power to make an agreement with a foreign nation, we are through, because there is a moral commitment.

Furthermore, the suggestion that it is a little thing, involving only \$35,000,000, is certainly disputed by the fact that section 403 lays the basis for a measure providing \$250,000,000, now pending on the Senate Calendar, to carry out these particular provisions in a particular way, namely, by guaranteeing foreign investors. This is the basis for that program. It seems to me that without further authorization bills, the Government, under section 403, can go ahead and advance unlimited sums, if the Committee on Appropriations will give them.

Mr. SALTONSTALL. Most respectfully I disagree with the Senator from Ohio in that interpretation. Certainly it was not a possible interpretation I thought would be put upon the provision.

Madam President (Mrs. SMITH of Maine in the chair), I shall close by simply saying that it seems to me the issue, so far as it concerns title IV, comes down to a very simple matter. The Senators who are opposing the conference report are just as sincere, I hope, as I am in supporting it. I believe there is merely a difference of opinion as to how we are going forward in this country in our relations with other countries so far as our

own security is concerned, and so far as the peace of the world is concerned.

It is my conception that we are going to be more secure, that there is going to be greater opportunity for peace, if we make it possible to develop some of the underdeveloped nations of the world. But I want to see it done with private capital, with Government cooperation, and without undue governmental spending.

Mr. CONNALLY. Madam President, will the Senator yield?

Mr. SALTONSTALL. I yield to the Senator from Texas.

Mr. CONNALLY. In connection with what the Senator was just observing, we mean to aid the nations by making it possible for them to aid themselves. Is that not the purpose of the whole bill?

Mr. SALTONSTALL. That is certainly a fundamental purpose of the bill. If they aid themselves, and build themselves up, they become greater purchasers of our goods, and certainly if we are to keep growing economically in this country, we have to spread outside its borders. If we do that, we are going to keep ourselves strong, we are going to keep our industrial machine working on higher levels.

Madam President, I am in favor of title IV of the bill because I believe it provides a method by which we can work with the peoples of other nations of the world, for our own selfish benefit, as it will afford us security, will contribute to our economic progress, through greater purchases from the other countries, and, moreover, will tend to prevent a further spread of communism. That will be done by building up nations by understanding, as set forth in the first two sections of this title. They will be able to know what we stand for and what we want the other nations to do if they are going to undertake to do business with us.

Madam President, as I see it, that is the issue. As I have said, it is subject to a very fundamental difference of opinion, and men can be just as sincere on both sides. I happen to be one of those who think this country has to go forward in the way provided, and that the individuals of this country have to have a greater understanding of these subjects, and make it possible for us as individual citizens to have a greater knowledge of and to do more business in the other countries of the world. For these reasons I shall vote to back up the conference committee.

I may add that I introduced one of the bills which has been referred to the Committee on Foreign Relations, and I hope the committee will have a hearing on it. I believe it should be very carefully studied. The House committee did give it a substantial amount of consideration. The matter is now before us, and we have to go forward.

Mr. SMITH of New Jersey. Mr. President—

The PRESIDING OFFICER (Mr. CAIN in the chair). Does the Senator from Massachusetts yield to the Senator from New Jersey?

Mr. SALTONSTALL. I yield.

Mr. SMITH of New Jersey. There are two things involved in the debate. One

is technical assistance, some of which we have been giving heretofore, which the House and Senate both agreed some plan should be made to continue. That is one part of the program. The other part, and one that seems to be disturbing the distinguished Senator from Colorado primarily, is the question of a climate for investment capital.

I admit that we did not give much time to any hearings on that subject, because most of us thought, when we suggested our form of the bill limiting it to technical assistance, that that need not be developed yet, but that it might be a part of the post-ECA program. For approximately a year the House committee has been holding hearings on the subject, and the Senator himself has been in conference with me and others about it. It has been the purpose of the House to see if there was some way by which American taxpayers, who have been paying money for grants under ECA, might be relieved of that burden, by interesting foreign capital to go into these projects.

Mr. SALTONSTALL. Mr. President, that is the reason why the Senator from Massachusetts first interested himself in this program—the desire to eliminate and gradually do away with the dollar gap that will still be substantial after the ECA aid is terminated.

The Senator knows that there are a substantial number of business organizations and other types of organizations, such as foreign trade organizations, which are interested in this proposal. I hesitate to put their names in the Record because some of them have qualified their approval in one way or another. One of the two organizations which are against it, and the only two that are on record against it, is one of which Mr. Paul Robeson is the president, and it seems to me perfectly obvious why he should be opposing it. That is simply an indication of what he or his organization feels this proposal may be able to accomplish.

Mr. SMITH of New Jersey. I thank the Senator.

Mr. MILLIKIN. Mr. President, I yield 15 minutes to the junior Senator from Nebraska [Mr. WHERRY].

The PRESIDING OFFICER. The junior Senator from Nebraska is recognized for 15 minutes.

Mr. WHERRY. Mr. President, as other Members of the Senate have shown on the floor of the Senate in the past few days, the ECA conference report we are being asked to accept is not the bill which was passed by the Senate on May 5. I am speaking today as the junior Senator from Nebraska to call attention to some of the arguments and observations I made during the discussion of the ECA authorization. As one who voted against the authorization, I feel that it is quite proper for me to point out some of the deviations, some of the newly included matter, and also to express an earnest desire that the Senate may vote against accepting the conference report and may recommit it to the conference committee, to the end that point 4 may be either greatly or entirely stricken from conference reports on the ECA bill.

To say that the conference report bill is a compromise seems to me to be an exaggeration. No one appreciates more than does the junior Senator from Nebraska that compromises must often be made in conferences. That is what conference committees are for, to adjust the differences between the House and the Senate as expressed in the amendments which may be adopted by either House. But, after all, it is the function of the conferees of the Senate to fight for the Senate version of a bill in conference, so that, if possible, the bill as passed by this legislative branch may be finally enacted.

But in the instance of the conference report before us, I submit that it resembles the bill passed by the Senate only as one skeleton might resemble another. It contains a vast amount of superstructure, which I believe the Senate has every right to suspect, to question, and to reject.

Mr. President, I have in my hand a copy of the conference report, marked in blue pencil in those sections that are changed; where important deletions have been made; and where numerous new sections have been added.

Paragraph after paragraph has been changed and page after page added. Approximately one-third of the wording is the same or similar to the bill which was passed by the Senate; the remaining two-thirds consists of wording and proposals upon which the Senate has never acted, either in committee or upon the floor—and much that the Senate has never heard of before.

I am not sure but that a point of order against the conference report, because of the new matter contained in the report, would be sustained.

For example, it contains a complete change of the so-called point 4 proposition—which in the Senate legislation was an amendment presented by the chairman of the Foreign Relations Committee—and even with its very limited provisions for technical assistance only, passed the Senate by a bare margin of one vote.

That vote alone certainly indicates that the Senate had very definite doubts about accepting a technical-assistance program at all.

The Senate certainly had no idea of expanding technical assistance to include the sponsoring of capital investment, which the State Department has had in mind all along, a global WPA, a boondoggle that will be administered by the State Department, not the ECA Administrator, and has never belonged in the ECA-Marshall Plan Extension Act at all. At least, that is my feeling about it.

I wish to point out that the capital-investment feature contained in the point 4 program is entirely new. It goes beyond what we have ever intended to do in the United States Senate. It provides for credits and guaranties. I believe it will do what the distinguished Senator from Massachusetts, under his interpretation of the measure, said would be done, which is to provide assistance throughout the world. Per-

haps it is a good way in which to establish friendship and good feeling throughout the world. If so, we are already establishing a great deal of it. I am not so sure, however, that good will can be bought, either in the United States or abroad. It seems to me that anything we do should be done on a sound basis. I repeat, it was not the intention of the Senate to attempt a world-wide capital-investment program. All the Senate ever intended to do was to give technical assistance where such technical assistance could be provided without further obligation.

Rejection of the broader aspects of the point 4 proposals has been most clearly brought out in the hearings on point 4 before the Senate Foreign Relations Committee.

Mr. Acheson and Mr. Thorp, his Assistant Secretary for Economic Affairs, tried manfully to inject into the Senate committee's consideration the broader proposals—those contained in the House version which are now in the conference report—which, as has been so amusingly discussed on the floor of the Senate in the past several days, proposes some vague creation of a favorable climatic condition for the further investment of American dollars in far-flung projects in every corner of the world.

Obviously, if American dollars have not ventured already into those areas, it was because of the hazard and the expense of such projects which it is now proposed the United States Government sponsor in one way or another. If heretofore such investments were good, why were they not made? Why is it now necessary to make investments with what can be called venture capital or risk capital?

There are a few quotations from the Foreign Relations Committee hearings on the so-called point 4 proposals, which clearly demonstrate the doubt and the rejection of the broader proposals by committee members. Even the hearings on that feature were far from being adequate.

On page 18 of the hearings on March 3, 1950, Secretary Acheson stated:

What this bill deals with (referring to the point 4 amendment to S. 3304) is the skills and techniques. It hopes that, having created that knowledge—it deals purely with knowledge—in these underdeveloped areas; then the private investors, the entrepreneurs, the investors, the managerial skill, and all that, will follow.

Mr. President, had I been there I would have asked the Secretary what he meant by "all that." That is where the new proposal comes in.

The junior Senator from Massachusetts replied to the Secretary in these words:

You know, there is a great deal of misapprehension about this whole subject. You, in part, with these great big global phrases, contribute to it. I think if we could pinpoint these things and get into sharp focus exactly what you mean, and not have these big global titles, it would be much easier to get it accepted.

A little further along in the hearings, the doubts of the chairman of the Sen-

ate Foreign Relations Committee are expressed in these words:

The CHAIRMAN. A good many people are apprehensive of this program, that while we are only appropriating \$35,000,000 at the beginning, it is just sort of getting a foot in the door, and the expenses of this thing will grow from year to year, and just as Secretary Thorp mentioned a while ago there, they will come up with a project, some country will say, "Oh, now you have sent these experts over here, and they have smelled around and we have a big project for \$100,000,000 and we want you to carry out your promises now and give us the \$100,000,000."

That is exactly how projects are started. Recommendations are made, surveys are provided for, then authorizations are made, after which the projects themselves are begun and from time to time enlarged. It all begins with surveys only. A few hundred thousand dollars may be provided, but a project may finally turn out to be, as the chairman of the Committee on Foreign Relations suggested, a \$100,000,000 project.

Mr. MILLIKIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. WHERRY. I yield.

Mr. MILLIKIN. Is there any sense in the conference report at all unless it leads to projects?

Mr. WHERRY. That is what it will lead to. It is the beginning of projects. The way the foot is placed in the door so that Congress may be induced to furnish money to carry on projects.

Mr. MILLIKIN. If the conference report is not related to projects then we can get along with a simple extension of the Smith-Mundt Act, can we not?

Mr. WHERRY. There can be no doubt about that. I shall come to that point further on in my remarks. I agree entirely with the Senator's statement. I shall place in the RECORD a quotation which the Senator from Colorado has probably already read into the RECORD. I do not know whether he did or not, because I did not hear all his address.

Here we find the chairman of the Foreign Relations Committee himself making a statement which anticipated what others are now saying.

After Secretary Acheson denied that point 4 was a "big money" proposal, the chairman remarked again:

The CHAIRMAN. Of course, that is your purpose now, and that is your objective now, but as time goes on I can feel the pressure already coming in through the windows there on us to do this, and do that, and do the other.

Mr. President, it is not necessary for the junior Senator from Nebraska to proceed further along that line, because the Senator from Colorado in his speech previously made the point I am now making with respect to the authorization bill. One of the reasons I opposed the authorization was because it contained the provision relating to the point 4 program. Once the foot is in the door commitments will be made, surveys will be made, and then the advocates of the

point 4 program can come to Congress and say, "You must authorize the money necessary for this and so to be done." Then money will be appropriated and projects will be carried out. We will then throughout the world witness the same kind of thing we often see in the United States—the United States engaged in carrying out projects resulting from appropriations, resulting from authorizations, resulting from recommendations and surveys. Projects which began as insignificant projects, as the chairman of the Foreign Relations Committee suggested in the statement from which I just read, develop and spread till they may involve as much as a hundred million dollars. No more forthright and stronger illustration of what may happen could have been presented than that statement by the chairman of the Committee on Foreign Relations.

Mr. President, I could go on to quote other passages from the hearings that show a complete rejection of anything about point 4, beyond very limited "technical assistance," and it was stated over and over again that such proposals should be considered in separate legislation and not in the ECA bill.

Mr. President, I concur in those views.

The outcome of the Senate Foreign Relations Committee hearings on point 4 was the amendment of the Senator from Texas [Mr. CONNALLY] to the Senate bill 3304, known as title V, which has been changed, weakened, and a whole new premise developed in the conference report we are considering.

Mr. President, I find it difficult to read or to understand the gobbledygook which has been added to the conference report, with respect to the so-called point 4 program or in other respects. I do not think my abilities of perception are any more or less keen than those of any other Members of the Senate who have studied the conference report.

The complete title IV of the conference report, which was title V, in part, of the Senate bill, contains expansion and enlargement of the very proposals which the Senate explicitly limited. It contains commitments which I do not understand, and, from what I have heard of the presentations on the conference report, other Members of the Senate do not understand either.

For instance, I shall read from the new title IV, section 402 (c), on page 8 of the conference report. I suppose the distinguished Senator from Colorado read it in the course of his speech, but let me read it now:

(c) Technical assistance and capital investment can make maximum contribution to economic development only where there is understanding of the mutual advantages of such assistance and investment and where there is confidence of fair and reasonable treatment and due respect for the legitimate interests of the peoples of the countries to which the assistance is given and in which the investment is made and of the countries from which the assistance and investments are derived. In the case of investment this involves confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will provide ade-

quate wages and working conditions for local labor. It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation; that they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.

Now I read from the following paragraph, section 403 (a):

SEC. 403. (a) It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity, and expanding purchasing power.

Mr. President, I think that covers "everything in the book." I do not see how anyone could even attempt to deny that this conference report goes a way beyond technical assistance. It goes clear through to where we invite the authorization of these projects. It will take years and years to complete them, and they will take billions of dollars of taxpayers' money, and it will be spent in backward areas where today venture capital has refused to go because of the risks involved.

Mr. CAIN. Mr. President, will the Senator yield for a question for clarification?

Mr. WHERRY. I yield, although, of course, I have only 15 minutes altogether.

The PRESIDING OFFICER. The Chair must advise the Senator from Nebraska that the Chair is informed by the Parliamentarian that the Senator from Nebraska has less than 1 minute of his time remaining.

Mr. WHERRY. I thank the Chair for giving me that information. Nevertheless I am glad to yield to the Senator from Washington.

Mr. CAIN. I thank the Senator.

Will the Senator advise me whether the point 4 program, as conveyed in the conference report, is identical with the point 4 program as designed and approved by the House, or is it in fact a combination of the point 4 programs of the House and the Senate?

Mr. WHERRY. I did not go into every detail of the House proposal; but my comparison and analysis lead me to believe that the conference report adopts the House version, so far the enlarged scope of the point 4 program is concerned.

I should like to ask the distinguished Senator from Colorado as to that.

Mr. CAIN. I think the answer will be of interest to others of our colleagues.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MILLIKIN. I may be incorrect by one or two lines in what I am about to say; but my present recollection is

that the conferees adopted 401, as I recall, of the 417 lines of the House bill.

Mr. CAIN. I should like to ask another question, if I may.

Mr. WHERRY. I yield.

Mr. CAIN. In other words, the conference committee has adopted what the Senate concretely and completely disagreed to, during the consideration of this measure in the Senate, as shown by the record of the debates in the Senate on that question. Is that correct?

Mr. MILLIKIN. That is entirely correct.

Mr. WHERRY. Mr. President, I pointed that out at the beginning of my remarks.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired.

Mr. WHERRY. Mr. President, will the Senator from Colorado yield me further time?

Mr. MILLIKIN. Mr. President, I yield 2 minutes more to the Senator from Nebraska.

Mr. WHERRY. I thank the Senator.

Mr. President, it has been my impression that the conference report contains about one-third of the Senate version and about two-thirds of the House version of the entire ECA legislation. The Senator from Washington asked me whether the conference report contains the exact language of the House version of the point 4 program. I believed there were a few differences; but now my understanding is that the House version and the conference report are practically identical, so far as point 4 is concerned.

Mr. President, I do not need to take up the time of the Senate to tell, in any more detail, what I think of both the "technical assistance" program and the broader aspects of the point 4 global WPA.

Anyone who is interested can read the authentic figures from my remarks in the RECORD on May 4, which show how much money the American taxpayer has tossed down the rathole in every nation under the sun—not just in the ECA western European countries but in South America, eastern Europe, Africa, Asia, the Far East, and the Near East—to the tune of \$58,000,000,000 in the past 10 years alone, exclusive of lend-lease during the war years, much of which was in the nature of relief.

If lend-lease were added, although not one dime of lend-lease funds is added to these figures, but if it were, it would bring the total of our foreign aid to the staggering sum of \$104,000,000,000 in the past 10 years, exclusive of ECA.

We have programs of technical assistance already in progress in practically every country in the world, already authorized by legislation.

So, Mr. President, what does the new technical-assistance program portend at this particular time? I am talking only about the technical assistance. That is one of the reasons why I previously objected to the authorization. However, the program now proposed goes away beyond that one, and now it is proposed that we accept this expanded program without giving careful study to it at all. That is admitted in the hearings of the

Foreign Relations Committee and it is admitted by those who are presenting this legislative proposal. A careful study has not been made of the point 4 program in its broader aspects.

Mr. President, I have brought out on the floor of the Senate most of the colloquy which occurred between the chairman of the committee and the chief witness, Mr. Acheson, on those points.

Mr. President, what will come of "establishing economic development of underdeveloped areas for the first time as a national policy," as Secretary Acheson said before the Senate Foreign Relations Committee?

Why have the safeguards and amendments added on the floor of the Senate, with the hope of protecting the American taxpayer from any expansion of the so-called technical-assistance idea, been removed from the conference report?

I refer to the amendment introduced by my esteemed friend the junior Senator from Georgia [Mr. RUSSELL], which has been eliminated from the conference report.

The Russell amendment specifically stated that the technical assistance offered under title V of the Senate bill did not obligate the Government to make loans or grants for the execution or construction of any project or for the completion of any program devised under this title.

Why, Mr. President, was the time limitation in the Senate bill, setting June 30, 1955, as the end of the technical-assistance program, eliminated from the conference report?

Mr. President, I think our world planners and world "do-gooders" have shown their cloven hoof a little too soon.

Not satisfied with the small amount which was passed grudgingly by means of the Senate bill, they are trying to cram the whole hog down our throats—under the very transparent covering of meaningless words and unqualified statements.

We shall be accessories after the fact if we do not scan every work and every commitment we make in any ECA legislation. We will be failing in our duty if we do not recommit a conference report that does not reflect the purposes and intentions approved by the Senate Foreign Relations Committee and passed by the United States Senate.

Mr. President, as an example of how little we know about the intents and purposes of the ECA legislation, and how real purposes may be covered up, not brought to light, I have before me a memorandum which was furnished my office by the Senate Foreign Relations Committee. It was furnished in answer to a question regarding a sum of \$85,000,000, noted, not in the bill as reported to the Senate, but only in a brief breakdown of how the ECA funds are proposed to be used, as shown in the committee report, No. 1371.

The report refers to the \$85,000,000 as a special fund—part of the blank check for the Administrator. For, in truth, we have no real check upon the expenditures by ECA, beyond that Mr. Hoffman chooses to give us.

In one brief paragraph on page 9 and two equally brief paragraphs on page 11, the report states that the special fund of \$85,000,000 is to be reserved for thermal and hydroelectric power projects between the ECA countries and for the development of projects in overseas territories of the ERP countries.

Guess where these overseas projects are to be located?

Mr. President, a list of the proposed projects was handed to me with a notation that it was given in executive session in the Senate Foreign Relations Committee, and was not to be made public, since the projects are still under detailed negotiation with the countries concerned.

Since when, Mr. President, should we keep secret projects in ECA countries—which are for their improvement, it is presumed—and for which 85,000,000 American dollars are to be spent. In other words, must we still move in the dark because we are negotiating with foreign nations, to give them some more money?

Mr. President, I submit for the RECORD a heretofore unpublished list of the proposed projects for which a special, earmarked fund of \$85,000,000 out of the ECA appropriation is proposed to be spent. Let me read some of the items appearing on the list:

Jamaica irrigation project.....	\$175,000
Mauritius food development project.....	38,880
Gold Coast road development project.....	301,200
Cyprus agricultural project.....	100,550
Northern Rhodesia road project.....	695,700
North Borneo road project.....	449,000
British Honduras road project.....	288,400

That is marked "confidential."

The PRESIDING OFFICER. The Senator's time has expired.

Mr. WHERRY. May I have a few minutes more?

Mr. MILLIKIN. I yield to the Senator from Nebraska 15 minutes more.

Mr. WHERRY. Mr. President, I ask unanimous consent that all these projects which are supposed to be surveyed and started under ECA appropriations of the \$85,000,000 special fund be inserted in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

ECA overseas development projects approved or under active consideration as of May 1, 1950, out of the special fund

UNITED KINGDOM	
	Estimated cost (tentative)
Jamaica irrigation project.....	\$175,000
Mauritius food development project.....	38,880
Gold Coast road development project.....	301,200
Cyprus agricultural project.....	100,550
Northern Rhodesia road project.....	695,700
North Borneo road project.....	449,000
British Honduras road project.....	288,400
Sarawak road project.....	75,002
Uganda food production project.....	24,300
Tanganyika mechanical cultivation of rice project.....	176,660
Tanganyika cotton and food development project.....	324,610

			Estimated cost (tentative)
Tanganyika	soil conservation project.....		\$38,930
Tanganyika	water development project.....		336,840
Tanganyika	road development project.....		546,000
Uganda	cottonseed project.....		12,000
Uganda	road project (new).....		64,000
Nigeria	road project.....		160,000
Total.....			3,807,072

FRANCE	
French west Africa road development project.....	1, 245, 000
Conakry iron ore project.....	1, 743, 000
Algeria soil erosion project.....	525, 000
Morocco rice cultivation project.....	267, 000
Cameroons road development project.....	71, 300
French equatorial Africa road project.....	97, 632
Total.....	3, 948, 932

BELGIUM	
Belgian Congo soil conservation project.....	1, 000, 000
Navigation aids on Belgian Congo project.....	650, 000
Belgian Congo road project.....	1, 698, 000
Total.....	3, 348, 000
	5, 698, 000

NETHERLANDS	
Surinam land reclamation project -----	1,200,000
Surinam land reclamation project -----	800,000
Total -----	<u>2,000,000</u>

Mr. WHERRY. Mr. President, I specifically call the attention of Members of the Senate to the fact that this is an unpublished report, that this is the first time to my knowledge we have ever known what the fund of \$85,000,000 is for. If we can go all over the world building road projects and irrigation projects and power projects, we can start the projects here contemplated in the conference report; and so I ask the distinguished Senator from Colorado, if we start them, will we not be called upon to finish the projects?

I think every Senator before voting on this measure ought to contact the Economic Cooperation Administration to find out all he can about this \$85,000,000, not merely the \$35,000,000, asked in the point 4 authorization, which, as the distinguished Senator from Texas has already pointed out in his report, represents merely getting the foot in the door. This is to survey these projects. But, once they are authorized—and they will be authorized if we keep faith with these countries that we are inviting to take this money—then we will not only have to build them year after year, but we will have to complete the projects.

Mr. President, I ask that the remainder of my remarks, consisting of but a page and a half, be included in the RECORD at this point, since the time allotted me by the distinguished Senator from Colorado has been completely used up.

Mr. MILLIKIN. Mr. President, I am glad to yield further time to the Sena-

tor from Nebraska for the purpose of concluding his remarks.

Mr. WHERRY. I thank the Senator from Colorado.

I should like also to place in the RECORD a memorandum I received from the Senate Foreign Relations Committee staff telling about the purposes of these projects, why they are planned, what they expect to do with them. I think the Members of the Senate should have had this knowledge before they ever authorized ECA legislation, because I believe Senators ought to know the extent of what we are going to do when we start out on this project.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

ECA COUNTRY FUNDS TO BE RESERVED FOR
OVERSEAS DEVELOPMENT

The ECA expects during the forthcoming year to withhold \$45,000,000 from country-aid funds. The purpose in withholding these dollars temporarily is to encourage participating countries to plan developments in their overseas territories which will make it easier for them (1) to produce and sell commodities that will relieve their need for dollars, and (2) to produce and sell commodities which are in demand in hard-currency areas, thus decreasing their need for American aid.

The dollar aid is not to cover the full cost of such projects, but only that part of the cost which must be paid for in dollars. For example, if a road-building project is approved because it would make tropical products from the interior of Africa available at the seacoast where they could be shipped to the United States, the ECA might provide the dollars necessary to purchase specialized road-building equipment available only in the United States. It would not provide funds for paying local labor or purchasing local materials.

On the basis of requests for this type of assistance thus far received, it looks as though the ECA will need to finance only about 10 percent of the total cost of such projects. For example, in one list of projects received from the United Kingdom, the dollar costs were estimated at \$7,500,000 and additional sterling costs at about \$76,000,000. On this basis, the ECA's proposed contribution of \$45,000,000 during next year would be the key component of some \$453,000,000 of developments in overseas territories—developments that will be approved only if they give promise of dollar earnings or savings.

The ECA believes that by the time ECA aid ends in 1952 the ability of the participating countries to make their own way will be greatly facilitated if they have resources within their own territories on which the participating countries can draw and if they have an enlarged market in the overseas territories for their industrial products.

During the current fiscal year the ECA has set aside about \$20,000,000 for such projects. There is attached a list of projects which have been approved or are now under active consideration; it is likely that most of them will be approved before the end of the current fiscal year. During the last 2 months a notable acceleration in the finalization of requests to the ECA has taken place. The \$45,000,000 which it is expected will be set aside for overseas developments during next year will undoubtedly be similar to the list which is attached.

The ECA has asked that the information contained in the attachment not be made public since the projects are still under detailed negotiation with the countries concerned.

Mr. WHERRY. It will be remembered, Mr. President, that we have been told that the point 4 program was necessary for technical assistance to those countries which are not included in the ECA plan. I think that statement is ridiculous.

As I have shown the Senate, inside and outside of ECA funds, we are already giving help to every country in the world, or to almost all the countries of the world, in the way of technical assistance. There is no need for this authorization.

And not only ECA counterpart funds, to the extent of over \$5,000,000,000, are being used for every manner of rehabilitation and expansion in the 16 ECA countries and their overseas territories—but, as the list above shows, the ECA proposes to make direct payments—not matched-fund payments—as is often done, but we are going to make direct payments for the development of what are certainly point 4 projects in colonies and dependencies of ECA countries throughout the world.

Mr. President, I for one do not have the unqualified confidence in the administration of such fantastic programs as ECA and the added State Department world-betterment proposals—by one man—and the continuing tendency to write a blank check for an administrator.

During the war years we were forced to depend upon administration by men instead of by law, and we have seen the authorities of the legislative branch of our Government weakened and debased.

We do not have to do that today. In the national financial situation in which we find ourselves, it is national irresponsibility and suicide to do so.

There is certainly no compulsion upon us to continue in this very weak and vacillating habit of saying, "Oh, the Administrator—or whoever it is—is an honorable man. We can have complete confidence that he will administer our laws, according to the very vague wording of this conference report, for example.

Mr. President, Brutus was an honorable man, too, as Mark Antony remarked over the grave of Caesar. No doubt Brutus thought he was justified in murdering Caesar.

Mr. President, even if other Members of the Senate cannot view with such doubt and suspicion, as I do, the present conference report—from a coldly analytical view, it cannot be accepted as the legislation that passed the Senate, either specifically or as being in accord with the intention of the Senate.

I urge the Senate to refuse to accept the conference report, and to make every effort possible, if it is recommitted to conference, to take out of the bill the point 4 program with the broad and general provisions now contained in the conference report.

Mr. CONNALLY. Mr. President, I yield to the Senator from California [Mr. KNOWLAND] such time as he may require.

Mr. KNOWLAND. I thank the Senator from Texas.

Mr. President, I do not intend to take much of the time of the Senate today in discussing this bill. I intend to vote to agree to the conference report, not that I do not completely understand that the

language of the point 4 amendment may not be precisely as some of us in the Senate would like to have it. I believe, however, as I pointed out in some of my questions to the Senator from Colorado earlier in the day, that the Congress of the United States still has control of the situation, through the control of the purse strings. I, for one, am not willing to admit that the passage of this authorization bill, or any other authorization bill, gives a blank check to any governmental agency, be it the State Department or any domestic agency, or to any foreign country to fill in the amount. I still believe that the Congress has full control over the situation.

Mr. President, I think the ECA program has been a constructive program. I believe that the world situation is in a critical state at the present time. As one Member of the Senate I have had great confidence in the administrative ability of Mr. Paul Hoffman. When the program was inaugurated, it was with the general point of view that it would be continued for a period of 5 years. During the period the ECA program has been in operation under the administration of Mr. Hoffman the amount of the authorizations and the amount of the expenditures have decreased approximately \$1,000,000,000 each year. To be sure, this cannot be said to be an economy in the full sense of the word, because it was generally understood that the program would be a tapering-off program.

Nevertheless, Mr. President, I believe that the administration of the act has been good. I believe that the act has carried out the general intent of the Congress of the United States. I believe it has tended to stabilize conditions in Europe. I believe that it has helped to bring the productivity in Europe up to a point where actually it is greater in a number of instances than it was in the prewar period.

Mr. President, if I felt that point 4 were a vital matter, I should not hesitate to vote against the conference report and send it back to conference.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Ohio.

Mr. TAFT. With respect to the question of the management of ECA, the Senator will remember with what care the distinguished Senator from Michigan and others insisted that when the ECA was set up it should be under a businessman, be operated on business principles, and not be under the Department of State. There now comes along a program which is simply turned over to the President, to be administered by the Department of State, which will run it the way it runs all our other affairs throughout the world, with very little regard to business principles or the welfare of American business. Does it not concern the Senator that we should now abandon the policy undertaken in the ECA in connection with foreign economic matters, and turn the whole business back to the Department of State?

Mr. KNOWLAND. As I tried to point out, I may say to the Senator from

Ohio, at the beginning of my brief remarks, I am fully appreciative of the reasons why the Senator from Ohio and other Senators are opposing the conference report. I think there is a great deal of merit in the contention they have made. In my opinion, the administration would have been better advised, had the language of the bill as it passed the Senate been more nearly followed. As a matter of fact, the Senator from Ohio will recall that on the floor of the Senate I supported the amendment which was offered by the Senator from Colorado [Mr. MILLIKIN] and the Senator from Massachusetts [Mr. SALTONSTALL]; because I felt at that time the administration would have been better advised to have a thorough study made of this whole situation. Nevertheless, Mr. President, I cannot feel that there is necessity for sending the entire report back to conference, with some of the implications that will go out to the world by such action, based on the point 4 program alone.

As the Senator from Texas has pointed out, the amount of the authorization is definitely limited. I firmly believe the Congress has control, even within the narrow limits and scope of the authorization itself. We have control through the Appropriations Committees of the Senate and the House of Representatives, and through floor action in each House of Congress.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. CONNALLY. Is it not a fact that however broad the authorization may be, when the Committee on Appropriations comes to consider it, it can limit it, delimit it, trim it, and cut it down within the narrow compass that is allowed?

Mr. KNOWLAND. I agree with the Senator, and I say that I am not so naive as to ignore the fact that there are times when the Appropriations Committee may feel that, Congress having authorized something, the committee would at least be required to give close attention to the recommendations. Nevertheless, I do not believe that the committee's hands are tied. I do not believe that the Congress of the United States should abdicate its responsibility in connection with the control of the Nation's purse strings. I think if we are so weak that we feel the necessity of abdicating in that field, we shall have abdicated our responsibilities as a Congress of the United States and as representatives of the people. I, for one, have no intention of so abdicating.

Mr. CONNALLY. I thoroughly agree with the statement of the Senator from California. I think, very definitely, that if an authorization requires that the Appropriations Committee make an appropriation, there is no sense in having an Appropriations Committee. We could have an authorization, and let it go at that.

Mr. KNOWLAND. As the able Senator from Texas knows, there are actually on the statute books authorizations on public works amounting to several billion dollars which, in some cases, have been there for 5 or 10 years. But the

fact that there has been an authorization has not been an automatic requirement on the Appropriations Committee to appropriate up to the full amount of the authorization.

Mr. CONNALLY. I thoroughly agree with the Senator. The reason for the creation of the Appropriations Committee was that even after the authorization is made we want the wisdom, the experience, and the judgment of the members of that committee that the appropriations should be made. Otherwise, there is no sense in having an Appropriations Committee. I have great respect for the Appropriations Committee. I think it is a great committee. I think it brings to the consideration of its problems intelligence, patriotism, and good judgment. I am glad that two hurdles must be surmounted before money can be taken out of the Treasury. I am glad that appropriations must first be authorized and, after that, must be screened in the Appropriations Committee. I shall never vote to delimit the authority of the Appropriations Committee or make it into a rubber-stamp committee which means nothing. Never shall I so vote.

Mr. KNOWLAND. I say to the Senator from Texas that this morning, as a matter of fact, the Appropriations Committee met with Mr. Paul Hoffman, of the ECA. I have no doubt the committee is going very thoroughly into the question, and, despite the fact that the able Administrator may have quite fully in his testimony before the Foreign Relations Committee of the Senate indicated what he believed should be the amount of money necessary to carry on the program over an additional year, the Appropriations Committee, of its own volition, is going to scrutinize very closely the request for funds and will perhaps make some material adjustments in the authorization bill which is before the Senate.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. TAFT. The Senator certainly realizes that the Appropriations Committee has been told over and over again, when it did not want to appropriate any money for a certain purpose, "But Congress has declared the policy. You cannot dispute that policy. You can dispute the amount, but you cannot dispute the policy." I have heard that argument very often.

Of course, the committee has a most important function, but the fact that Congress states the purpose of the authorization, the purpose of the declaration of policy, is to say to the Appropriations Committee, "This is the policy of the Government and you have got to follow it." When an authorized project comes before the Appropriations Committee, the committee is practically morally bound to support it because Congress has declared the policy. That is the very purpose of authorization bills. The Appropriations Committee has a right such as Senator has stated, but surely the Senator must recognize that to a large extent the hands of the committee are tied. It cannot dispute a policy declared by Congress.

Mr. KNOWLAND. I would not dispute the statement of the Senator from Ohio that authorization bills do establish policies and principles, but I do not believe they are binding, as the Senator himself points out, upon the Appropriations Committee. There is a degree of control which still exists and which I think should remain. In the meantime, the Congress of the United States, as to some future piece of legislation, either as an amendment or otherwise, would be in position to limit the scope of point 4 even to a greater extent than it has been limited. So the hands of Congress are not necessarily tied legislatively. The point about which I am concerned is that many people in other nations of the world may place an improper construction upon the rejection of this conference report. For instance, in Berlin at this time a crisis may be developing. Pressures are being put on in other areas. Throughout the world today, if word goes out that the Senate of the United States has sent back to the conference committee the ECA authorization bill, implications may be put upon it which are not desirable at this time.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. TAFT. Is not the Senator affirming what the Senator from Colorado and I have said, that once we undertake a foreign obligation our hands are practically tied and we have to carry it out? That is exactly my objection to assuming a brand-new obligation. I am not referring to the ECA obligation. The defeat of this particular conference report is no reflection on ECA. No Senator would say that it is a reflection on ECA, and no reputable newspaper reporter would say so. They might say it is a refusal to go ahead with point 4. That is the only possibility. The administration is not going to lie down because the report has been sent back to conference. Certainly the conferees will report a bill, and, I hope, one in better shape than is this one. But no one can say we are repudiating ECA. Yet, the Senator from California says that because of foreign implications we must go ahead with it.

Mr. KNOWLAND. I do not say that is the only reason; I say that is one of the factors in the situation which the Senate should consider.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. CONNALLY. The Senator from Ohio says this is not a fight against ECA. We cannot merely send back to conference point 4; we have got to send all of it back, or none of it. So it is, in that respect, a fight against ECA.

The Senator says it declares a policy of the United States. If a policy does not get any money out of the Treasury, it does not go very far as a policy. It is a mere declaration. It cannot get any money out of the Treasury until the Appropriations Committee recommends the money necessary for the purpose.

Mr. KNOWLAND. I will say to the Senator from Texas that is why I was anxious earlier in the debate in propounding the question to the Senator

from Colorado, to say that I felt that many of us who will vote for the conference report want to serve notice on the State Department that in dealing with foreign countries, who may not be familiar with the American congressional procedure, they should make it very clear to them that until the Congress of the United States has acted on the appropriations there is not such a blank-check arrangement as the Senator from Colorado has been fearful might develop, by reason of which they would feel they had been more or less betrayed if the money were not forthcoming. I think every American negotiator and every person who is selected by the State Department to go to any foreign country should make it perfectly clear that final implementation depends upon the action of the American Congress. So far as I can make a contribution toward that end, I want this legislative history to be clear in that regard.

Mr. CONNALLY. I thoroughly agree with what the Senator from California has said. Foreign countries in dealing with us ought to know that a treaty is not a treaty until it is ratified by the Senate. They ought to know that any promises about appropriations are subject not only to authorization but to appropriation.

The Senator from Ohio also said that we should not assume any other obligations. We are not assuming any other obligations, except to the limit set forth in this bill. The limit is \$35,000,000. Even that is subject to veto by the Committee on Appropriations when the appropriation comes before the committee. There are no obligations except those which are specifically set forth in the legislation, and they are subject to O. K. by the Committee on Appropriations. I thank the Senator from California very much. He has contributed to the debate and to the information of some very stubborn opponents.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. MILLIKIN. During the course of the hearings before the Senate Committee on Foreign Relations the following question was asked. What I am about to read bears on the pressures we discussed a short time ago under which the Committee on Appropriations finds itself. The distinguished chairman of the Committee on Appropriations asked Ambassador Jessup the following question:

Isn't there the danger of a let-down, too, if we do not go over there and spend a lot of money on projects? They will say, "The United States told us all about sending these experts and they are going to revive and reestablish our economy and all that." When we do not do that won't they say, "Well, now, there you are?"

Mr. KNOWLAND. I think it is a very pertinent question to be asked by either the Senator from Texas, the chairman of the committee, or anyone else. I think that is what we have been discussing here today. This thing ought to be clear, so that no one will get any misconception of what this action entails.

Mr. MILLIKIN. I wonder if the Senator is familiar with the following comment by the distinguished chairman of

the Committee on Foreign Relations at the hearing held by it:

A good many people are apprehensive of this program, that while we are only appropriating \$35,000,000 at the beginning, it is just getting a foot in the door and the expenses of this thing will go from year to year, and just as Secretary Thorp mentioned a while ago there, they will come up with a project, some country will say "Oh, now you have sent these experts over here and they have smelled around, we have a big project for \$100,000,000 and we want you to carry out your promises now and give us the \$100,000,000."

Mr. KNOWLAND. I do not quite agree with the Senator on that point. It seems to me that, in view of the tremendous technical advance we have had in the United States, we can make available some technical assistance to other countries, and thereby increase the living standards of their people, without ourselves financing the developments which might be undertaken.

Personally, and speaking only as an individual Senator, I hope that we can get away as soon as we can from the government-to-government relationship. I do not think that ultimately it is good for other nations, and I do not think it is good for us. Therefore, if we can open up the field of investment for private capital in the other countries, and develop power projects, agricultural projects, and so forth, which would raise the living standards of the people, and do that with private capital, I think that would be far better than doing it on a government-to-government basis.

The able Senator from Colorado, who comes from the West, as I do, will recall, if not personally, at least in history, how even this country was developed by the sending of private capital from Great Britain and other nations to build our railroads and some of our great industries. They probably would not have done so if it had not been that we had established a system of law and order and were cognizant of the importance of protecting both life and property. Otherwise, there would not have existed a favorable atmosphere for private investment.

It seems to me that in this regard, certainly without underwriting the profits or without guaranteeing profits, which I do not read into this bill, we can nevertheless create an atmosphere of encouragement for the investment of private capital. I think that is advantageous and, speaking as one Senator, I should like to see us enter upon that field and get away from the government-to-government basis, which I think ultimately would lead to socialism if continued over an extended period of time.

Mr. MILLIKIN. Will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. MILLIKIN. It is impossible to put foreign venture capital into foreign countries which are socialistic or semisocialistic without going through their governments. All the people who are conducting business enterprises in such countries have to go through their central banks and control agencies if they want to do any business at all. That is one of the great difficulties.

Mr. KNOWLAND. I think it is one of the great difficulties.

Mr. MILLIKIN. I agree with the distinguished Senator that we must get away from dealings between governments because if there is a default, a political question arises, which can be sloughed off and dealt away in other negotiations but without making a collection, which is an essential part of a private deal.

Mr. KNOWLAND. One of the great difficulties with capitalism in Europe is that it bears very little resemblance to American free-enterprise capitalism. It has not for a long period of years, if ever. They have had their cartels. They do not like competition. They do not want competition. They control prices and limit competition. As a result, it is my personal judgment that the European style of capitalism has built the gallows for its own execution. If they are to survive and get out from under the control of government, Socialist or Communist, or other similar type of control, what they need to do is to take a leaf from American free enterprise and encourage a competitive situation. Instead of having profits held in the hands of a few, they should be distributed in better wages and in a more widely held portfolio of investments in the hands of the people, as is the case in the United States. Unless they get away from cartel systems, their so-called capitalism will not survive in Europe.

Mr. MILLIKIN. With reference to a government-to-government deal, in the case of feudal countries and semifederal countries which are run by tribal chiefs, or the equivalent of tribal chiefs, when money is sent to the tribal chiefs, they line their pockets with it. They do not distribute the money to the public. I assume these programs are intended for the benefit of the large mass of people.

I am in agreement with everything the Senator has been saying lately. The transporting of skills and money from one country to another may or may not work. It worked in the United States. However, England later poured enormous sums of money and technical skills into India. There is competent opinion which holds that the net result was to injure India rather than to help her, because the resources, the sociological conditions, and the ideologies of India were not fitted for that type of aid. There is a considerable body of opinion which holds that that finally was one of the reasons why India went against Great Britain and insisted upon her freedom. So I do not think we can generalize on these things.

Mr. KNOWLAND. I agree with the Senator that different conditions, of course, require different treatment.

Mr. President, I have taken more time than I had intended to take when the able Senator from Texas yielded to me. But I wish to say that, in viewing the whole situation I have come to the conclusion that, so far as I am concerned, I shall vote for the conference report, again emphasizing that I believe that the Committee on Appropriations, as has been agreed by the chairman of the Committee on Foreign Relations, the Senator from Texas [Mr. CONNALLY],

who is handling the conference report on the floor of the Senate, not only has the right, but it has the obligation, carefully to scrutinize any of the programs adopted, and to use its best judgment as to what will be in the interest not only of the program, but in the interest of the United States of America.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from New Jersey.

Mr. SMITH of New Jersey. The Senator recalls, does he not, that in the authorization bills for the ECA the first 2 years, we included a ceiling, and that in both Houses, with Mr. Hoffman's full cooperation, as he appeared before the Appropriations Committees, the appropriation was substantially less. I put those figures into the RECORD at the time of the debate on the ECA bill, but I do not have them before me at this time. We seem to have lost track of the policy we have followed in connection with these European-aid appropriations. The amount in this instance is an overall ceiling of \$35,000,000, but I think \$10,000,000 should be taken from that, because \$10,000,000 is earmarked for the Institute of Inter-American Affairs. So there is really a ceiling of \$25,000,000, and when it comes to the committee it can decide to allow \$10,000,000, or \$5,000,000, or whatever it may choose.

Mr. KNOWLAND. The Senator is correct, and if the committee determines that the overall necessities of our national obligations, or national economy, requires that there be no appropriations, it is my judgment that the committee, if it is supported by the Congress, would have the right to recommend no appropriations.

Mr. SMITH of New Jersey. That is correct.

Mr. KNOWLAND. I believe the Congress still controls to the nth degree the power of appropriating money, and if we ever lose that power, I believe Congress will have abdicated a major part of its responsibility to the Nation.

Mr. SMITH of New Jersey. That is, the power to protect us from the alleged abuses which the distinguished Senator from Colorado and others have pointed out might be perpetrated.

Mr. KNOWLAND. I believe that the able Senator from Colorado and the able Senator from Ohio have performed a great service.

Mr. SMITH of New Jersey. I join in that thought.

Mr. KNOWLAND. I believe they have brought out a point of view which needs to be discussed, at least setting up signals for some of the dangers which do exist in this situation. I say frankly that the language as brought back by the conference committee is not as I personally would have liked to see it written, but it is a part of an over-all situation, and when all the facts are taken together, at least I come to the conclusion that I shall support the conference committee report.

Mr. CONNALLY. Mr. President, I yield to the Senator from New Jersey [Mr. SMITH] such time as he may require.

Mr. SMITH of New Jersey. Mr.

President, I intend to address myself in the first instance to replying to questions which have been put to me by a number of persons, and criticisms made of the conference committee and inquiries as to why we permitted certain provisions to get into the conference report.

Mr. President, I wish to say perfectly frankly that when the point 4 proposal first appeared before the Committee on Foreign Relations it was in the form of a bill which had wider implications than the bill which appeared in the House of Representatives. I do not want to speak for anyone else, but I can say with perfect assurance that a number of the committee members felt it was a bill too wide in scope to be considered in connection with the ECA bill.

I took the position, as the Senator from Colorado has pointed out, that I wanted to see the ECA bill, which was a short-term bill, to continue in effect for 1 year, supported by itself, without anything in addition in the way of the so-called point 4 program, because it seemed to me that might be a long-range vision, and that it would be more profitable to consider it in connection with the question, "Where do we go from here?" when the ECA was finished.

It was brought to our attention, however, by the members of the United Nations, that our representatives in the United Nations, including our distinguished former colleague, John Cooper, had been engaged in conversations with regard to technical assistance. John Cooper came to me personally, before he went abroad on his recent trip, and said he hoped I would support what seemed to him to be a limited program of technical assistance which we had undertaken to inaugurate.

I supported that view in the committee, and, as a matter of fact, in the Senate committee we approved an authorization with a ceiling of \$45,000,000. That came back in our report to the Senate, and we supported it. I voted for that figure in the committee, because Mr. Cooper and others who have been working for this object in the United Nations had been working for some sort of formula for the underdeveloped areas. It was not a project for the United States alone, but it was wider than that, and we had had a hand in supporting it in the United Nations picture.

Frankly, I am amazed that the Senator from Ohio and the Senator from Colorado seem to be opposed to any sort of program of that kind. I cannot get over it. It seems to me they are taking a position against the spirit of the United Nations, the purposes and principles of the United Nations, the spirit with which we went into it, with the idea of international cooperation, to try to get an orderly world, and preserve the peace.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. MILLIKIN. I wish to say again that I have no objection whatever to a limited, simple, technical-assistance program. I am under the impression that I voted for the Smith-Mundt bill, and if the matter came up again, I would again vote for it. I continue to believe that

the Smith-Mundt bill, perhaps reinforced with additional appropriations, would have met every objective which the distinguished senior Senator from New Jersey has in his mind.

I object to the mutilation of the concepts that were in the Senate ECA bill, the mutilation having occurred in conference. I object to being confronted with new legislation, legislation not even considered by the Committee on Foreign Relations of the Senate, originating from a conference committee, and especially when that legislation is of the fateful character contemplated by the point 4 program.

Mr. SMITH of New Jersey. I am glad to have the Senator make that statement, because I was quite disturbed to feel he would be opposed to even the technical-assistance program.

Mr. TAFT. Mr. President, I cannot see how the Senator from New Jersey can be astounded, because by a vote of 37 to 36 the Senate refused to strike out the whole provision. So certainly the conferees had every warning that the Senate was not favorable even to the technical-assistance program at this time. It is a vitally important question, because we are now committed to \$5,000,000,000 in foreign programs. We have had a vast ECA program, which will not be finished until next year. We are going to be asked to appropriate at least another billion dollars, if not a billion and a half, for arms for various foreign countries. The question is, how can anyone be astounded that one should say that, having undertaken those obligations, this is no time to add a vast third obligation to the entire world. It seems to me the ones who should be astounded are those of us who listen to the Senator advocate the addition of such a foreign program to what we already have.

Mr. SMITH of New Jersey. Of course, those of us who are thinking in terms of this plan for international collaboration, to assist the undeveloped areas of the world, have felt it was one of the means of preventing excessive appropriations for armaments, and that in the long run, unless we move in this direction, there is going to be more and more arming and more and more danger of international wars. Because we have that approach, because we feel that the spirit of the United Nations is involved, and that we should seek to bring nations together and try to help them with their problems we have supported proposals looking to that end.

In the committee I took the position that the extra language contained in the provision was more than was needed. I took the position, with others in the committee—not in the conference, but in the Committee on Foreign Relations—that we should limit the language so as to provide for a technical assistance program, and, as the Senator from Colorado said this morning, I did offer the suggestion that we limit it to the life of the ECA. I felt it was an ECA program, and that it should stop with that program. We gave it a couple of years' leeway for cleaning up. That was the theory on which we worked.

When we entered upon the conference with the House conferees I discovered for the first time that while we in the Senate had been studying the matter for the past year or two, the House of Representatives had also been studying it very seriously on the theory that if it was possible to induce private investors to enter the international investment field it would relieve our taxpayers to that extent, since we were faced with the dilemma of possible economic collapse in various countries, or making further grants to them. Therefore the House Members had worked out a program in which they were very much interested. They had asked some Members of the Senate conference committee to collaborate with them. Both Senators from Massachusetts had collaborated with them. The junior Senator from Massachusetts [Mr. LODGE] defended the House provision in the Senate committee before the measure was brought to the floor. The committee did not sustain his view, because, as I have said, it was felt we should restrict the bill to a limited technical assistance program. By the time the bill came to the floor of the Senate we found that this was one of the points on which the House was adamant. The House had gone even further than any of us felt we could go. They added certain further guaranties with which we simply declined to go along.

Finally we got into a discussion as to whether there was not some middle ground; whether the House Members would not be willing to eliminate the guaranties to which all Senate conferees objected, and permit the insertion of language which would contain no guaranty of any kind, and which would contain the so-called Russell amendment. We were deadlocked, as I recall, for 2 days, because we declined to go along with what the House Members demanded, and the House Members were not willing to recede. We had actually come to the point of whether we should report a disagreement; but we decided it was more important to see to it at this time that the ECA program went ahead, and that Mr. Hoffman was given a green light to go on with the commitments he had already made, and which we had authorized him to make, rather than to hold to our position and stop the whole program.

I studied the House language carefully. We had not done so before. I read every word of it. I think the language is open to the kind of criticism the distinguished Senator from Colorado made of it. It is not my language. It is the language which the House Members had been working over, which they had had their advisers working over, and which they had invited many businessmen to discuss with them, in order to ascertain the kind of legislation which might induce business to interest itself in foreign countries. The result was we came to the conclusion there were no serious dangers in the language, though it was broader than what we would like to have in the bill. We felt it was wiser for us to accept this approach, even though many of us would prefer to postpone the matter for further study, and not to deal

with it at all until ECA is coming to an end. We decided, however, to go along with it, with the idea that it might be taken advantage of by some industries, if it was possible for the United States, in dealing with other countries, to work out some form of contracts which would permit American investors to use their funds in this way, with the distinct understanding that there would be no guaranty of any kind or description contained in the bill.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. MILLIKIN. May I ask the distinguished Senator whether it is true that the bill which the conferees have brought to the Senate contains 401 of the 417 lines of the bill which originally came to the Senate Foreign Relations Committee from the House, which was considered by the Foreign Relations Committee, which was junked by the Foreign Relations Committee, and for which its own substitute was provided?

Mr. SMITH of New Jersey. No. I can say "No."

Mr. MILLIKIN. The Senator says "No"?

Mr. SMITH of New Jersey. Because the bill the Foreign Relations Committee received was a bill submitted by the Department of State. We did have called to our attention the bill as it was passed by the House. We did not deal with it. We dealt with the other legislation in framing our legislation. But after we got into conference, I will admit—and I think that is what the Senator is really referring to—what came back from conference is the number of lines he recites that were in the House version, as distinct from our version.

Mr. MILLIKIN. Yes. The House version was before the Senate Foreign Relations Committee.

Mr. SMITH of New Jersey. In conference.

Mr. MILLIKIN. Was before the Senate Foreign Relations Committee in hearings?

Mr. SMITH of New Jersey. No; I think the Senator is mistaken in that, because we were dealing with our own legislation. I do not think we were dealing with the House bill at all. I think we were dealing with our own legislation.

Mr. MILLIKIN. I think the hearing makes it clear that the House bill was before the committee.

Mr. SMITH of New Jersey. I may be mistaken about that. I do not recall the details. That may be important to the discussion. However, I do not know whether it is.

Mr. MILLIKIN. Am I not correct in this statement that every member of the Senate Foreign Relations Committee participating in that hearing was critical in one way or another of moving a point 4 program of the type we now have before us into the ECA program.

Mr. SMITH of New Jersey. I do not want to misquote any absent Senator—

Mr. MILLIKIN. I am not quoting. I am using general language.

Mr. SMITH of New Jersey. No, it is not sound, because, I will say to the Sen-

ator from Colorado, we had quite a debate on the subject, inasmuch as the Senator from Massachusetts [Mr. LODGE], one of the members of the committee, was interested in our accepting this approach.

Mr. MILLIKIN. Let me read, if I may, to the Senator from New Jersey what the Senator from Massachusetts [Mr. LODGE] had to say.

Mr. SMITH of New Jersey. I do not think that minutes of the Foreign Relations Committee were kept of that discussion.

Mr. MILLIKIN. I am talking about the public hearings.

Mr. SMITH of New Jersey. I am not talking about the public hearings. I am talking about the executive sessions when we considered what we were to write into the bill.

Mr. MILLIKIN. My question is directed solely to the public hearings of the Foreign Relations Committee on the matter now before us, on the House bill, on any suggestions that the State Department may have made, and finally whatever hearings there were in executive session on the modified bill which came to the Senate from the committee. Does not the Senator recall the criticism of the Senator from Massachusetts [Mr. LODGE] of the bill which was before the Foreign Relations Committee?

Mr. SMITH of New Jersey. We all criticized it.

Mr. MILLIKIN. Yes; that is what I intended to develop.

Mr. SMITH of New Jersey. The Senator from Massachusetts [Mr. LODGE] was in favor of a measure of this sort being incorporated in the bill, containing the investment principle, because he had been in conversation with Representative HERTER, of Massachusetts, and the senior Senator from Massachusetts [Mr. SALTONSTALL], and others who had been working in the House on developing the investment phase of the subject. I speak not of the technical-assistance phase but the investment phase. That is what he wanted to see incorporated in the Senate bill.

Mr. MILLIKIN. Is it not also correct that the Senator from Wisconsin [Mr. WILEY] was critical?

Mr. SMITH of New Jersey. And the senior Senator from New Jersey was critical.

Mr. MILLIKIN. And the senior Senator from New Jersey was critical.

Mr. SMITH of New Jersey. Yes.

Mr. MILLIKIN. And does the Senator say that the Senator from Massachusetts [Mr. LODGE] was not critical?

Mr. SMITH of New Jersey. No; I think the junior Senator from Massachusetts was critical, but he did favor the inclusion of the principle of the House bill and of the legislation set out in the Senate report.

Mr. MILLIKIN. Was not the junior Senator from Massachusetts especially critical of the powers which were granted in the House bill which the committee had under consideration?

Mr. SMITH of New Jersey. I would not want to quote the junior Senator from Massachusetts, of course, in his absence and from memory. Perhaps the

Senator from Colorado has something in the RECORD which shows what the junior Senator from Massachusetts said.

Mr. MILLIKIN. And was not the chairman of the committee, the Senator from Texas [Mr. CONNALLY], perhaps more critical than anyone else of the bill that was before the committee in those hearings?

Mr. SMITH of New Jersey. I would not say more critical, but he was critical.

Mr. MILLIKIN. He was quite critical.

Mr. SMITH of New Jersey. There is no doubt about that. I have never questioned that. We were opposed to incorporating that language at this time. I supported the resolution submitted by the distinguished Senator from Colorado [Mr. MILLIKIN] and the distinguished Senator from Massachusetts, in which it was proposed that a commission be set up to study the matter. It seemed to me to be desirable to have that done. I thought the setting up of that kind of commission, in connection with the technical-assistance program we placed in our bill, represented the right way to deal with the subject. However, that proposal was defeated.

Mr. MILLIKIN. If I may say so most respectfully, the mystifying thing to many of us here is that after all the expressions of discontent by the members of the Foreign Relations Committee who attended the hearings, after the vote here in the Senate on the technical assistance program which came out of the committee, the close vote—the amendment having been passed by one vote—the thing that is so mystifying to us is, how could the Senate conferees bring themselves into a state of mind where they threw over their own version of the right kind of program and brought back this entire stranger to the Senate.

Mr. SMITH of New Jersey. The Senator has, I think, a total misconception of our mentality. I speak only for myself. Every other member of the conference committee should speak for himself. On the face of it, it looks to be a terrible thing. It looks as if we had surrendered all our principles and had gone right down in the negative attitude that we are licked. It was no such thing. There were two principles involved in the matter. One was technical assistance, and one was the question of whether we should encourage the making of investments in foreign countries.

We had thrown out the proposal about investments, doing so on the ground that it was a matter which required long-range treatment. That was our first report.

When we returned to the conference, we found that the House conferees were insistent upon that proposal. I always believed in the principle of that proposal; I was only dissatisfied with the way it was set out.

Then I considered the dangers. At first I thought it was quite dangerous. However, after reading the language—and I say frankly that I do not approve of the language; I think it is very verbose and unnecessary—I do not find in it a single thing with regard to having us make investments or make guaranties or

anything else of that sort. So I think we are justified in going along with the conference report.

Mr. MILLIKIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CHAPMAN in the chair). Does the Senator from New Jersey yield to the Senator from Colorado?

Mr. SMITH of New Jersey. I am glad to yield. Let me say that I think the Senator from Colorado is making a most desirable contribution, and I welcome it, even though I do not always agree with him. Nevertheless, I am sure he is doing his best to be constructive in the matter.

Mr. MILLIKIN. Of course, I would be less than candid if I did not say that I was trying to do that very thing.

Mr. SMITH of New Jersey. Certainly.

Mr. MILLIKIN. I still do not understand how the Senate conferees assumed what I think is the power to legislate for the United States Senate. We in the Senate never saw the bill that has come back to us in the form of the conference report. It is a total stranger to the Senate.

Now I understand, if I correctly understand what the Senator from New Jersey has said, that it was a stranger to the Foreign Relations Committee.

I ask the Senator, How can we legislate that way?

Mr. SMITH of New Jersey. Mr. President, I do not think that is quite a correct way to state the matter. The Senator from Colorado knows perfectly well that when the two Houses legislate on the same subject and when one presents one approach and the other House presents another approach, then it is necessary to have a conference, and at the conference the conferees have to deal with the two approaches which are presented to the conference. The Senator from Colorado has had that experience time and time again, of course.

Mr. MILLIKIN. I realize that.

Mr. SMITH of New Jersey. In the conference we considered the two versions as the limits within which we could draw up proposed legislation. We have to take the material which is submitted to the conference.

Mr. MILLIKIN. I respectfully suggest that what I indicated is exactly what was done. I repeat that the measure which has come back to us in the form of a conference report was not what was considered by the Foreign Relations Committee. According to the Senator from New Jersey, the members of the Foreign Relations Committee were considering something which the Department of State handed to them. Clearly it is not something which was ever considered by the Senate. So it comes to us as a total stranger, so far as the Senate is concerned.

Mr. SMITH of New Jersey. I do not agree with the Senator from Colorado as to that.

Mr. MILLIKIN. I say that in substance it amounts to legislation by conferees.

Mr. SMITH of New Jersey. I said we had this bill from the Secretary of State; and we considered the House language,

of course, in considering the entire matter.

I think the Senator from Massachusetts [Mr. LONGE] probably made a distinction between the House language and the version we got from another source.

We told our staff, "We cannot include this wide proposal. You draft a simple bill based on the technical-assistance principle."

That is what we have brought in. It was debated here, because I think when we reported it we brought out that the wider approach had been suggested, but we felt it inadvisable at the moment to go into it.

However, I thought the Senator himself anticipated, in offering his resolution with the Senator from Massachusetts, that this matter should be postponed and should be studied more carefully before we considered the question of foreign investments. But now I understand that the Senator takes an entirely different view of that matter.

Mr. LUCAS. Mr. President, it is a little difficult for the Senator from Illinois to hear this colloquy.

Mr. SMITH of New Jersey. Would the Senator like to have us move farther toward the front of the Chamber?

Mr. LUCAS. No; but I should be glad to have the Senators speak a little louder.

Mr. MILLIKIN. Mr. President, let me ask the distinguished Senator from New Jersey this question: If it was desirable to have study given to the subject of the point 4 program by a commission of the caliber of the Hoover Commission—and the Senator thought it was—and so did I—

Mr. SMITH of New Jersey. I still think it is desirable.

Mr. MILLIKIN. I still think so. If that is so, what happened in conference which made it undesirable to do that very thing. What happened in conference so that now we are confronted with a measure which we have never had an opportunity to study, a measure which was never before us, a measure which I respect is a total stranger to us?

Mr. SMITH of New Jersey. I thought I explained that we were deadlocked over the question of point 4 and over the question of guaranties. We finally took out the guaranties, or got them in the shape we wanted them in, in the first part of this ECA bill; and the House receded as to that. Then we included the investors' atmosphere provision which the House wished to include. We did not think we were giving away anything. We had not wanted to go along with it until we knew more about it; but the conference report seemed to us a reasonable one to bring back.

I am yet to see the dire dangers which are predicted, if the conference report is left in its present form. I think this is an area into which we shall be compelled to move if we are to deal with the world situation when the ECA program is over. I still want to give it more study. I still hope to participate in the resolution to have a further study made of the entire situation after the ECA program is over. We have to do that.

Mr. MILLIKIN. Mr. President, will the Senator yield for a further question, and then I shall not bother him further.

Mr. SMITH of New Jersey. I am glad to yield.

Mr. MILLIKIN. Did the Senate Foreign Relations Committee consider the proposed legislation now before us—in other words, the House bill—line by line and word by word in public hearings?

Mr. SMITH of New Jersey. Oh, no; we did not have public hearings on it. We considered it in executive session. We did not have any witnesses on it, because we felt from the beginning that we did not want to report it.

Mr. MILLIKIN. So there were no public hearings on the bill which now is before us, so far as the Senate is concerned?

Mr. SMITH of New Jersey. That is true.

Mr. MILLIKIN. I ask the Senator, is that a sound way to launch legislation of such magnitude and such fateful importance to this country?

Mr. SMITH of New Jersey. Of course, it depends upon what hearings have been held and what study has been made and what length of time they have covered. For the purpose of the RECORD, I think I should read from the report of the House conferees, in which this matter is discussed. I should like to put this into the RECORD:

IV. THE TECHNICAL COOPERATION PROGRAM

Differences between the two versions relating to the technical-cooperation program (point 4) were more numerous than with respect to any other aspect.

The differences arose principally from the course of development of the legislation in the respective Houses.

In the House the legislation in the form originally proposed by the President was introduced July 12, 1949, as H. R. 5615. On August 16, 1949, the Honorable CHRISTIAN A. HERTER introduced H. R. 6026, a bill bearing on the same general objectives. This latter bill, however, supported by various business groups, was designed to emphasize the creation of a favorable climate for foreign investment as a necessary condition for realizing the objectives which the technical-cooperation program was to promote. The Committee on Foreign Affairs—

In other words, the House committee—held extensive hearings on the two bills in the closing weeks of the first session.

That was last year.

Between the sessions discussions were held among supporters of the respective bills in the House, business leaders, and members of the Department of State. The purpose was to reconcile the differences between the two bills. Agreement resulted, and identical bills, H. R. 6834 and 6835, were introduced by the Honorable JOHN KEE, chairman of the Committee, on Foreign Affairs, and Mr. HERTER on January 18, 1950. It should be emphasized that these bills did not contain any provisions for guaranties of investments.

That is in the statement by the House conferees.

I read further:

After additional hearings and consideration in executive session, the Committee on Foreign Affairs developed a modified text, subsequently introduced as H. R. 7346. This became title III of H. R. 7797, and as such was further amended during consideration by the House.

The Senate, however, acted on the basis of the original proposal from the Executive.

That proposal, as we developed it, was simply to limit the whole program to one for technical assistance.

I read further:

The elements developed in the House version during the course of a long legislative history were the principal points of difference. In the main these pertained to statements of principles linking technical cooperation and the problem of creating a proper climate for investment, standards for bilateral programs and programs carried on through international organizations, refinements of administration, and the amount of the authorization.

In the report by the House conferees there is further discussion of the matters which were deleted. Inasmuch as those points were brought out this morning by the Senator from Colorado, I see no necessity for discussing them now.

I wish to bring out the point that finally the Senate conferees yielded in regard to letting this provision go into the conference report, because of the long hearings and discussions we had and because of the high regard we had for Members of our own body. The Senator himself had participated in some of those discussions.

Although the proposal possibly had not had all the study we would like to have, and although we did not include this particular provision in our first report to the Senate, yet we felt it was a reasonable compromise, and that we were not bringing to the Senate anything we could not support wholeheartedly; at least, I felt that way. Although I did not agree with the language which was used, nevertheless I felt that we would have to take up the question of whether the United States is going to continue its cooperation with the United Nations in the so-called point 4 program for the development of underdeveloped countries.

Of course, there is a difference of opinion about that, but I felt, after studying it, that it was inevitable we should take our share of the responsibility and that, while there were no commitments in the bill as passed by the Senate, financial or otherwise—and I cannot read them into the report as other Senators seem to do—yet reasonable compromises had to be made. I feel fully justified therefore in supporting my colleagues on the conference committee, and the full conference committee, in regard to the conference report.

Mr. MILLIKIN. I yield 8 minutes to the distinguished senior Senator from Arkansas.

Mr. FULBRIGHT. I thank the Senator.

Mr. President, my first objection to this report is the change which was made in the amendment I offered in committee and which was adopted by the Senate. I refer to section 106, subparagraph (k) of the bill as it passed the Senate. For the information of the Senate, I shall read it. It is very brief, and reads as follows:

(k) It is the sense of Congress that as much as possible of the local currency de-

posited under this section after June 30, 1950, shall be held or used within such country only for such purposes set out in section 111 (d) (facilitating the development of transferability of European currencies or promoting the liberalization of trade by participating countries with one another and with other countries), or otherwise consistent with the declaration of policy contained in section 102 of this act, as may be agreed to by such countries with one another and with other countries, or so designated, by any central institution or other organization formed to further the purposes of this act by two or more participating countries.

That section I offered in committee, in language much stronger than that. In fact, my original amendment required that not less than 50 percent of the counterpart fund be used for the purposes of bringing about the unification of Europe. I had in mind not only currency convertibility, for which the \$600,000,000 is authorized, but also the fact that projects of a tangible nature which tend to bring about the unification of Europe should have priority with regard to counterpart funds. In the conference on this bill that language was changed very materially. In order that the RECORD may show the difference, I read from page 3 of the report. It is now subsection (d) of section 103, reading as follows:

(d) The Administrator is authorized to transfer funds directly to any central institution or other organization formed to further the purposes of this act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the Administrator, in order to facilitate the development of transferability of European currencies, or to promote the liberalization of trade by participating countries with one another and with other countries.

That language removes completely the thought I had, which was expressed by the language that "as much as possible" of the counterpart funds of the local currencies should be used for the purpose of promoting the unification of Europe. I object to the change in that language.

Another objection I have to this report has to do with the removal for the second time by the conferees of the word "federation" from the declaration of policy contained in section 102.

The two changes taken together indicate to me that the conferees—at least on the part of the Senate, because it must be on the part of the Senate, in view of their action in regard to the House language—still believes that we should not take a position with regard to the furtherance of the federation of Europe. I simply cannot agree with that philosophy behind this bill. I have always thought from the beginning that if it had a real purpose it should be to promote the federation of Europe. I feel more strongly than ever that if there is to be a remedy for the troubles of Europe it must be found within the framework of a federation.

In the beginning, 2 years ago, the Senate took the position that we should not meddle in these matters, but that it was

up to the Europeans to take the lead. That argument had some persuasiveness at the time. I did not agree to it then. I offered amendments expressing approval of federation. But since that time the Europeans themselves have taken very substantial steps and have made very strong statements.

I call to the attention of the Senate the statement in the New York Times of May 22 by the Chancellor of Western Germany, Mr. Adenauer, in which he very strongly endorses the idea of the federation of Europe, its complete unification, and states that that is the real hope for the salvation of Europe.

In addition to that, I have in my hand the report of a poll, taken from the Christian Science Monitor of May 20, 1950. I think it is sufficiently informative that I should like to ask unanimous consent to insert it in the RECORD at this point in my remarks. It shows very clearly that on the latest poll taken in Europe the people of Europe strongly favored that idea.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE STATE OF EUROPE—POLL SHOWS
EUROPEANS FAVOR UNIFICATION
(By Roscoe Drummond)

PARIS.—Sometimes, in talking with some European political leaders, I have been almost persuaded that the only people who want the unification of western Europe are the Americans.

This has never been the fact, but it has, at times, been made to look as though it were the fact. It is extremely valuable, therefore, to Europe and to America, to have it demonstrated that the Europeans themselves want the unification of Europe.

In publicizing at this time its Europe-wide public-opinion poll on European union, the European Movement—headed by Winston Churchill, Paul-Henri Spaak of Belgium, and Alcide de Gasperi of Italy—has rendered an incalculable public service. The most significant findings of the poll are these:

That a decisive majority—about two out of three—of the peoples of Norway, Holland, France, Italy, and West Germany (including West Berlin), with a total population of 153,000,000, favors European union.

That a remarkably low percentage—only 9 percent—of Europeans are opposed to European union.

That opinion on the Continent is strongly desirous that Great Britain shall play an active and leading role in European union.

Obviously, the purpose of the poll was to get at the facts. There was no way of knowing in advance what the results would be. The fact that it came out as it did gives the cause of European union added popular and, perhaps, added political support at a time when it most needs it.

One reason why this poll appears particularly trustworthy as a source of information and as a guide to political possibilities is that all who were interviewed were frankly confronted with some of the problems and difficulties which European union might raise.

The questions were not vague or leading, and European union was presented in practical, not utopian, terms. The questions were intended to test the steadfastness and reliability of general opinions. For example, those interviewed were asked:

"If a European union meant that people could travel freely from country to country, and anybody who wanted to could come and work here in our country, would you be in favor of that or against it?"

The replies showed 66 percent in favor, 13 percent against, and 21 percent undecided.

They were further asked this question: "A European union might mean that we could export all our products to all other countries of the union without paying import duties, but also that all those other countries could, in turn, sell their goods in our country without paying import duties either. Are you in favor of this or opposed to it?"

The results: 72 percent in favor, 9 percent against, and 19 percent undecided.

After thus drawing attention to the implications of unification, a final question was asked: "Taking into account all the points already discussed, do you consider that a European union would be a good thing or a bad thing?"

A strong 64 percent replied that it would be a good thing, 9 percent thought that it would be bad, and 27 percent were undecided.

The answers to this same question divided by countries follow:

	Good	Bad	Undecided
	Percent	Percent	Percent
Norway.....	64	11	25
Holland.....	51	6	43
Germany.....	68	8	24
Italy.....	71	8	21
France.....	56	12	32

"The results of this public-opinion poll," M. Spaak told a press conference, "provide striking evidence that the peoples of Europe recognize their common interests and the necessity for solving their problems together as members of a European union. This further proof of public support should encourage governments to go forward boldly with effective measures for the creation of a United Europe."

Mr. FULBRIGHT. The statement of the House Managers in connection with the conference report, in which the conferees explain, or seek to explain, why they removed the word "federation" from the language in the beginning of the report, is not at all persuasive upon me. I realize that our Secretary of State has not been sympathetic to the idea of incorporating in this legislation any reference whatever to the political federation of Europe. I have always regretted it, and I still regret it, but I think it is of sufficient importance at least, so far as I am concerned, to justify me in voting against this report.

I feel that we are taking a very negative attitude toward the very objective of the Marshall plan, itself.

Another objection I have to the conference report, and a very substantial one, is with regard to the amendment offered by the junior Senator from Georgia. We all know about the point 4 program. I may say in general I have supported it, and I do support the approach of the use of our technological knowledge, the exchange of persons, including particularly scientists, in an effort to teach any willing country what we may know about modern methods. I have supported that idea; but I think that in adopting the section regarding point 4, the safeguard put in by the Senator from Georgia is very important. I think it would be a great tragedy if some of our representatives of ECA in Europe—and many of them have not as much experience as I should have liked—should leave the impression that we have

undertaken the actual construction of great public works all over the world, and then when the question of appropriations arose, appropriations were not provided, it seems to me, untold harm would be done to our foreign relations. The danger inherent in that kind of possibility leads me to believe that it is a very serious mistake to obliterate from the conference report the language of, I believe, section 106 of the bill as it passed the Senate, which embodied the amendment offered by the Senator from Georgia.

I believe all three of these changes made by the conferees could be very easily corrected. I believe that in trading with the House, if our conferees would agree to reinsert the language which the House put into the bill on two occasions, and, at the same time, insist upon the language of the amendment offered by the Senator from Georgia, and reinsert the language of my amendment, the difficulty could be cured very easily.

Mr. President, I should not like my vote against the report to be interpreted as disapproving of the entire Marshall plan. I have supported it every time it has been before the Senate. I supported it quite reluctantly, however, when I discovered that our own Government was not yet aware of the principal objective and the real justification for the program.

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. FULBRIGHT. I thank the Senator from Colorado for the time which he assigned to me.

Mr. MILLIKIN. Mr. President, I yield 25 minutes to the Senator from Ohio [Mr. TAFT].

The PRESIDING OFFICER. The Senator from Ohio is recognized for 25 minutes.

Mr. TAFT. Mr. President, the first question is the effect of the rejection of the conference report. There seems to be some concern that its rejection will be taken in some way as a blow at the ECA. Certainly my position is that I am entirely satisfied with the conference report on the ECA, with the exception of the provision referred to by the distinguished Senator from Arkansas, relating to the counterpart funds. Certainly there is not the slightest desire in sending back the conference report to repudiate in any way ECA. In order to make that point perfectly clear, I send to the desk a motion which I shall make in the event the conference report is not adopted, and I should like to read it at this time. It is not in order to make the motion at this time, but if the conference report is not adopted I shall make the following motion:

I move that the Senate request a further conference with the House, that the Chair appoint conferees, and that the Senate conferees be instructed to insist on substantially the terms of title IV as passed by the Senate.

The instructions, therefore, relate solely to the point 4 program. I have no objection to including other provisions if the Senator from Arkansas [Mr. FULBRIGHT] desires to instruct on that subject.

The second point I want to make clear is that I do not take this position in any way as chairman of the Republican policy committee. The question has never been before the Republican policy committee; it is not a question of Republican policy. I want to make it perfectly clear, particularly to the Senator from New Jersey [Mr. SMITH], that my position and that of the Senator from Colorado [Mr. MILLIKIN] is based on our individual views, and is in no way a party position.

Mr. President, the conference report is substantially different from the bill which passed the Senate. When we consider that this particular provision passed the Senate by a vote of only 37 to 36, when the Senate was most dubious about the limited scope of the program adopted by the Senate, certainly the concessions on the part of the conferees appear to be most unwise. If the Senate adheres substantially to the position it took on the Senate bill, it should reject the conference report and refuse to go further than did the original Senate bill. The changes are substantial. In the first place, it becomes a permanent program. The Senate provided for a 5-year program. That limitation has been abandoned. Instead of expiring by its own terms, the program will have to be repealed, possibly over the veto of the President, if we ever wish to discard the present policy. It will never come up for any further consideration. It is a permanent program of this country for all time to come, or until it is changed by an act passed by both Houses of Congress and approved by the President of the United States.

The Russell amendment made it perfectly clear that a country which received this kind of aid could not in any way look for further aid, but the terms of the report are such that the technical-assistance program can, in substance, promise further aid. When we furnish technical assistance to show them how to construct a dam, for instance, they will look forward to money being provided for that particular dam. It seems to me the Russell amendment was a most necessary provision, and it becomes even more necessary in view of the wide-open terms of the conference report.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. TAFT. I am sorry. I should like to yield to the Senator, but the time left is very short, and I am afraid I shall have to refuse to yield.

In the next place, Mr. President, there is the Fulbright amendment relating to the use of counterpart funds. That has been eliminated.

The so-called Morocco amendment was yielded by the Senate conferees. In fact, there is not anything in the bill passed by the Senate as to which there was any conflict which the Senate conferees have not yielded to the House conferees.

Finally, and most important, we find the terms of the bill completely different from those passed by the Senate. The Senate bill contained a very simple statement of purpose. It simply declared it to be the policy of the United States and

the purpose of the title to aid the efforts of the people of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills.

That was the only purpose stated in the Senate bill. But what do we find in the conference report? We find the provisions of the House bill; in fact, the conference report is the House bill, with the elimination of approximately eight lines which are relatively unimportant.

I read from section 403:

It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity, and expanding purchasing power.

In other words, it goes far beyond anything of which the Senate conceived. We have been committed for all time to come to the job of undertaking to develop economically, with Government assistance and Government money, the economic standards of every country in the world. Even this country is underdeveloped, and certainly the term "underdeveloped country" could be used to cover every other country in the world, because every other country is developed less than is this country. We are spending billions of dollars further to develop this country. It goes on as follows:

It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States—

So, it is our policy to develop the resources of the United States by reforming and improving the economic conditions of the entire world—private and public—

Private investments and also Government money—

which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing the requests of foreign governments for aid for such purposes—

For what purposes? To promote the flow of investment capital as well as technical knowledge and skills.

In other words, Mr. President, foreign governments are invited to ask us for assistance to promote the flow of investment capital to them. I read further—shall take into consideration (1) whether the assistance applied for is an appropriate part of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned; (2) whether any works or facilities which may be projected are actually needed in view of similar facilities existing in the area and are otherwise economically sound; and (3) with respect to projects for which capital is requested, whether private capital is available either in the country or elsewhere upon reasonable terms and in sufficient amounts to finance such projects.

Presumably, Mr. President, if private capital is not available, public capital, direct loans, shall be furnished. This only bears out the broad terms of the findings in section 402.

Section 402 finds all kinds of things that are not true. I suppose it is fair to say that economic and social progress "can further secure the growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace." A lot of words. It can also contribute to war. Germany before it began the First and Second World Wars had risen to a tremendous height of economic and social progress. That progress did not contribute to peace. Certainly the bill makes a very broad statement in claiming that all this is necessarily going to produce peace. So far as any possible threat with reference to a third world war is concerned, I say that whether or not we do this, the question of whether Russia is going to undertake an aggressive war will be determined with no reference to any point 4 program. It will not be determined by whether we do undertake it or do not undertake it.

Mr. President, the bill gives broad powers to the President to make contracts or agreements in respect of technical cooperation programs on behalf of the United States Government "with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign-government agency." When we undertake to provide technical assistance under that paragraph there is no question at all in my mind that the State Department will make that contract, and in it will be outlined the general program they are looking forward to develop. It will involve the development of rivers and the development of industries. We would furnish the technical assistance for that. The whole program can be put into these agreements. Once it is in there we would be subjected to strong pressure to provide the money necessary for that purpose.

Mr. President, actually the question of whether we could guarantee private investors is perhaps open to question. There are bills pending on the Senate Calendar and on the House Calendar which carry out such a program. This is the basis for it. This is the declaration of policy. Most of this program, including the provision for Government money, can be undertaken under the conference report without the other bill. The other bill may be necessary for the particular guaranty feature, but the bill in the House—and it is recommended by the House committee and a similar bill is on the Senate Calendar—provides that the Export-Import Bank is given the right—

To guarantee United States private capital invested in productive enterprises abroad which contribute to economic development in foreign countries by assuring either or both (1) the conversion into United States dollars of foreign currency derived from an investment—

Of course, when a guaranty is given someone on the conversion of currency, it means that a loan is being made. They will not pay in their currencies. They owe it and there is another debt. That is what Britain did through the war. People accumulated sterling, for which they will not be paid. We are simply making further loans to these countries after ECA is over. The House bill provides further—

and (2) compensation in United States dollars for loss resulting from expropriation, confiscation, or seizure by action of public authority.

That particular provision is certainly dubious. We make a contract with a nation that will not undertake to confiscate property. However, they do it anyway. Then we have to pay off the man who invested money, and the United States Government has a claim against the foreign country. Goodness knows, these countries owe us billions of dollars already, and they are not going to pay the claim. We have never yet succeeded in collecting a claim, and I do not see any reason why we should collect this one. That is all a part of this program. That is the policy that we are declaring now. We would commit ourselves in definite terms by this gadget of a so-called guaranty.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. TAFT. I am sorry, but I cannot yield. The time is very short.

Mr. President, the House bill was intended to carry out this program, while the Senate bill was not so intended. Incidentally, it is rather interesting to me that this subject practically was not presented to the Senate. The advocates of this program have practically never come here with it. It is supposed to be slipped through. The distinguished Senator from Texas read a brief statement, and one of the things he said was: "The program is not large, nor can it ever be." That is perhaps true of the Senate program. "It is the beginning of a long process, a slow, laborious process. It is not another ECA for the world, nor a program of capital investment." It was not in the Senate bill. It certainly was in the House bill.

Representative HERTER, who was one of the authors of the House bill, practically so stated in his description of the House bill, which is now a part of the conference report. At page 4111 of the CONGRESSIONAL RECORD, on March 24, he said:

It is in the statement with respect to those latter matters that I feel the bill is of particular importance. The mere authorization to send technical assistance where wanted throughout the world could do very little in itself toward raising the standards of living of underdeveloped nations. Very real help could be given in the fields of sanitation, education, labor, agriculture, administration, etc., but, in the long run, increased productivity must be the deciding factor. That productivity can come only through a given amount of capital investment plus the technical know-how or technical skills which go with capital investment, and the bill, as now reported by the committee, while defective in some minor particulars, goes far toward spelling out for all to see the minimum conditions under which any reasonable person could expect American capital to seek investment outside the shores of the United States.

The reason I feel so strongly about this program is not that perhaps at some time in the future we may not be able to do something of this kind. It is that at the present moment we are already committed to two great international programs far beyond the financial capacity of the United States. We have the ECA program, which goes on this year and goes on next year. It is a program for which we have authorized in this bill for the coming year more than \$3,000,000,000. We have the arms program for all of Europe, and now apparently, according to this morning's newspaper, it is to be extended to the Middle East. The request for the appropriations for that project, as I understand, is going to be for a half billion dollars, at least, plus another \$1,000,000,000 to be spent during the coming year. Our country faces a budget deficit this year in excess of \$6,000,000,000. Therefore this is not a time to take on a third great international program. That is what we are undertaking here and that is what we are committing ourselves to do by this conference report. We are committing ourselves to a great program to help every nation throughout the world. Some one has mentioned that this is only a small program at this time. However, we are committing ourselves to the program. Certainly after we get through with ECA and after we get through with the arms program, it may be that we may wish to continue assistance to nations here and nations there. I do not believe it ought to be a great program covering the entire world, but there are places where particular aid can do some good.

Mr. President, it seems to me perfectly obvious that a complete study should be made of this program. First, we should appoint a commission to study for a year, or perhaps 2 years, what our post-ECA program should be. The ECA program was purely a temporary program. It was solely to meet an emergency. The arms program is solely a temporary program, a program to meet an emergency, both emergencies caused by the actions of Russia. But we are here taking up a proposal for a permanent program to do something this country has never done before. Certainly private capital has gone abroad without guaranties, certainly we have encouraged American investments abroad; and we have no objection to that. But whether the Government itself should undertake to provide Government money and should lend all these nations more money in time of peace, simply to bring about economic development, I doubt very much.

I have said before that I do not think we can take a nation such as China, where the standard of living is one-tenth of what it is here, and hope to build up to any great extent the economic conditions of that country. We can help them a little, but our help is not going to make any great, fundamental change in the economic condition of the people, because one people cannot do that for another.

We have established our present economic standard of living by 150 years of effort on the part of the American people, and in the long run the standards

of living of different countries are going to be the standards the people of those countries make for themselves. Certainly they may get foreign aid. They would like to have it. A good deal of capital was sent into our country, because foreign investors felt that our people could use it well, could handle it, and return the money borrowed. Any nation that desires capital can get it if it can convince those who have the money that they will get fair treatment, and that those getting the money have capacity to use it wisely.

I question the possibility of one nation substantially changing the standards of living of another. That does not mean we should not undertake to assist here and there, and certainly it does not mean we should not undertake charitable operations, the establishment of hospitals, and other activities such as our private institutions have undertaken in China. I have no objections to establishing such a program; but it should be studied. Its limitations should be clearly defined. It should be worked out with care, in detail, so that we would know what we were doing, instead of asking our people to adopt a new policy, namely, that of the United States from now on devoting the entire resources of its people, private and public, to any country that chooses to come here and ask for assistance from the American people.

Mr. President, this is a tremendous program. It is a revolution in the policy of the United States. It is presented in a conference report, which is contrary to the very views of the Senate Committee on Foreign Relations itself, which is contrary to the views of the Senate as expressed in the vote, a program which certainly, before it is adopted, should be carefully studied and debated. As I have said, up to this very time the advocates of the program have been strangely silent on the floor of the Senate. Practically nothing has been said about the matter by them. There has been no substantial debate on the question until today, and it seems to me that the time has come when we should no longer undertake such activities.

Mr. President, I say again, if we had a great surplus in the Treasury, we would not feel so strongly about this, but we are asked to commit ourselves to a new program when we have a deficit of \$6,000,000,000 this year, and will have a deficit of \$6,000,000,000 next year, according to the estimates of expenditures and appropriations. This is no time to undertake the extension of domestic activities, no time to undertake the extension of foreign activities.

Mr. President, I do not feel that in the present financial condition of the people of the United States we should commit this Nation to a great new policy which may in the end cost billions upon billions of dollars. Of course it is within the power of the Committee on Appropriations not to appropriate the money, but that is a shopworn argument. Once we commit ourselves to a policy, the officials of the State Department can come before the Committee on Appropriations and say, "The American people have declared this policy through the Congress. We are determined to apply American

capital to the development of every Nation."

The PRESIDING OFFICER (Mr. McCLELLAN in the chair). The time of the Senator from Ohio has expired.

Mr. TAFT. May I have a minute or two more?

Mr. MILLIKIN. I yield more time to the Senator.

Mr. TAFT. Certainly the Committee on Appropriations, under such circumstances, is bound to feel that it must go ahead with a program. They may not appropriate the exact amount requested, but certainly they are committed to the program, just as the Atlantic Pact committed us to an arms program. I voted against it, but it did commit us to an arms program, and the Congress having voted for the program, it could not vote against the appropriations. Similarly the ECA bill substantially committed us to the appropriations authorized in the bill.

It is all very well to say that the Appropriations Committee can answer, "We will not appropriate a cent," but as a practical matter we are determining a policy which forces huge appropriations on the Committee on Appropriations as the program is developed.

Mr. CONNALLY. Mr. President, I yield to the senior Senator from Georgia [Mr. GEORGE] such time as he may need.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. GEORGE. Mr. President, I wish to make more of a statement than to submit an argument regarding the conference report.

When the ECA bill was first submitted to the Committee on Foreign Relations of the Senate, it contained several pages relating to point 4, as we commonly refer to the subject matter in title IV of the bill. It was the view of the committee that it should be stripped down, so far as possible, to a mere technical assistance program, eliminating the other provisions which were intended to encourage the flow of capital into foreign countries. Following that program, we did strip the bill down to a technical assistance bill, and that was the bill which was reported to the Senate.

I wish to be perfectly frank in my statement. I favored that course. I did not think we had given the consideration to this important matter that it should have before we committed ourselves definitely to a program which we possibly would not be able easily to avoid even though specific projects and programs might not meet with our approval. So, when the bill came to the Senate, the point 4 provision in the bill did relate to technical assistance. It had been stripped down to that bare declaration of policy with reference to assistance.

When the Committee on Foreign Relations acted upon the bill, it acted, as is frequently done, by striking out everything after the enacting clause perfecting the bill, and in that form reporting it to the Senate. But the Senate, of course, had also before it the text of the House bill, point 4 in the meantime having been incorporated in the bill passed by the House. So when the bill came to

the Senate committee, the text of the House bill was stricken through, and the text of the bill as perfected in the Foreign Relations Committee was substituted, following the enacting clause.

When the bill was passed by the Senate I voted for it, but I previously voted to strike the \$35,000,000 for the technical assistance program in the bill, when it reached that stage on the floor of the Senate.

The bill went to conference. We were faced in conference with an insistent demand by the conferees on the part of the House, not an inappropriate demand, of course, because it is the duty of the conferees on the part of each body to support, so far as possible, the views taken by the body, but the conferees on the part of the House insisted strongly on title IV of the bill as it now appears in the conference report. That is to say, they insisted upon point 4, as we have generally understood that description to apply, as the House bill had spelled it out.

The House also insisted upon certain guaranties, but those guaranties related to commitments made in the Marshall plan countries, that is, the recipients under the ECA.

We had quite a difficult conference with the House conferees. We labored practically all the time upon the two points: First, the guaranties, and, second, the point 4 provision in the bill. I very frankly say that I thought it was advisable that point 4 receive longer study, more careful consideration, because I realize the difficulties in which we become involved when we commit ourselves to any sort of long-range policy.

Let me say that the point 4 that is contained in the conference report is not a short-range program. It definitely is a long-range program. It would be entirely useless and worthless if it were a short-range program. I want to be perfectly frank and candid with the Senate about that. It is a long-range program. I believe in the general principles of the program. But I want further time to study and develop it.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. GEORGE. I have but very few minutes left. However, I yield.

Mr. SALTONSTALL. Perhaps the Senator intends to bring out the point I have in mind. Is there anything in title IV of the bill, the long-range program about which the Senator is speaking, which guarantees on the part of our Government private investments made in the foreign countries involved?

Mr. GEORGE. I do not think so. Had I thought so, I could never have agreed to this title in the conference report. I may say to the Senator that I expect to refer to it particularly.

Mr. AIKEN. Mr. President, will the Senator yield for another brief question?

Mr. GEORGE. I will have to ask the Senator to be very brief.

Mr. AIKEN. Does the Senator feel like telling us whether the House conferees were united in their demands for these provisions?

Mr. GEORGE. Yes, indeed, they were united. Not only were they united, but most persistent, and most appropriately persistent.

Mr. AIKEN. And successful?

Mr. GEORGE. And successful. I grant that.

Mr. President, I now come to a point which I think is important. The distinguished Senator from Ohio [Mr. TAFT], I believe, misinterprets the whole purpose of section 403, and particularly that part of the section which appears on page 9 of the report. I will read it:

(b) It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes, shall take into consideration.

That is the introduction, so to speak, of what must be taken into consideration.

(1) Whether the assistance applied for is an appropriate part of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned.

There certainly is nothing objectionable about that.

(2) Whether any works or facilities which may be projected are actually needed in view of similar facilities existing in the area and are otherwise economically sound.

There is nothing wrong about that unless someone might suggest that we should not too far meddle with other people's business.

And (3) with respect to projects for which capital is requested—

Let me repeat—

And (3) with respect to projects for which capital is requested, whether private capital—

This is the inquiry; and the determination must be made—

whether private capital is available either in the country or elsewhere upon reasonable terms and in sufficient amounts to finance such projects.

Of course, it necessarily follows that if private capital is not available, then the project is not even approved, and it is not available, regarded, or considered.

Mr. AIKEN. Mr. President, will the Senator yield for one more short question?

Mr. GEORGE. Yes.

Mr. AIKEN. Does the Senator reach an inference that if it is found that private capital is not available, the United States is under any obligation to assist in furnishing public capital?

Mr. GEORGE. None whatever.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. GEORGE. But let me answer fully on that point. Further along in the bill, on page 13, section 416, while the language is somewhat softened down from the language offered by my distinguished colleague on the floor, we find the following:

Nothing in this title—

That is the whole title, the language I have already read about capital—

Nothing in this title is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries, or to any international organization.

Mr. President, I think it is clear that the bill, as it stands, does not commit us to any specific project or program. Those matters are left open. It does commit us to a policy, and I very frankly say it commits the Senate to a policy. But that does not mean, of course, that it is a policy which would be followed except within the limitations outlined in the measure and within the spirit of the proposed legislation. So that if subsequently some country applies for assistance and asks for either private or public funds, and after making the necessary and proper surveys, we reach the conclusion that we have available in our economy at the moment sufficient capital to undertake to encourage that country to carry on a very ambitious program, certainly we would be wise enough, and, I think, entirely free to say so.

But if, on the contrary, that country thought it was entitled to a loan from this country, I am quite certain that there is nothing in the bill that would commit us to such a loan.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. SALTONSTALL. So far as funds of our Government are concerned, under the present terms of title IV, they are confined to technical cooperation? Am I not correct?

Mr. GEORGE. Undoubtedly so. On that point, it will be noted that the appropriation is \$35,000,000 for that purpose. That sum, however, includes appropriations already made under other programs. So that actually all the bill does is to appropriate an additional \$25,000,000. Somewhere in the neighborhood of \$10,000,000, as I recollect, has been provided for precisely this type of work, primarily in South America. So \$25,000,000 is the limit of our actual commitment to the use of any public money for any purpose under this title.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. SALTONSTALL. I would say that before my subcommittee of the Appropriations Committee there is a proposal for \$7,000,000 for the Institute of Inter-American Affairs, with additional contract authorizations requested, and \$2,900,000 under the Smith-Mundt Act.

Mr. GEORGE. In other words, in round numbers, that amounts to approximately \$10,000,000.

Mr. SALTONSTALL. That is correct.

Mr. GEORGE. So, in short, the \$35,000,000 is a total appropriation, and the new money thus provided is \$25,000,000.

Mr. President, I wish to make my position clear. If I were not willing to commit myself to a general program, through the use of our good offices, the use of our technical skill and knowledge, the use of our competent advisers, and if I did not think the state of our

economy justified encouraging the investment of American capital in such foreign countries, I would not go along with the proposal.

However, I agree with the conference report, though not entirely, because it contains a great deal of language which has come about, no doubt, as a result of the evil habit, which has grown up in Washington in recent years, of putting a lot of poetry at the head of a chapter and then writing out a lot of poetry thereafter.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. GEORGE. I yield.

Mr. SALTONSTALL. Is not some of the poetry to which the Senator has referred put in to show the other countries what we expect of them if they are to get any technical assistance under this measure?

Mr. GEORGE. I think so; but candor compels me to say that it is also put in to "soft soap" a situation which might not be altogether acceptable here. I have found that to be the case in the past, and I must be wholly frank about it. It is altogether unnecessary for such language to be included.

Point 4, as it came from the House, should have been rewritten. However, the House insisted upon it; and there is nothing particularly vicious about it, nothing beyond the approval of a policy.

I interpret that policy to mean—and I interpret it fairly, I think—that we will advise other countries that we are ready, under conditions, to be of whatever assistance we can be and that we will even go to the extent of encouraging American investments to be made abroad—by treaties of friendship, trade, and commerce, treaties limiting taxation and limiting burdens upon investments made abroad and upon the profits from those investments, if any, when they are returned to the United States. If we are not going to do that, the entire program will not be worth anything, Mr. President. If we do that, that is about all that hard-headed businessmen in the United States who have any money to invest want. They want a treaty with these foreign countries, and they want that treaty to provide X dollars as a limit of taxation in all forms, whether as excise taxes or import taxes or what not. They also want included in the treaty an agreement upon our part that we will deal fairly with the profits earned upon hazardous investments, such as these probably would be in many instances.

If they can have that, coupled with the assurance that our Government, although not imperialist, and although not proposing to use gunboats or airplanes to make war upon any country, yet does propose to insist upon the faithful observance of every such agreement made by any country upon which our people have relied, then our businessmen will be satisfied and will be willing to make investments in the foreign countries. If we are not going to do that, the program will not be worth much.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a further question?

Mr. GEORGE. I am glad to yield. I am about to yield the floor.

Mr. SALTONSTALL. The Senator from Georgia has mentioned the word "treaties." Is it not his understanding that bilateral agreements are to be made primarily by means of treaties which will come to the Senate of the United States for ratification, rather than by executive action?

Mr. GEORGE. I do not see how it could be otherwise, because the bilateral agreements to which reference is made would necessarily embrace the subject matter, historically and actually, of treaties, as they have been covered by treaties since the beginning of our Government.

Mr. SALTONSTALL. Mr. President, will the Senator permit me to ask a further question?

Mr. GEORGE. I am glad to yield.

Mr. SALTONSTALL. The only executive agreements which might be made would be under the technical cooperation side of the program, in connection with which the President, through the Director of the Bureau of the Budget, would request Congress to make an appropriation. Am I correct?

Mr. GEORGE. I think so. When we come to the bilateral agreements, I do not think that anything of less dignity than a treaty could be contemplated; because if such bilateral arrangements and agreements are to be at all effective, they must carry definite commitments in regard to taxes and other treatment by foreign governments and in regard to taxes and the treatment of profits realized upon the investments.

Mr. TAFT and Mr. DONNELLY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Georgia yield; and if so, to whom?

Mr. GEORGE. Mr. President, I am not able to yield. Let me say that I have a conference at which I am now 5 minutes overdue; so I am obliged to ask to be excused.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. THYE. Mr. President, I wonder whether the chairman of the committee, the senior Senator from Texas, could answer a question concerning the deletion or striking from the former ECA law, known as Public Law 472, as amended by Public Law 47, the provision which required 12½ percent of the wheat going to ECA countries, under ECA contracts, to be milled in the United States.

The chairman of the committee will recall that I appeared before the committee in regard to that matter.

Mr. CONNALLY. That is correct.

Mr. THYE. Of course, I referred to that question at that time. The millers of the United States, as well as the employees of the milling industry, are gravely concerned about the deletion or striking from the act of the provision requiring 12½ percent of the wheat going to ECA countries to be milled in the United States.

This matter not only affects the milling industry and the workers in that industry, but it likewise affects the dairy industry and the livestock industry, be-

cause the mill feeds would normally be retained in the United States. However, under the ECA program, when flour goes abroad, after being milled in the United States, a corresponding amount of mill feed is lost to us in the United States, because what we otherwise would have as mill feed will go across the ocean in the form of wheat, either milled or unmilled.

I wonder whether the chairman of the committee can explain why the House objected and why this provision of the former act was deleted. The matter is a very serious one in the minds of the millers and the mill employees and the producers.

Mr. CONNALLY. I shall be glad to respond insofar as I am able to do so.

Let me say, Mr. President, that the distinguished Senator from Minnesota appeared before the conferees and very ably and very clearly set forth the attitude of his people and of the milling industry, the labor employed in that industry, and so forth.

The Senator is aware, of course, that the bill passed by the Senate carried the language he desired to have included.

Mr. THYE. Yes.

Mr. CONNALLY. Namely, that 12½ percent of the wheat should be in the form of flour. However, the House omitted that provision, and it was not in the House version of the bill. There was a very determined group of conferees on the part of the House, and they absolutely insisted that they would not agree to include that provision. Of course, as the Senator from Minnesota knows, in conference one side cannot have all the advantages; each side has to try to adjust the differences in a spirit of amity and cooperation. That is what happened.

The point also was made by the House conferees that 12½ percent was such a small amount that it could not be of any great advantage. That point was urged quite strongly by the House conferees.

That is the best information I can give the Senator from Minnesota.

Mr. THYE. Mr. President, may I ask a further question on the subject?

Mr. CONNALLY. Certainly.

Mr. THYE. Would it not be possible to reflect an administrative function which could give us the same ratio of flour in relation to the wheat which would be shipped abroad? I wonder whether the committee could in some manner, in writing the report in its final details, indicate that it was expected of ECA at least to bear in mind the percentage which had been milled in the United States of the wheat committed under the ECA program, in order that we might in some manner protect not only our milling industry, but also those who are employed in the mills, as well as the producers, who are going to be deprived of a certain quantity of mill feed. That is so because when wheat is exported from our economy, that reduces the amount of mill feeds remaining in the United States and causes them to cost more; and the result is to place our producers under a definite handicap under which they should not

rightfully be placed. I wonder whether it would not be possible to reflect in the report what is expected of ECA in that respect.

Mr. CONNALLY. I may say to the Senator that he speaks of the final report. We do not make any final report. The House, under its rules, requires a statement by its conferees. But we have already made all the reports we expect to make. All we are waiting for now is the vote, either for or against.

The Senator propounds a very ingenious question. He wants to know whether, notwithstanding the fact that this is a law, we cannot work some kind of magic or hocus-pocus whereby the law can be evaded. In the present law there is such a requirement as that to which the Senator refers. I grant the Senator that even though that requirement is repealed, I suppose the Administrator, within the broad scope of his authority, might adopt some plan of handling this matter which would benefit the people whom the Senator from Minnesota represents.

But let me explain what happened. I hold in my hand the report of the House committee. The House bill repealed a requirement of the act, in section 112 (c), that at least 12½ percent of all wheat procured in the United States for the European recovery program, financed by grant, must be in the form of flour. That is a fact. The Senate amendment contained no equivalent repealer. The Senate adhered to the opinion of the Senator from Minnesota, based on his contacts. I would not attribute it to any one reason, but the arguments of the Senator contributed to the action of the Senate in placing in its bill what the Senator from Minnesota desired. The Senate, however, does not occupy both ends of the Capitol, as the Senator knows. The Senate occupies one end of the Capitol, and the House the opposite end. Sometimes the House overrides the Senate.

Mr. THYE. Mr. President, if the Senator will yield another moment or two, I may say that is true. But we today have either to approve or reject the conference report. We are trying to get a certain amount of comfort for our own consciences, in voting either for or against agreeing to the conference report. We would like to have some assurance from the able chairman. I think if he will confer with the conferees on the part of the House, or if the staff will, as to the final details, reflecting our views regarding this one deletion, the House Members might agree that, although discretion is to be exercised there shall be a requirement that a certain percentage of the wheat be milled. It is within our power to provide that it shall be milled within the United States before being shipped abroad, which would be most helpful. I hope the Senator will scrutinize the colloquy and will note its purport.

If the Senator will allow me to make one further comment, I think it would be helpful to the Senator's position, on the entire conference report. It will be recalled that I voted for a study to be made of the point 4 provision of the bill.

I felt that a study was necessary in order that we might know what we were obligating and committing ourselves to do. But point 4 is a part of the bill, and it comes back to us either to be approved or rejected. I may say I listened to all the debate, and followed it very carefully. I have followed the objections as well as the arguments of those who have supported the measure, and after weighing all the facts, I have come to the conclusion that, so far as I am concerned, at least, I shall support the conference report. If it were recommitted to conference, I do not believe we could obtain any different measure.

I appeared before the conference committee—and I thank our chairman for having permitted me to do so—on the question of the milling of flour within the United States. I thought I recognized a determination on the part of the House conferees to insist on their provision. I think I share the feeling of certain members of the conference committee who are here today, and who are supporting this report, that if the report were returned to the conference, it would be necessary eventually to accede to the House position.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. THYE. I am happy to yield.

Mr. TAFT. It seems to me that is an assumption that is absolutely untrue.

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. TAFT. Excuse me. I thought the Senator from Minnesota had the floor.

Mr. CONNALLY. I have the floor.

Mr. TAFT. Excuse me.

Mr. CONNALLY. Does the Senator from Ohio want me to yield?

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CONNALLY. I have already yielded to the Senator from Minnesota.

Mr. TAFT. The Senator from Minnesota I think is willing to allow me to ask him a question.

Mr. THYE. Mr. President, if the chairman of the Foreign Relations Committee will yield to me, I shall be glad to permit the Senator from Ohio to ask me a question.

Mr. CONNALLY. I yield for a brief question. However, my time is getting short. The Senator from Ohio occupied a good deal of the time today. I hope he will be brief.

Mr. TAFT. Does the Senator not know that the Senate conferees would have the whip hand, and that they could say, "You will get an ECA bill, but you will get no point 4 program at all unless you take it as the Senate wants it"? In other words, here was a conference, in which the important thing was the ECA. We must have an ECA bill, and the House knows we must have it. It seems to me our conferees were completely able, or would have been completely able, to lay down the terms upon which the point 4 program could be written into the bill.

Mr. CONNALLY. Mr. President, I decline to yield further. Let me have a word, now. Yes, the Senator from Ohio goes into conference on a bill providing

an authorization of about \$3,000,000,000, designed to aid the people of western Europe to rebuild their fortunes and, because he does not get the picayune provision that 12½ percent of the wheat shall be milled and shipped in the form of flour, we will not have an ECA bill. That is a broad statement of position by the Senator, a broad statement for a man who wants to sit in high places. It is a great statesmanlike proposition. "To hell with the young and the people of Europe. Let their economy go. Let their fortunes go. Let their ruined factories go. If we do not get out of the House conferees exactly what we want in the way of 12½ percent of the wheat being shipped in the form of flour, we will cut off all relief to Europe."

That is not broad, statesmanlike politics; it is peanut-size politics.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. THYE. The Senator knows that I am supporting the conference report, so he should naturally feel friendly toward me.

Mr. CONNALLY. I am yielding to the Senator. What else does he want me to do?

Mr. THYE. I know the Senator from Texas was not addressing his last remarks to me, and I want to make the record clear. The Senator from Ohio has not mentioned the 12½ percent of wheat which must be milled in the United States. The Senator from Ohio—

Mr. CONNALLY. If the Senator from Minnesota is making the speech of the Senator from Ohio all over again, I shall not yield.

Mr. THYE. I was the one who mentioned it. So the Senator's reference to the 12½ percent being mentioned by the Senator from Ohio is in error, because the Senator from Ohio never mentioned it.

Mr. CONNALLY. Very well.

Mr. THYE. We have a perfect right to object to the conference report.

Mr. CONNALLY. Certainly, if the Senator thinks that will help him any in dealing with Mr. Hoffman.

Mr. THYE. Those of us who are going to support the conference report cannot support it blindly. We must at least state very clearly why we object to certain phases. But the objections are not great enough, in my opinion, to make it necessary to reject the report, because I do not believe we shall be able to get a report which is better than this one. I appeared before the committee, and I know exactly the attitude of the House conferees toward me and toward my proposal. But I say to the chairman of the conference committee that he did not bring back to the Senate that which we hoped would come back, with reference to point 4, because the report goes far beyond our convictions with reference to point 4. The commitments extend far beyond the expiration date which had been fixed.

Mr. CONNALLY. The Senator from Texas supported the amendment which the Senator from Minnesota offered.

He supported it in the conference committee, but he is not all-powerful. The Senate conferees had to give way. That is all I can say.

Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Texas has 24 minutes remaining.

Mr. CONNALLY. I yield 12 minutes to the Senator from Wisconsin [Mr. WILEY].

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 12 minutes.

Mr. WILEY. Mr. President, I have been in conference all day in connection with another matter, and I am sorry that I have been unable to listen to all the arguments which took place for and against the conference report. I have sat in many conferences, and I have never seen conferees work harder than did the conferees on the ECA bill nor have I ever seen conferees who were more set in their convictions than were the House conferees. It was a fight from start to finish. As to point 4, the Senate had one version. If I had had my way, it would not have been in the bill at all. I think a great deal can be said for that position. However, the Senate conferees fought very hard for the Senate's version, but the House was adamant, and the compromise was the result, the Senate conferees getting the better of it.

Mr. President, I want to compliment the chairman of the committee. I know of no one who worked harder for the particular provision which has just been mentioned by the Senator from Minnesota [Mr. THYE], and for the other provisions of the Senate bill, than did the Senator from Texas. I can assure the Senator from Minnesota that I was with him 100 percent on the particular provision relating to milling wheat in this country. But, as I say, the House conferees were adamant. On two occasions we were ready to dissolve. Possibly if we had returned to our respective Houses we might have accomplished something, but that is questionable. We felt that it was our obligation, in view of the lateness of the season, to try to accomplish something in the conference.

I heard some of the preliminary remarks in relation to point 4 as it was being discussed on the floor, but I realize fully that in a conference it is a question of strong men arriving at a compromise. While it is not satisfactory to me, personally, I wish Senators could have heard how the distinguished chairman and the Senator from Georgia [Mr. GEORGE] and the Senator from New Jersey [Mr. SMITH] fought and the rest of us contended. When the House conferees yielded on the major portion, which involved the appropriation of funds, we accepted some of the House language.

Since I have been a Member of the Senate I have been opposed to legislating by preachment. Having been a lawyer for approximately 30 years, and having drawn pleadings, I would draw them as clearly as possible and as short as possible without stating conclusions. That is what we should do in legislation.

We sort of preach in our bills and then preach some more. We should get rid of this method and state the law clearly and succinctly.

Mr. President, I want to list some of the main arguments which were raised on the floor, as I understand. I have some very brief comments.

It is argued that the point 4 program involves huge expenditures for projects of various types in underdeveloped areas of the world.

I am glad to put into the RECORD the fact that it was the clear understanding of all conferees that the money to be appropriated was to be used simply to provide for sending men into various areas to impart technical knowledge. There was no thought that the Government, under the point 4 program, was entering into any financial responsibility or would incur any financial responsibility outside of giving to various underdeveloped areas technical knowledge. There are many private organizations in this country whose technical knowledge is being used abroad. That point was argued and from my viewpoint, they do a grand job.

There was another point which was argued by the House conferees, that there should be funds available to guarantee disbursements of private individuals. That was deleted. That is not in point 4. All that is in it is some preachment and a provision for technical assistance.

It is argued that the bill would permit the President to extend assistance to the iron-curtain countries. I believe that is a fallacious argument. There is no intention whatsoever on the part of the executive branch to extend technical assistance to the iron-curtain countries. Moreover, the President is instructed under section 411 (a) of the bill to terminate any such program if it is not consistent with the foreign policy of the United States. Obviously, technical aid to iron-curtain countries would not be consistent with our foreign policy.

Mr. MILLIKIN. Mr. President, will the Senator yield for a question?

Mr. WILEY. I have been assigned a very short time. Otherwise, I should be very happy to yield, if the Senator will pardon me.

Furthermore, Mr. President, the satellite countries have let it be known that they do not want our experts behind the iron curtain. The whole program involves the kind of publicity and inspection which they could not countenance.

It is argued that the bill is a blank check to the President, who may extend aid in any way he sees fit.

A careful reading of the bill indicates that this is not true. Section 407 (c), for example, lays down five specific limitations on the granting of technical assistance. Moreover, under section 411, the President is directed to terminate any technical assistance if it no longer contributes to the purpose of the program, if it is not in harmony with the wishes of the United Nations, or if it is not consistent with the foreign policy of the United States.

There are, of course, still other important limitations in that the program is subject to the scrutiny of the Appropriations Committees every year and that no contract authorizations may run for more than 3 years in any one case. Also, the program may be terminated by concurrent resolution of both Houses of the Congress.

It is argued that the bill now involves a whole new program relating to private investments.

The language in the point 4 section relating to favorable climate for investments merely restates a policy which our Government has emphasized for over half a century. This general language, which would help to create in some countries a more favorable climate for private investments, will help our Government in dealing with countries who believe that private investors are anxious to invest their money in the underdeveloped areas.

The United States is trying to convince such countries that they must first take steps to make it perfectly clear to potential investors that their property will not be expropriated, that they will be able to get their profits out of the country if need be, and so on. It is believed that this statement of policy in the bill will help our Government negotiate commercial treaties which will be helpful to American interests. Yesterday I heard discussion on the floor when that idea was brought out. Personally, if I had the time to refer to the language of the bill, I am sure that an examination of it would show that it simply means that private persons may invest their money in countries, with some of which we already have treaties, as was shown by the distinguished Senator from Minnesota yesterday, and in other countries with which we are going to make treaties. The purpose of such treaties is to try to reach agreements with the foreign governments that if private American capital goes into their lands in order to help to build up industry or create wealth, the American investments shall not be subject to expropriation or confiscation. There is no guaranty involved. Certainly any American who contemplates investing in foreign lands, after reviewing experiences in some countries—South American countries as well as others—and noting that some countries have expropriated American money, is not going to repeat that experience unless there is some guaranty on the part of this Government that it will use not only words, but power, to see that that is not done.

It is my theory, Mr. President, that we have been too soft in dealing with a good many of these conditions. We had a President of the United States once who inaugurated a big stick policy. That term has been misinterpreted. It simply means that we do not believe in an individual indulging in a thieving business, and we do not believe in nations indulging in a thieving business. We owe an obligation to our own people who invest funds to see to it that they get fair and equitable treatment in other countries.

It should also be emphasized that the main purpose of encouraging private capital to go into the underdeveloped areas is to make the expenditure of public funds on our part unnecessary. What we are suggesting to the underdeveloped areas is that, if they will take the proper steps to get private capital flowing, they will not need Government money.

It is argued that the point 4 program includes guaranties for American investors.

The point 4 bill makes absolutely no reference to guaranties. The ECA section of the Foreign Assistance Act does provide for certain guaranties, but these are limited to the participating countries of the European recovery program and that provision of the bill will, of course, terminate in 1952.

We know that those guaranties relate to convertibility or in a case where property is confiscated by a government.

It is argued that the intergovernmental agreements referred to in section 402 (a) can be concluded by the executive branch and will not be referred to the Senate for ratification.

It should be pointed out that there is a distinct difference between the bilateral technical cooperation programs envisaged in section 405 and the intergovernmental agreements which will be designed to bring about a more favorable climate for private investors. In the past this latter objective has been achieved by the conclusion of general commercial treaties, like those with Italy, and the more recently negotiated treaties with Uruguay and Ireland. These are treaties and as such call for Senate approval.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The time of the Senator from Wisconsin has expired.

Mr. WILEY. May I have two more minutes?

Mr. CONNALLY. I yield two more minutes to the Senator from Wisconsin.

Mr. WILEY. On the other hand, the bilateral arrangements that will be entered into before technical cooperation can be extended to any country are very similar to the bilateral agreements which have been concluded under the ECA program. These are executive agreements and do not require Senate approval since they are made in conformity with the principles laid down in the bill.

I had intended to state my position on the subject of the International Children's Welfare Work. Instead, I ask that the statement which I have prepared in that respect be printed in the RECORD following my remarks, as well as a summary of title 4.

There being no objection, the statement and summary were ordered to be printed in the RECORD, as follows:

INTERNATIONAL CHILDREN'S WELFARE WORK

This title providing for international assistance to children under the United Nations was one of the most disputed points in the conference. The Senate held to the position taken by former President Herbert Hoover, that the present program for children has brought more returns to this Government from a human and economic point

of view, than any foreign activity in which our Government has been engaged.

We fought long and stubbornly to continue the authorization for the United Nations Children's Fund, which is title II in the Foreign Assistance Act of 1948, because we know, on the basis of the record performed, that this is a sound economic and efficient program.

(a) In a period of less than 3 years, the Children's Fund has raised almost as much money as the United Nations and all of the specialized agencies together have received in the same period. Moreover, all this money has been raised by voluntary contributions from governments and persons. The fund, is, in fact, the only part of the United Nations which individuals have helped to support. It has provided a great moral outlet for millions of people in more than 45 countries and non-self-governing territories who wished to demonstrate their support for the United Nations.

This money has not been raised easily by UNICEF. It has been raised essentially on the basis of trusteeship which UNICEF has developed between the donor, whether a government or an individual, and the actual recipient of the relief. This principle of a direct relationship between the donor and giver is essential reason for the efficiency of this operation. It would be an unfortunate delusion to believe that one section within the United Nations in a mechanical way could go out and raise funds from governments and individuals, in order to meet the continuing needs of children, and then have these funds disbursed in turn by other agencies who are not in direct and live contact with the donors.

(b) With this money the fund has been able to provide direct assistance for children on the basis of approved country programs to more than 50 countries throughout the world.

In making these supplies available for children (the fund never gives grants in money) the fund has:

1. Required 53 recipient governments in Europe, Asia, Latin America, the Middle East, and Africa to match UNICEF supplies with new local resources for the benefit of children amounting to more than \$100,000,000. (United States equivalent.)

2. Provided aid in such a way as to meet immediate child needs and at the same time have lasting benefits by getting countries' programs started and strengthening their permanent child health and welfare.

3. Directly assisted: 8,000,000 children and nursing and pregnant mothers daily through supplementary feeding through schools, maternal and child health clinics, nurseries, children's institutions, sanatoriums, etc.; 17,000,000 children through tests against tuberculosis and 9,000,000 children through vaccinations; 6,000,000 children with clothing, shoes, layettes, blankets, etc., processed by the recipient countries from raw materials provided by UNICEF; 4,000,000 children through conservation of local milk supplies to provide clean and safe milk; millions of children through maternal and child health programs and campaigns to control malaria, and other insect-borne diseases, yaws, syphilis, typhus, whooping cough, diphtheria, etc.

4. Been recognized throughout the world as the most important successful achievement of the United Nations.

Today the papers are full of the problem of surplus food. This Children's Fund, even though it is an infinitesimal program compared to the high sums we have appropriated for ECA, has provided, and can continue to provide, an effective channel for such items as dried skim milk, butter, eggs, fats, meats, and cotton. My distinguished colleague from Oklahoma, a joint sponsor of the Senate bill to continue the authorization for this program, has introduced an amendment

to the Commodity Credit Corporation bill, pending in the Senate, to provide that this fund shall get such surpluses without cost. But the cost of maintaining the international distribution machinery and the cost of providing such equally necessary supplies as medicines and equipment—even such rudimentary equipment as kettles and ladles for reconstituting skim milk—mean that we must be sure the President makes available every cent of this \$15,000,000 to the International Children's Fund.

There are few issues before the Senate on which we have the unanimous support of the people we represent here. On this item—of maintaining support for the International Children's Fund—I have received strong endorsing letters or wires from every major national farm organization; from the two big national labor organizations; the American Federation of Labor and the Congress of Industrial Organizations; from every religious faith—Protestant, Catholic, and Jewish; from national women's and veterans' societies. This body voted without a single "nay" to support the bipartisan amendment in conference. Why then have we brought this unsatisfactory compromise to you today?

There is only one simple answer. We were up again an immovable force. The House conferees were determined to ignore this expression of public opinion, and terminate the fund. They argued that they had a moral commitment to support a proviso attached to last year's legislation, which stipulated that United States participation would cease on June 30, 1950. The Senate also accepted that proviso but since that time the United Nations has made a very careful and detailed study of the needs of children and every possible agency which might be able to meet these needs.

I have some of the official documents relating to that study with me today. What do they show?

1. The studies conclusively demonstrate that there is a continuing need for assistance to children in the form of supplies in—

Europe—Germany (among expellee refugees), Italy, Greece—where hundreds of thousands are just now returning to bombed out villages—Yugoslavia.

Middle East—among Arab and Israelite refugee children.

Southeast Asia—where this practical demonstration of American humanitarianism in the form of assistance to children has just commenced; i. e., Indonesia, Burma, Indochina, Malaya Federation, Philippines, Thailand, Ceylon, India, and Pakistan. In these latter two areas, the fund is also taking care of child refugees.

2. None of the specialized agencies, nor the combined strength of the nongovernmental organizations, are prepared to meet these needs. As a matter of policy these specialized agencies of the United Nations, are not prepared to grant supplies to governments for child care programs. The fund's experience has demonstrated that many urgent child-care programs cannot be effectively handled unless there are certain imported supplies essential to get these programs started. The children's fund is the only agency in the world today that can do this job.

It is the duty of those of us who want the Senate concept of assistance to children continued to insist that the entire \$15,000,000 made available to the President for international assistance to children in this fiscal year, shall be made available to this existing organization, so that the children of the world may not suffer.

SUMMARY OF TITLE IV

ACT FOR INTERNATIONAL DEVELOPMENT

Because technical assistance and the encouragement of the flow of private capital

into the underdeveloped areas, the Congress declares it to be the policy of the United States to aid the underdeveloped areas of the world.

It authorizes the President to participate in multilateral international technical assistance programs carried on by the United Nations, the Organization of American States and other international organizations. He is also empowered to provide such assistance directly to specific countries on a bilateral basis.

In order to do so he may execute, coordinate, and administer through any officer he may choose existing and new technical aid programs in which the United States may engage. He can enter into contracts of not more than 3-year duration and prescribe the rules and regulations which are to apply to the whole program. Criteria are established against which requests are to be measured. The President may employ personnel subject to FBI investigation on a very flexible basis, but chiefly subject to civil-service, classification and foreign service laws.

An advisory board, special committees, and joint commissions are provided for in order to expedite and make more efficient the program.

The program may be terminated in whole or in part by the President on certain contingencies.

POINT 4 PROGRAM AS AGREED BY THE CONFEREES ON THE PROVISIONS OF H. R. 7797

Title—Section 401: "Act for International Development."

Findings by the Congress—Section 402:

(a) Economic and social progress are essential to world peace and the democratic way of life.

(b) Technical assistance and flow of investment will aid in economic development.

(c) Mutual confidence of investor and people receiving assistance is necessary if beneficial commerce and development of international understanding are to be achieved.

Policy declaration—Section 403:

(a) It is the policy of the United States to aid underdeveloped areas through technical assistance and encouragement of flow of capital investment.

(b) Requests for aid shall be reviewed with the following in mind:

(1) Will the aid contribute to a balanced and integrated development of the recipient country?

(2) Are the requested works or facilities actually needed and otherwise economically sound?

(3) Where capital is requested, is there available private or other capital on reasonable terms?

Participation in United Nations and other international organizations—Section 404:

(a) The President is authorized to participate in UN and inter-American multilateral, technical-assistance programs.

(b) The President may use authorized funds for participation in such programs.

(c) United States governmental agencies may furnish services and facilities to international organizations and be reimbursed out of funds authorized under this bill.

Bilateral technical aid—Section 405:

The President is authorized to plan, administer, and execute bilateral technical aid carried on by any Government agency, and in so doing to—

(a) Coordinate and direct existing and new programs.

(b) Help other governments formulate balanced and integrated programs.

(c) Receive, consider, and review reports of joint commissions.

(d) Make necessary grants-in-aid of technical assistance.

(e) Make and perform necessary contracts in respect of technical-cooperation programs; but no contract to be made to exceed appro-

priated funds nor to exceed 3 years in any case.

(f) Provide for printing and binding outside continental United States.

(g) Provide for publication of information.

United States agreements under this title to be registered with the United Nations—Section 406.

Criteria for giving aid—Section 407:

(a) The assistance of private agencies and persons shall be sought to the greatest extent possible.

(b) Recipient countries shall make effective use of the aid, and shall facilitate the development of areas administered by them.

(c) Assistance shall be made available where the President determines that the assisted country—

(1) pays its fair share of the program.

(2) gives the program full publicity.

(3) makes maximum effort to coordinate and integrate technical cooperation programs in that country.

(4) endeavors to make effective use of the results of the program.

(5) cooperates with other participating countries in the exchange of technical knowledge and skills.

Rules and regulations to carry out this act to be prescribed by the President.—Section 408.

Advisory board and special committees.—Section 409:

The President is empowered to appoint and compensate a public advisory board of, at most 13 members, representative of various walks of public life, with a chairman to be appointed by and with the advice and consent of the Senate. He is also empowered to appoint special advisory committees in particular fields of activity.

Joint Commissions.—Section 410:

(a) International joint commissions are authorized for economic development, each to consist of United States representatives and representatives of requesting governments and representatives of international organizations as mutually agreed.

(b) These Commissions shall examine—

(1) the requesting government's need for technical assistance,

(2) that country's potentialities and resources, also its opportunities for using technical assistance and skills and investment.

(3) policies which will encourage full use of technical assistance and investment capital.

(c) These commissions shall prepare studies and reports including recommendations as to specific projects.

Termination of program.—Section 411:

The President shall terminate the program in part or in whole,

(a) if he finds that the program is no longer effective, or contrary to a United Nations General Assembly resolution, or to United States foreign policy, or

(b) if a concurrent resolution of Congress directs such termination.

President may delegate his powers to any officer or employee of the United States Government.—Section 412.

Personnel.—Section 413:

(a) President to appoint with consent of Senate a program chief of \$15,000.

(b) Employment to be subject to civil service and classification laws.

(c) Persons employed outside United States may be compensated at same rates as apply to Foreign Service Reserve and Staff.

(d) Alien clerks and employees to be employed on same terms as those of the Foreign Service Act.

(e) Experts and consultants may be employed at \$75 per day.

(f) Additional personnel may be employed to carry out the program.

FBI investigation of employees—section 414:

Every employee must be investigated by the FBI; but Federal employees may be employed for 3 months from date of enactment pending clearance.

President to report annually to the Congress—section 415.

Funds authorized—section 416:

A sum not to exceed \$35,000,000 is authorized to carry out the purposes of this title. This sum is to cover the work of the Institute of Inter-American Affairs and the United States Information and Educational Exchange Act of 1948.

Nothing in this title is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance whether of funds, commodities, or services to any country or countries, or to any international organization.

Unobligated balances, when so specified in appropriations may be carried over from year to year.

Definitions will be found in section 418.

Mr. CONNALLY. Mr. President, I reserve the remainder of my time. Does the Senator from Colorado wish to use any of his time now?

Mr. MILLIKIN. I merely wish to make a few remarks at this present time. I think there has been some confusion as to what is authorized by the bill which is before the Senate. As it left the Senate it was a simple technical assistance bill, with a definite term of 5 years. As it comes back to us it has a double purpose. It comes back to us with technical-assistance features and also with authority for at least the commencement of a full point 4 program, including investment, private and public, in foreign countries. It was the investment features of the program which caused the Committee on Foreign Relations of the Senate to strip the bill which came from the House to exclude everything extraneous to a simple, clean-cut technical-assistance program. Because it had been so stripped I respectfully suggest it received more votes from the Senate than it would have otherwise received. The vote was 37 to 36. The Senate had no debate on the point 4 program which is before us. In real substance the Senate Committee on Foreign Relations held no hearings on the point 4 program which is before us. The Senator from Michigan [Mr. VANDENBERG] has suggested to Mr. Hoffman that continuation programs, programs running after ECA, should have the kind of preliminary study that ECA had. As has been pointed out, there were two or three committees which concerned themselves with the subject before we ever committed ourselves to it: The Herter committee, the Krug committee, the Harri-man committee. We find now that through this back-door approach we are asked to commit ourselves fully, without limitation of time and scope of purpose, to a full fledged point 4 program which probably equals in importance—and might even surpass in importance—the ECA program. I suggest again that that is very unsound legislative procedure. I suggest again that it does not do justice to the subject or to the Senate, and I doubt whether it furnishes an adequate opportunity for the people of the United States to know what we are

doing here and what we are being asked to fasten upon them. This conference report should be rejected.

Point 4 in the conference report is comprised within what is known as title IV. That title opens up with findings, in which the importance of investment is repeated in various fashions.

Then we come to section 403 (a) where, as was pointed out by the Senator from Ohio [Mr. TAFT], it is declared to be the policy of the United States to get into these investment programs.

Now, let us see what is done to implement these investment programs. It is said in section 403 (b) that it is the policy of the United States "that in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes, shall take into consideration" a specified number of things. There is the charge of a duty on United States agencies, so far as this investment program is concerned.

Now we come to section 404 (a), which says:

In order to accomplish the purposes of this title—

Not the technical assistance part of it, but the title—

the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, and their related organizations.

I believe I made a misstatement at that point. I think the provision which I read is limited to technical assistance programs.

We now come over to section 406. I quote:

Agreements made by the United States under the authority of this title—

The whole title—

with other governments and with international organizations shall be registered with the Secretariat of the United Nations.

So clearly agreements affecting the whole title, including investments, are in contemplation.

Section 409 says the President shall create an advisory board to administer the program with respect to policy matters in connection with the operation of the program, not limited to the technical-assistance program, but the whole program, which includes the policy of making foreign investments.

Now we come to section 410 (a), which says:

At the request of a foreign country there may be established a joint commission for economic development to be composed of persons named by the President, etc.

The duties of each such joint commission shall be mutually agreed upon, etc.

In subdivision (b) it is said:

The requesting country's resources and potentialities, including mutually advantageous opportunities for utilization of foreign technical knowledge and skills and investment.

And that theme is repeated later.

The point I am making is emphasized by section 412, which says in effect that the President may delegate authority conferred on him by the title, and the title includes investments.

Section 416 provides that—

In order to carry out the provisions of this title there shall be made available such funds—

Thirty-five million dollars of funds, not limited to technical assistance, but available for the whole purpose of the entire title, including investments.

I repeat, Mr. President, it was the intrusion of this very large subject, with very fateful international repercussions, with very fateful economic implications, that caused the Senate Committee on Foreign Relations to report a bill limited strictly to technical assistance.

I repeat, we are now confronted for the first time with a major international program which has not been adequately considered by the Senate, which I most respectfully suggest has hardly been considered at all by the Senate Committee on Foreign Relations, because that committee took one look at the bill which came from the House and ordered it stripped bare, leaving, as it were a mere skeleton, concerning itself alone with technical assistance.

Mr. President, I believe that the best interests of the country require that we reject this report, and that we receive a further report limited to the continuation of the ECA program.

Mr. DONNELL. Mr. President, will the Senator yield to me for 2 minutes?

The PRESIDING OFFICER. The Senator has 3 minutes left.

Mr. MILLIKIN. I yield to the Senator.

Mr. DONNELL. I desire to make it clear that although I shall vote against the conference report I am not opposed to adequate provision for the Economic Cooperation Administration.

As I see it, this conference report announces a policy that aid should be given to the efforts of the people of economically undeveloped areas by encouragement of the flow of investment capital into foreign countries. To my mind, such a policy, however meritorious it may be, should be expressly limited by a proviso that this Government is not agreeing to guarantee such investments, but on the contrary the conference report is, as I see it, susceptible of the construction that this Government is announcing a willingness to enter into such guaranties for the encouragement of such investments.

In the second place, the conference report is susceptible of the construction that the United States is committing itself to an unrestricted policy, which I think it should not enter into, of utilizing its private and its public resources for aid in the development of economically underdeveloped areas of other countries.

Mr. CONNALLY. Mr. President, I shall change the approach of my remarks so as to reply to the Senator from Missouri first instead of last. The Senator

from Missouri has a wholly erroneous conception of what is contained in the bill. He says it encourages foreign investments, and holds out by implication that we are going to make them good. Is that correct?

Mr. DONNELL. That is the substance of it.

Mr. CONNALLY. The Senator from Missouri is a man of very keen intelligence, a great lawyer, and a pretty good Senator. [Laughter.]

Mr. DONNELL. I certainly appreciate the compliment, Mr. President.

Mr. CONNALLY. I have never seen the Senator in action in court, but I am sure he is very effective, and he is effective here when he is right—but he is not always right.

Mr. President, I desire to read some of the language of the bill.

I first read section 416 (b). If the Senator has not read it, I hope he will read it. It provides that—

Nothing in this title is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries, or to any international organization.

How can it be more explicit than that? That is an explicit denial of the claim made by the Senator from Missouri. If we do not commit ourselves to the payment of any money, that is pretty good. If we do not commit ourselves to the furnishing of any commodities or any services, that is pretty fair. If we do not commit ourselves to any of these things, where are they going to get their advantage?

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield very briefly. I have only a few minutes.

Mr. DONNELL. Does the Senator note in what he has read that the application is limited to commitments to any country or countries or international organization? I am talking about investors who may go into a foreign country and invest their money. I say there is at least an implied statement, and that it is easily susceptible of the view, that our country is indicating a willingness to guarantee private investors against losses.

Mr. CONNALLY. There is nothing in the bill that deals with individuals at all, unless with the sanction of the governments under some of the agreements.

Mr. DONNELL. Mr. President, I do not want to consume the time of the Senator from Texas, but would he permit me to state that in section 402 (c) is the language:

It—

And I think "it" means the previous understanding—

involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation.

Mr. CONNALLY. Does the Senator object to that?

Mr. DONNELL. Yes, I do.

Mr. CONNALLY. Does the Senator want American property to be confiscat-

ed without compensation to the American investor for it?

Mr. DONNELL. I certainly do not want American property to be confiscated; but I do not want anything in this bill, express or implied, that amounts to an agreement by this Government that it will guarantee against loss American investors who go to foreign countries.

Mr. CONNALLY. There is nothing like that in the bill, except the imagination of the Senator from Missouri, which is quite expansive and quite inclusive.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. CONNALLY. No, I should prefer not to yield any more; but I will yield.

Mr. DONNELL. Mr. President, I simply want to ask the Senator if he has, in his opinion, given due consideration in answering my question, or my point, to the effect that section 402 not only refers to the encouragement of the flow of investment capital, but contains a specific provision which I have read, that the understanding, as I understand the word "it" to mean—

It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation.

If that is not a statement that our Government "through intergovernmental agreements or otherwise" is willing to see to it that American investors do not suffer loss, then I do not understand the English language.

Mr. CONNALLY. The Senator's understanding of the English language is very defective, I will say to him, because the language does not mean that at all. There is nothing in the bill to that effect. What is meant when the section says "it" is the attitude which "involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation."

I favor that. Does the Senator want American property confiscated?

Mr. DONNELL. Mr. President, may I answer the question?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Missouri?

Mr. CONNALLY. Yes.

Mr. DONNELL. Of course, I do not want American property confiscated. But at the same time I do not want to enter into an agreement with unrestricted provisions which may justly be susceptible to the construction that the Government is indicating a willingness on its part to guarantee the investors against loss.

Mr. CONNALLY. My answer is that that is merely imagination. There is nothing in the bill, express or implied, contemplating it in any way.

Mr. President, we are now approaching a vote on the conference report. The conference report is not merely on point 4. It deals with a bill which carries more than \$3,000,000,000. Yet all the debate has been on point 4, involving a total expenditure of \$25,000,000. Some Senators want us to tell the House conferees, "If you do not give

us what we want you will not get an ECA bill." The Senator from Ohio made that telling point. The Senator from Ohio voted for the bill when it was passed by the Senate, and it contained point 4 then. Why did he vote for it then, and will not vote for it now?

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CONNALLY. The Senator has had all the afternoon.

Mr. TAFT. There are two very good reasons.

Mr. CONNALLY. The Senator cannot state the reasons now.

Mr. TAFT. What is proposed here is not what I voted for. That is the first reason. The second reason is—

Mr. CONNALLY. I do not yield any further. [Laughter.] There is one mighty good reason, which is, that the Senator is not for it. That is what he said. Oh, he voted for the bill when it had point 4 in it, when it passed the Senate. After it goes to conference and comes back to the Senate, the Senator from Ohio draws his broadsword and gives forth with wide utterances to damn it and curse it and say that he will vote against the whole ECA, against the European recovery program, if he does not get what he wants out of the conference committee. That is an example of the Senator's statesmanship, with a little "s."

Mr. President, as has already been said, the total expenditure under title IV is \$25,000,000, because \$10,000,000 of the \$35,000,000 has already been allocated under the Smith-Mundt bill to South and Central America.

A great deal of excitement has resulted over section 403. Listen to this. I want the Senator from Missouri to pay heed to it. Let him tear himself away from the fascination of the Senator from Washington [Mr. CAIN] and listen to the debate for a moment. [Laughter.]

The Senator from Missouri referred to sections 402 and 403. What does section 403 provide?—

It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute—

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. CONNALLY. Not yet; wait until I finish reading the paragraph—

to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

I yield only a minute; that is all.

The VICE PRESIDENT. The Senator from Texas has only 1 minute left.

Mr. DONNELL. What does the Senator consider to be the means by which the United States can encourage the flow of investment capital?

Mr. CONNALLY. I have only a minute left. I cannot yield. The Senator has taken up most of my minutes.

Mr. President, we are simply declaring a policy. Some Senators say that when we declare a policy that means we have

got to go down in our pocket and get some money. It does not mean anything until Congress acts. A policy cannot be eaten. A policy cannot be worn. Nothing can be done with a policy unless it is backed up by money or commodities or resources of some kind. It is a mere declaration of our good will to these countries, of our desire that they progress, and that they develop, and that their resources be developed. I do not think the Senator from Missouri is really against that in his heart. He will not be against it after November. As soon as he gets out of the woods in the present campaign he will see a light and he will be for this broad Christian attitude toward other nations of the world. But until November he is going to be as tight as Dick's hat band. [Laughter.]

The VICE PRESIDENT. The time of the Senator from Texas has expired.

Mr. CONNALLY. I hope Senators will vote for the adoption of the conference report, and not kick back into the teeth of the people of Europe that we have hedged on our agreements and our obligations.

Mr. MILLIKIN. Mr. President.

The VICE PRESIDENT. The Senator from Colorado has a couple of minutes.

Mr. CONNALLY. It was my understanding that the Senator from Colorado was going to finish his statement previously and that I had a right to conclude the debate. However, I cannot help myself.

Mr. MILLIKIN. Mr. President, I yielded time to the distinguished Senator from Missouri, and he did not use up the full amount of time that was allocated to him. I simply wish to say—

The VICE PRESIDENT. The Senator has 1 minute remaining.

Mr. MILLIKIN. There is more than the mere declaration of policy which has been read by the distinguished Senator from Texas. Those words have been implemented by a half dozen other provisions calling for action, which I have read and which are in the field of investment. There are the provisions for joint commissions. There are provisions for a sort of assistant president. There are provisions for special commissions and special committees. There are all sorts of implementing provisions to make that policy good, including an appropriation.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. TAFT. I should like to say that if the conference report should be defeated, I propose to make the following motion, so as to make it perfectly clear that there is no reflection on ECA. I shall move that the Senate request a further conference with the House, that the Chair appoint conferees, and that the conferees on the part of the Senate be instructed to insist on substantially the terms of title IV as passed by the Senate.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. TAFT. I yield.

Mr. WHERRY. Before the Senator can do that, a vote must be taken on agreeing to the report.

Mr. TAFT. That is correct.

The VICE PRESIDENT. All time for debate has expired. Under the unanimous-consent agreement, at 4:30 p. m. the Senate is to proceed to vote on the conference report.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. Is it not true that the first vote will be on the question of whether the conference report will be adopted or rejected, and nothing else can be done with the conference report until that question is decided?

The VICE PRESIDENT. The vote will be taken on the question of adopting or rejecting the conference report.

The question is on agreeing to the conference report.

Mr. CONNALLY asked for the yeas and nays, and they were ordered.

Mr. KNOWLAND. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hendrickson	Martin
Anderson	Hill	Maybank
Benton	Hoey	Millikin
Brewster	Holland	Mundt
Bricker	Humphrey	Myers
Bridges	Hunt	Neely
Butler	Ives	O'Connor
Byrd	Jenner	O'Mahoney
Cain	Johnson, Colo.	Robertson
Capehart	Johnson, Tex.	Russell
Chapman	Kefauver	Saltonstall
Connally	Kem	Schoeppel
Cordon	Kilgore	Smith, Maine
Darby	Knowland	Smith, N. J.
Donnell	Leahy	Sparkman
Douglas	Lehman	Stennis
Dworschak	Long	Taft
Eastland	Lucas	Taylor
Ecton	McCarran	Thomas, Utah
Ellender	McClellan	Thye
Ferguson	McFarland	Watkins
Fulbright	McKellar	Wherry
George	McMahon	Wiley
Gillette	Magnuson	Williams
Hayden	Malone	Withers

The VICE PRESIDENT. A quorum is present. The question is on the adoption of the conference report.

Those who favor the report will answer "yea," as their names are called. Those who oppose it will answer "nay," as their names are called.

The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCLELLAN (when his name was called). On this vote, I have a pair with the senior Senator from Maryland [Mr. TYDINGS], who is necessarily absent. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from South Carolina [Mr. JOHNSTON], and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from California [Mr. DOWNEY] and the Senator from North Carolina [Mr. GRAHAM] are absent because of illness.

The Senator from Delaware [Mr. FREAR] is absent by leave of the Senate on official business.

The Senator from Rhode Island [Mr. GREEN] is absent by leave of the Senate on official business as a member of a subcommittee of the Committee on Foreign Relations investigating the security program of the Department of State and its foreign establishments.

The Senator from Oklahoma [Mr. KERR] and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Montana [Mr. MURRAY] is necessarily absent.

The Senator from Rhode Island [Mr. GREEN] is paired on this vote with the Senator from South Carolina [Mr. JOHNSTON]. If present and voting the Senator from Rhode Island would vote "yea," and the Senator from South Carolina would vote "nay."

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from California [Mr. DOWNEY], the Senator from Delaware [Mr. FREAR], the Senator from North Carolina [Mr. GRAHAM], the Senator from Oklahoma [Mr. KERR], the Senator from Montana [Mr. MURRAY], the Senator from Florida [Mr. PEPPER], and the Senator from Oklahoma [Mr. THOMAS] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from South Dakota [Mr. GURNEY], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Wisconsin [Mr. MCCARTHY] are absent by leave of the Senate.

The Senator from Massachusetts [Mr. LODGE] is absent by leave of the Senate on official committee business. If present and voting, the Senator from Massachusetts would vote "yea."

The Senator from New Hampshire [Mr. TOBEY] is absent by leave of the Senate on official business.

The Senator from North Dakota [Mr. LANGER], who is absent by leave of the Senate, is paired with the Senator from Oregon [Mr. MORSE], who also is absent by leave of the Senate. If present and voting, the Senator from North Dakota would vote "nay," and the Senator from Oregon would vote "yea."

The Senator from Michigan [Mr. VANDENBERG], who is absent by leave of the Senate, is paired with the Senator from North Dakota [Mr. YOUNG], who also is absent by leave of the Senate. If present and voting, the Senator from Michigan would vote "yea," and the Senator from North Dakota would vote "nay."

The Senator from Vermont [Mr. FLANDERS] is necessarily absent. If present and voting, he would vote "yea."

The result was announced—yeas 47, nays 27, as follows:

YEAS—47

Aiken	Ives	Myers
Anderson	Johnson, Colo.	Neely
Benton	Johnson, Tex.	O'Connor
Chapman	Kefauver	O'Mahoney
Connally	Kilgore	Robertson
Douglas	Knowland	Saltonstall
Eastland	Leahy	Smith, Maine
Ellender	Lehman	Smith, N. J.
George	Long	Sparkman
Gillette	Lucas	Stennis
Hayden	McFarland	Taylor
Hill	McKellar	Thomas, Utah
Hoey	McMahon	Thye
Holland	Magnuson	Wiley
Humphrey	Maybank	Withers
Hunt	Mundt	

NAYS—27

Brewster	Donnell	Malone
Bricker	Dworshak	Martin
Bridges	Eaton	Millikin
Butler	Ferguson	Russell
Byrd	Fulbright	Schoeppel
Cain	Hendrickson	Taft
Capehart	Jenner	Watkins
Cordon	Kem	Wherry
Darby	McCarran	Williams

NOT VOTING—22

Chavez	Johnston, S. C.	Pepper
Downey	Kerr	Thomas, Okla.
Flanders	Langer	Tobey
Frear	Lodge	Tydings
Graham	McCarthy	Vandenberg
Green	McClellan	Young
Gurney	Morse	
Hickenlooper	Murray	

So the report was agreed to.

Mr. HUMPHREY. Mr. President, I have prepared a statement, as one of the sponsors of the Senate amendment to continue United States participation in the United Nations Children's Fund, which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

TITLE V—INTERNATIONAL CHILDREN'S WELFARE WORK

Mr. President, as one of the sponsors of the Senate amendment to continue United States participation in the United Nations Children's Fund, I would like to register a strong protest against the conference report under title V, "International Children's Welfare Work."

As I stated on the floor, previous to the passage of the bill, this fund has created more good will for the United States than any other program within the United Nations. On the basis of a dollar-for-dollar return, our small investment of \$75,000,000 over a period of 3 years has reaped dividends out of all proportion to the far greater contributions which we have made to ECA.

First. The United States generous contribution to the Children's Fund has made it possible for the United Nations to carry out this tangible demonstration of international cooperation on the practical humanitarian level of assistance to children.

Second. Because this work for children has been maintained as a central United Nations fund with the explicit function of granting supplies to approved country child-care programs on the basis of an additional contribution by the recipient country (internal matching), the fund has been able to stimulate new resources for children totaling more than \$100,000,000.

Third. Because the fund has existed on voluntary contributions rather than on an assessed basis of support, more than \$30,000,000 has been contributed by both recipient and nonrecipient governments for the care of children outside their borders.

I see no provision in this conference report to assure us that this type of international action will be continued whether for the Children's Fund or for whatever permanent arrangements for children are established by the United Nations.

There is one other aspect of this report which is particularly disturbing to those of us who sincerely believe in the President's repeated statement that the United States foreign policy is based on strengthening the United Nations. It would seem to me that paragraph (a) of this report gives the United States a club with which to bludgeon other governments into support of their own particular plan for the care and assistance of children. The Children's Bureau has been rightly acclaimed for its splendid work within the United States, but although their pattern of technical assistance from Federal to

local governments has been widely successful in this country, it may very well be that this same pattern is not the best basis for international assistance to children. Mr. President, this is the price of international cooperation—to be willing to accept the decision of the majority and to enthusiastically cooperate in its decisions. We have criticized Russia because she would not cooperate under similar circumstances; let us not put the United States in a position where the same criticism can be leveled against us.

The Social Commission of the United Nations, which was the first deliberative body responsible for a decision on the type of long-range international assistance which the United Nations should provide for children, voted 13 to 1 against the United States proposal to continue assistance to children on the technical assistance pattern. The United States representative at that meeting stated that he would fight this decision in all successive bodies which will consider permanent arrangements for children.

I sincerely hope the broad authority given the President in this section does not mean that the United States Senate is endorsing this action.

I am delighted that the conference has seen fit to establish the proven value of this program on a more permanent basis. But, we must now be assured that the more permanent program will continue to operate on the basis of direct assistance to children and not as a technical advisory program.

"The needs of these children cannot wait," writes the Chilean poet and Nobel prize winner, Gabriela Mistral. "We cannot answer tomorrow. The child's name is Today."

I submit for printing in the RECORD at this point an analysis of the conference report on UNICEF:

"UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND—CONFERENCE REPORT"

"FOREIGN ECONOMIC ASSISTANCE ACT OF 1950"

"Title V. International children's welfare work"

"SEC. 501. (a) There is hereby authorized to be appropriated to the President not to exceed \$15,000,000 for the fiscal year ending June 30, 1951, to enable him to make contributions to the United Nations, or any subordinate body thereof, in such manner and on such terms and conditions as he may deem to be in the interests of the United States, to support permanent arrangements within the United Nations structure for international children's welfare work.

"(b) If at any time during such fiscal year the President deems it to be in the interests of the United States, he is authorized to make contributions, out of any funds appropriated pursuant to the authorization contained in subsection (a), to the International Children's Emergency Fund to carry out the purposes of the International Children's Emergency Fund Assistance Act of 1948 upon such terms and conditions as he may prescribe; but such contributions shall not exceed the limitations provided by section 204 of such act.

"(c) No additional appropriation shall be made under the authorization contained in such act of 1948.

"(d) Funds appropriated by the second paragraph of title I of the Foreign Aid Appropriation Act of 1949 shall remain available for the purposes for which appropriated through June 30, 1951."

I understand that this report recommends continuing assistance for children, under permanent arrangements in the United Nations, on the basis of a demonstrated need.

I have supported this program because it is an effective demonstration to the world of our sincere humanitarianism. Now I have a cable substantiating this position from an American Ambassador in one of our most important foreign posts—Yugoslavia. This

cable from Ambassador George Allen was part of a larger classified message sent to the Department of State on April 12, 1950. The Department has unclassified this portion of the communiqué so I am at liberty to read it to you today:

"Re UNICEF: Embassy is increasingly impressed by accomplishments and value of UNICEF operations in Yugoslavia. Aside from humanitarian aspects of feeding one and a half million children daily UNICEF is most effective tangible evidence of United Nations as operating world organization to masses of Yugoslav people and is only method now available to bring existence of United Nations home to them. Its activities are fully accepted and assisted by Yugoslav Government and, there is, fortunately, no effort by government to disguise origin of assistance or attempts to claim credit for United Nations operations."

This program of direct assistance to children, given on the basis of recipient nations matching the international imports with an equal value of indigenous supplies and services, is one of the most valuable techniques I know of for strengthening the United Nations and advertising America. If, as the Senator suggested yesterday, the United States matching formula is to be drastically revised, will not such a revision discourage the financially pressed nations (for whom we are pouring out hundreds of millions of dollars in other parts of this bill and in other legislation) from making additional voluntary funds available to continue this program?

There are those who say that our contribution to international assistance for children should be on the same percentage basis as our contribution to the other work of the United Nations. Mr. President, I would like to make it clear that assistance for children, to be realistic, must be on the basis of an operating supply program. The regular work of the United Nations, and the specialized agencies, is on a consultative advisory level. Let us not delude ourselves with false economy by making assistance to children into a talking program.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had insisted upon its amendment to the bill (S. 2440) to authorize certain construction at military and naval installations, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. VINSON, Mr. BROOKS, Mr. KILDAY, Mr. SHORT, and Mr. ARENDS were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 7341) to authorize and direct the Commissioners of the District of Columbia to construct a bridge over the Anacostia River in the vicinity of East Capitol Street, and for other purposes.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 4424. An act to provide for the settlement of certain parts of Alaska by war veterans; and

H. R. 6826. An act to provide for the common defense through the registration and classification of certain male persons, and for other purposes.

MODIFICATION OR CANCELLATION OF CERTAIN ROYALTY-FREE LICENSES GRANTED BY PRIVATE HOLDERS OF PATENTS

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 2128) to provide for the modification or cancellation of certain royalty-free licenses granted to the Government by private holders of patents and rights thereunder, which were on page 1, line 5, strike out "during World War II" and insert "subsequent to September 9, 1939"; on page 1, line 9, after "royalty" insert "or with reduction or limitation of royalty"; on page 2, line 2, after "cancellation" insert "or modification", and to amend the title so as to read: "An act to provide for the modification or cancellation of certain licenses granted to the Government by private holders of patents and rights thereunder."

Mr. WILEY. Mr. President, I move that the Senate disagree to the House amendments, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. WILEY, Mr. EASTLAND, and Mr. O'CONOR conferees on the part of the Senate.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

IMPORTATION OF OILS—RESOLUTION OF NORTHERN WEST VIRGINIA COAL MINING INSTITUTE

Mr. KILGORE. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, a resolution adopted at a meeting of the Northern West Virginia Coal Mining Institute, at Fairmont, W. Va., on May 19, 1950, relating to the importation of oils.

There being no objection, the resolution was referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

At a meeting of the Northern West Virginia Coal Mining Institute held on the 19th day of May 1950 at Fairmont, W. Va., there was a general discussion by the members of the question of the impact of the importation of foreign oils into the United States upon the coal industry and the job security of the employees therein, and the following resolution was adopted:

"Whereas the stability of the coal industry is threatened and the job security of the employees in the industry imperiled by the ruinous competition of foreign oils now being imported into the United States, as is attested by the following facts:

"1. The importation of foreign oils into the United States has increased at an unprecedented rate within the last 5 years. In 1945 the average daily imports were 311,000 barrels; in 1949, 648,000 barrels; and during 1950 the average daily imports have increased to 825,000 barrels. One-third of these oil imports is a residual fuel oil and the remainder gives a large yield of residual fuel oil.

"2. This residual fuel oil is highly competitive with domestic oil and coal. In 1949, these foreign oils supplanted 150,000,000 barrels of American petroleum products and resulted in surplus residual oil which displaced 25,000,000 tons of coal as a fuel. Coal

mines have been closed or forced to operate on a part-time basis, resulting in partial or total unemployment of the men working in these mines.

"In West Virginia many miners have been forced to seek relief from the State as a result of the unemployment directly attributable to the unfair competition of these foreign oils with coal in the domestic markets. In fact, the distress in which the coal industry now finds itself is directly traceable to this competition with foreign oils.

"3. These foreign oils coming into the United States pay only a nominal tariff duty of about 10 cents a barrel, a rate which affords no substantial protection to our domestically produced coal in our Atlantic seaboard markets; and

"Whereas dire peril threatens the coal industry and the men employed in that industry unless the importation of these foreign oils into the United States is limited and regulated by our National Government: Therefore be it

"Resolved, That the Northern West Virginia Coal Mining Institute unqualifiedly favors the passage of legislation by the Congress increasing the tariff rate on foreign oils imported into the United States to the end that the coal and oil industries may be properly protected in the domestic markets, and supports certain legislation now pending in the Congress, among which are Senate bill No. 3334 introduced by Senator THOMAS, House of Representatives bill No. 7996 introduced by Congressman JENKINS, and House of Representatives bill No. 6773 introduced by Congressman GOSSETT, having for its purpose the limitation and regulation of the importation of these foreign oils and the preservation of the American markets for the benefit of American business and American workmen; it is, therefore, further

"Resolved, That copies of this resolution be transmitted to Hon. M. M. NEELY and Hon. HARLEY M. KILGORE, Senators; and Hon. ROBERT L. RAMSAY, Hon. HARLEY O. STAGGERS, Hon. CLEVELAND M. BAILEY, Hon. M. G. BURNSIDE, Hon. JOHN KEE, and Hon. E. H. HEDRICK, Representatives in Congress from West Virginia, with the request that they vote and work for the passage of said legislation at this session of the Congress."

NORTHERN WEST VIRGINIA
COAL MINING INSTITUTE

By ARTHUR E. BELTON,

Executive Secretary.

COMPULSORY HEALTH INSURANCE—RESOLUTION OF DRUGGISTS OF BUFFALO COUNTY, NEBR.

Mr. BUTLER. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, a resolution adopted and signed by 17 druggists of Buffalo County, Nebr., protesting against the enactment of legislation providing compulsory health insurance.

There being no objection, the resolution was referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

Whereas the American medical profession and the businesses which supply its equipment and materials, operating under a system of free enterprise, have established the world's highest standard of scientific performance, treatment, and research, hereby helping the United States to become the healthiest major Nation in the world; and

Whereas the benefits of American medicine have been made available to the people of this country through budget-basis voluntary health insurance, the best health insurance which exists in the world; and

Whereas the experience of all countries where government has assumed control of medical services has shown that there has

been a gradual erosion of free enterprise and a progressive deterioration of medical standards and medical care to the detriment of the health of the people: Now, therefore, be it

Resolved, That the druggists of Buffalo County, Nebr., hereby go on record against any form of compulsory health insurance or any system of political medicine designed for national bureaucratic control; that a copy of this resolution be forwarded to the President of the United States, to each Senator and Representative from the State of Nebraska, and that said Senators and Representatives be and are hereby respectfully requested to use every effort at their command to prevent the enactment of such legislation.

A. C. Lantz, A. L. Lantz, C. H. Calling, E. L. Smith, H. H. Haeblerle, Jack C. McNary, J. Cording, Glen Martin, W. H. Artman, Robert R. McCauley, Geo. J. Bauer, Rex F. Honnold, Harold W. Robbins, A. G. Robbins, R. R. Svanda, Floyd W. Eese, Olga Y. Arnold.

CONDITIONS IN POLAND—RESOLUTION OF CENTRAL OF POLISH ORGANIZATIONS, PASSAIC, N. J.

Mr. HENDRICKSON. Mr. President, I send to the desk for appropriate reference a resolution adopted by the Central of Polish Organizations at a rally held in Passaic, N. J., on May 14, 1950.

Since the resolution bespeaks the depth of the feeling which exists in the hearts of people of Polish extraction everywhere in my State in respect to the well-nigh intolerable situation which exists in Poland today, I ask unanimous consent that the text of the resolution be inserted in the body of the RECORD at this point in my remarks.

There being no objection, the resolution was referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

At a rally commemorating the adoption of the peoples constitution by Poland in the year 1791, held on May 14, 1950, at the Polish Peoples Home, 1-3 Monroe Street, Passaic, N. J., and sponsored by the Central of Polish Organizations, which includes all sick and death-benefit societies, civic organizations, political organizations, and unanimously supported by all of the churches, and representing over 20,000 American citizens of Polish extraction, the following resolution was unanimously adopted:

1. Although Poland, through the leaders of the people and with the forceful cooperation of the government, adopted a constitution in the year 1791—a liberal document which recognized the personal and human rights of every citizen, the powers of Russia, Germany, and Austria, fearing that the ideology of such a pronouncement and its adoption into the basic law of Poland would penetrate into the minds and hearts of the peoples of other nations governed by the absolute power of its dictators, then agreed and did put through the final partition of Poland.

2. Although the people of Poland were the first to adopt such a liberal constitution and to give its people the benefits therefrom, it seems strange that during most of the years thereafter and up to the present time, its peoples were forced into slave labor, repressed in their desire for freedom, and enslaved politically.

3. In spite of all this, the Polish people preserved their unity, taught their children the Polish traditions, and inculcated in their minds the love of freedom of religion and political thought; and developed a great faith in the Roman Catholic Church.

4. The church became their bulwark against complete oppression. Even today the Roman Catholic Church is the sole remaining barrier against complete domination of



[PUBLIC LAW 535—81ST CONGRESS]

[CHAPTER 220—2D SESSION]

[H. R. 7797]

AN ACT

To provide foreign economic assistance.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Economic Assistance Act of 1950".

TITLE I

SEC. 101. This title may be cited as the "Economic Cooperation Act of 1950".

FINDINGS AND DECLARATION OF POLICY

SEC. 102. (a) Section 102 (a) of the Economic Cooperation Act of 1948, is amended by striking out in the fourth sentence thereof "trade barriers" and inserting in lieu thereof "barriers to trade or to the free movement of persons"; and by inserting in the fifth sentence thereof the word "further" before the word "unification".

(b) Section 102 (b) (1) of such Act is amended by inserting a comma and the phrase "increased productivity, maximum employment, and freedom from restrictive business practices" after the word "production".

GUARANTIES AND LIBERALIZATION OF TRADE BETWEEN EUROPEAN COUNTRIES

SEC. 103. (a) Section 111 (b) (3) (ii) of such Act is amended to read as follows:

"(ii) the Administrator shall charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty under clause (1) of subparagraph (v), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (2) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and".

(b) Section 111 (b) (3) (iv) of such Act is amended to read as follows:

"(iv) as used in this paragraph, the term 'investment' includes (A) any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country, (B) the purchase of a share of ownership in any such enterprise, (C) participation in royalties, earnings, or profits of any such enterprise, and (D) the furnishing of capital goods items and related services pursuant to a contract

providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and”.

(c) Section 111 (b) (3) (v) of such Act is amended to read as follows:

“(v) the guaranty to any person shall be limited to assuring one or both of the following: (1) The transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of expropriation or confiscation by action of the government of a participating country. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, asset, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith.”

(d) Section 111 (b) (3) of such Act is further amended by striking out the words between the second and last provisos therein and inserting in lieu thereof the following: “It being the intent of the Congress that the guaranty herein authorized should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this Act, the Administrator is authorized to issue guaranties up to a total of \$200,000,000”.

(e) Section 111 (c) (2) of such Act is amended by striking out “\$150,000,000” and inserting in lieu thereof “\$200,000,000”.

(f) Section 111 of such Act is further amended by adding at the end thereof the following new subsection:

“(d) The Administrator is authorized to transfer funds directly to any central institution or other organization formed to further the purposes of this Act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the Administrator, in order to facilitate the development of transferability of European currencies, or to promote the liberalization of trade by participating countries with one another and with other countries.”

PROTECTION OF DOMESTIC ECONOMY

SEC. 104. (a) Section 112 (a) of such Act is amended by striking out the period at the end thereof and inserting a comma and the following: “and (3) minimize the burden on the American taxpayer by reducing the amount of dollar purchases by the participating countries to the greatest extent possible, consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery.”

(b) Subsections (b) and (c) of section 112 of such Act are hereby repealed.

(c) Section 112 (1) of such Act is amended to read as follows:

"(1) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this subsection does not include the purchase of raw cotton in bales."

(d) Section 112 of such Act is further amended by adding at the end thereof the following new subsections:

"(m) Notwithstanding any other provision of law, the pricing provisions of section 112 (e) of this title and section 4 of the Act of July 16, 1943 (57 Stat. 566) shall not be applicable to domestic wheat and wheat flour procured under this title or any other Act providing for assistance or relief to foreign countries, supplied to countries which are parties to the International Wheat Agreement of 1949 and credited to their guaranteed purchases thereunder.

"(n) It is the sense of Congress that no participating country shall maintain or impose any import, currency, tax, license, quota, or other similar business restrictions which discriminate against citizens of the United States or any corporation, partnership, or other association substantially beneficially owned by citizens of the United States, engaged or desiring to engage, in furtherance of the purposes of this title, in the importation into such country of any commodity, which restrictions are not reasonably required to meet balance of payments conditions, or requirements of national security, or are not authorized under international agreements to which such country and the United States are parties. In any case where the Department of State determines that any such discriminatory restriction is maintained or imposed by a participating country or by any dependent area of such country, the Administrator shall take such remedial action as he determines will effectively promote the purposes of this subsection (n)."

AUTHORIZATION OF APPROPRIATIONS

SEC. 105. (a) Section 114 (c) of such Act is amended by striking out the period at the end of the first sentence and inserting in lieu thereof a colon and the following: "*Provided further*, That in addition to the amount heretofore authorized and appropriated, there is hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$2,700,000,000 for the fiscal year ending June 30, 1951: *Provided further*, That \$600,000,000 of the funds appropriated hereunder shall be available during the fiscal year 1951 solely for the purpose of encouraging and facilitating the operation of a program of liberalized trade and payments, for supporting any central institution or other organization described in subsection (d) of section 111, and for furnishing of assistance to those participating countries taking part in such program: *Provided further*, That not more than \$600,000,000 of such funds shall be available during the fiscal year 1951 for transfer of funds pursuant to subsection (d) of section 111: *Provided further*, That, in addition to the foregoing, any balance, unobligated as of June 30, 1950, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any

period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1951, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year."

(b) The last sentence of section 114 (c) of such Act is amended to read as follows: "The authorizations in this title are limited to the period ending June 30, 1951."

(c) Section 114 of such Act is further amended by adding at the end thereof the following new subsections:

"(h) The President is authorized to transfer to any department or agency any portion of the funds allocated for assistance to Germany from appropriations authorized by subsection (c). This portion may be used for expenses, not otherwise provided for, necessary to meet responsibilities of the United States related to the rehabilitation of occupied areas of Germany, including the furnishing of minimum civilian supplies to prevent starvation, disease, and unrest prejudicial to the objectives of the occupation. This portion may be expended under authority of this subsection or any provisions of law, not inconsistent herewith, applicable to such department or agency and without regard to such provisions of this title as the President may specify as inapplicable.

"(i) As agreed upon by the Secretary of State and the Administrator, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany, or any supplementary or succeeding agreement, shall be deposited into the GARIOA (Government and Relief in Occupied Areas) special account under the terms of article V of the said bilateral agreement. In quantities and under conditions determined by the Secretary of State after consultation with the Administrator, the currency so deposited shall be available for meeting the responsibilities of the United States in the occupation of Germany."

COUNTERPART FUNDS

SEC. 106. (a) Section 115 (b) (6) is amended to read as follows:

"(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis: *Provided*, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates: *Provided further*, That such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign

Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be used in furtherance of any central institution or other organization formed by two or more participating countries to further the purposes set forth in subsection (d) of section 111 or otherwise shall be held or used for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the declaration of policy contained in section 102 and the purposes of this title, including local currency administrative expenditures of the United States within such country incident to operations under this title: *Provided further*, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in section 107 (a): *And provided further*, That any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution by the Congress, be agreed to between such country and the Government of the United States;"

(b) Section 115 (e) of such Act is amended by adding at the end thereof the following new sentence: "The Administrator shall also encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized."

(c) Section 115 of such Act is further amended by adding at the end thereof the following new subsection:

"(j) The Administrator shall utilize such amounts of the local currency allocated pursuant to subsection (h) as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer."

FAR EASTERN ECONOMIC ASSISTANCE ACT OF 1950

SEC. 107. (a) Section 3 (c) of the Far Eastern Economic Assistance Act of 1950 is amended by striking out "June 30, 1951" and inserting in lieu thereof "June 30, 1952".

(b) Section 3 (d) of such Act is amended by striking out the period at the end and inserting in lieu thereof a comma and the following: "and \$100,000,000 for the fiscal year ending June 30, 1951."

(c) Section 4 of such Act is amended by striking out "June 30, 1950" and inserting in lieu thereof "June 30, 1951".

TITLE II

AID TO CHINA

SEC. 201. This title may be cited as the "China Area Aid Act of 1950".

NATURE OF ASSISTANCE

SEC. 202. Funds, now unobligated or hereafter released from obligation, appropriated by section 12 of the Act entitled "An Act to amend the Economic Cooperation Act of 1948", approved April 19, 1949

(Public Law 47, Eighty-first Congress), are hereby made available for furtherance of the general objectives of the China Aid Act of 1948 through June 30, 1951, and for carrying out the purposes of that Act through economic assistance in any place in China and in the general area of China which the President deems to be not under Communist control, in such manner and on such terms and conditions as the President may determine, and references in the said Act to China shall, insofar as applicable, apply also to any other such place: *Provided*, That, so long as the President deems it practicable, not less than \$40,000,000 of such funds shall be available only for such assistance in areas in China (including Formosa): *Provided further*, That not more than \$8,000,000 of such funds (excluding the \$40,000,000 mentioned in the foregoing proviso) shall be available for relief on humanitarian grounds through the American Red Cross, or other voluntary relief agencies in any place in China suffering from the effects of natural calamity, under such safeguards as the President shall direct to assure nondiscriminatory distribution according to need and appropriate publicity as to source and scope of the assistance being furnished by the United States: *Provided further*, That not more than \$6,000,000 of such funds (excluding the amounts mentioned in the foregoing provisos), shall be available for allocation to the Secretary of State, to remain available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China for study or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purposes, or for research and related academic and technical activities in the United States, and the Attorney General is hereby authorized and directed to promulgate regulations providing that such selected citizens of China who have been admitted for the purpose of study in the United States, shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization.

TITLE III

AID TO PALESTINE REFUGEES

SEC. 301. This title may be cited as the "United Nations Palestine Refugee Aid Act of 1950".

SEC. 302. The Secretary of State is hereby authorized to make contributions from time to time before July 1, 1951, to the United Nations for the "United Nations Relief and Works Agency for Palestine Refugees in the Near East", established under the resolution of the General Assembly of the United Nations of December 8, 1949, in amounts not exceeding in the aggregate \$27,450,000 for the purposes set forth in this title.

AUTHORIZATION OF APPROPRIATIONS

SEC. 303. (a) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed \$27,450,000 to carry out the purposes of this title.

(b) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (a) of this section, to make advances to the Secretary of State, not to exceed in the aggregate \$8,000,000, to carry out the provisions of this title. From appropriations authorized under subsection (a) of this section, there shall be repaid to the Reconstruction Finance Corporation, without interest, the advances made by it under authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this section.

NATURE OF ASSISTANCE

SEC. 304. (a) The provisions of sections 301, 302, and 303 of the Act of January 27, 1948 (62 Stat. 6), are hereby made applicable with respect to the United Nations Relief and Works Agency for Palestine Refugees in the Near East to the same extent as they apply with respect to the government of another country: *Provided*, That when reimbursement is made by said Agency, such reimbursement shall be credited to the appropriation, fund, or account utilized for paying the compensation, travel expenses, and allowances of any person assigned hereunder.

(b) Departments and agencies of the United States Government are authorized, with the approval of the Secretary of State, to furnish or procure and furnish supplies, materials, and services to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided*, That said Agency shall make payments in advance for all costs incident to the furnishing or procurement of such supplies, materials, or services, which payments may be credited to the current applicable appropriation or fund of the department or agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

TITLE IV

SEC. 401. This title may be cited as the "Act for International Development".

SEC. 402. The Congress hereby finds as follows:

(a) The peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples. Such progress can further the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace.

(b) The efforts of the peoples living in economically underdeveloped areas of the world to realize their full capabilities and to develop the resources of the lands in which they live can be furthered through the cooperative endeavor of all nations to exchange technical knowledge and skills and to encourage the flow of investment capital.

(c) Technical assistance and capital investment can make maximum contribution to economic development only where there is understanding of the mutual advantages of such assistance and investment and where there is confidence of fair and reasonable

treatment and due respect for the legitimate interests of the peoples of the countries to which the assistance is given and in which the investment is made and of the countries from which the assistance and investments are derived. In the case of investment this involves confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will provide adequate wages and working conditions for local labor. It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation; that they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.

SEC. 403. (a) It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

(b) It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes, shall take into consideration (1) whether the assistance applied for is an appropriate part of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned; (2) whether any works or facilities which may be projected are actually needed in view of similar facilities existing in the area and are otherwise economically sound; and (3) with respect to projects for which capital is requested, whether private capital is available either in the country or elsewhere upon reasonable terms and in sufficient amounts to finance such projects.

SEC. 404. (a) In order to accomplish the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, and their related organizations, and by other international organizations, wherever practicable.

(b) Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations for technical cooperation programs carried on by it and its related organizations which will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis. The President is further

authorized to make contributions for technical cooperation programs carried on by the Organization of American States, its related organizations, and by other international organizations.

(c) Agencies of the United States Government on request of international organizations are authorized, upon approval by the President, to furnish services and such facilities as may be necessary in connection therewith, on an advance of funds or reimbursement basis, for such organizations in connection with their technical cooperation programs. Amounts received as reimbursements from such organizations shall be credited, at the option of the appropriate agency, either to the appropriation, fund, or account utilized in incurring the obligation, or to an appropriate appropriation, fund, or account currently available for the purposes for which expenditures were made.

SEC. 405. The President is authorized to plan, undertake, administer, and execute bilateral technical cooperation programs carried on by any United States Government agency and, in so doing—

(a) To coordinate and direct existing and new technical cooperation programs.

(b) To assist other interested governments in the formulation of programs for the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas.

(c) To receive, consider, and review reports of joint commissions set up as provided in section 410 of this title.

(d) To make, within appropriations made available for the purpose, advances and grants in aid of technical cooperation programs to any person, corporation, or other body of persons, or to any foreign government or foreign government agency.

(e) To make and perform contracts or agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency: *Provided*, That with respect to contracts or agreements which entail commitments for the expenditure of funds appropriated pursuant to the authority of this title, such contracts or agreements, within the limits of appropriations or contract authorizations hereafter made available may, subject to any future action of the Congress, run for not to exceed three years in any one case.

(f) To provide for printing and binding outside the continental limits of the United States, without regard to section 11 of the Act of March 1, 1919 (44 U. S. C. 111).

(g) To provide for the publication of information made available by the joint commissions referred to in section 410, and from other sources, regarding resources, opportunities for private investment capital, and the need for technical knowledge and skill in each participating country.

SEC. 406. Agreements made by the United States under the authority of this title with other governments and with international organizations shall be registered with the Secretariat of the United Nations in accordance with the provisions of article 102 of the United Nations Charter.

SEC. 407. In carrying out the programs authorized in section 405 of this title—

(a) The participation of private agencies and persons shall be sought to the greatest extent practicable.

(b) Due regard shall be given, in reviewing requests for assistance, to the possibilities of achieving satisfactory results from such assistance as evidenced by the desire of the country requesting it (1) to take steps necessary to make effective use of the assistance made available, including the encouragement of the flow of productive local and foreign investment capital where needed for development; and (2) to endeavor to facilitate the development of the colonies, possessions, dependencies, and non-self-governing territories administered by such requesting country so that such areas may make adequate contribution to the effectiveness of the assistance requested.

(c) Assistance shall be made available only where the President determines that the country being assisted—

(1) Pays a fair share of the cost of the program.

(2) Provides all necessary information concerning such program and gives the program full publicity.

(3) Seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that country.

(4) Endeavors to make effective use of the results of the program.

(5) Cooperates with other countries participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 408. The President is authorized to prescribe such rules and regulations as may be necessary and proper to carry out the provisions of this title.

SEC. 409. The President shall create an advisory board, hereinafter referred to as the "board", which shall advise and consult with the President or such other officer as he may designate to administer the program herein authorized, with respect to general or basic policy matters arising in connection with operation of the program. The board shall consist of not more than thirteen members to be appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the board shall be broadly representative of voluntary agencies and other groups interested in the program, including business, labor, agriculture, public health, and education. All members of the board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any agency or instrumentality of the United States) who as such regularly receives compensation for current services. Members of the board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purposes of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence

and other expenses. The President may appoint such committees in special fields of activity as he may determine to be necessary or desirable to effectuate the purposes of this title. The members of such committees shall receive the same compensation as that provided for members of the board.

SEC. 410. (a) At the request of a foreign country, there may be established a joint commission for economic development to be composed of persons named by the President and persons to be named by the requesting country, and may include representatives of international organizations mutually agreed upon.

(b) The duties of each such joint commission shall be mutually agreed upon, and may include, among other things, examination of the following:

(1) The requesting country's requirements with respect to technical assistance.

(2) The requesting country's resources and potentialities, including mutually advantageous opportunities for utilization of foreign technical knowledge and skills and investment.

(3) Policies which will remove deterrents to and otherwise encourage the introduction, local development, and application of technical skills and the creation and effective utilization of capital, both domestic and foreign; and the implementation of such policies by appropriate measures on the part of the requesting country and the United States, and of other countries, when appropriate, and after consultation with them.

(c) Such joint commissions shall prepare studies and reports which they shall transmit to the appropriate authorities of the United States and of the requesting countries. In such reports the joint commissions may include recommendations as to any specific projects which they conclude would contribute to the economic development of the requesting countries.

(d) The costs of each joint commission shall be borne by the United States and the requesting country in the proportion that may be agreed upon between the President and that country.

SEC. 411. All or part of United States support for and participation in any technical cooperation program carried on under this title shall be terminated by the President—

(a) If he determines that such support and participation no longer contribute effectively to the purposes of this title, are contrary to a resolution adopted by the General Assembly of the United Nations that the continuance of such technical cooperation programs is unnecessary or undesirable, or are not consistent with the foreign policy of the United States.

(b) If a concurrent resolution of both Houses of the Congress finds such termination is desirable.

SEC. 412. The President may exercise any power or authority conferred on him by this title through the Secretary of State or through any other officer or employee of the United States Government.

SEC. 413. In order to carry out the purposes of this title—

(a) The President shall appoint, by and with the advice and consent of the Senate, a person who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by

this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum.

(b) Officers, employees, agents, and attorneys may be employed for duty within the continental limits of the United States in accordance with the provisions of the civil-service laws and the Classification Act of 1949.

(c) Persons employed for duty outside the continental limits of the United States and officers and employees of the United States Government assigned for such duty, may receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), as amended, may receive allowances and benefits not in excess of those established thereunder, and may be appointed to any class in the Foreign Service Reserve or Staff in accordance with the provisions of such Act.

(d) Alien clerks and employees employed for the purpose of performing functions under this title shall be employed in accordance with the provisions of the Foreign Service Act of 1946, as amended.

(e) Officers and employees of the United States Government may be detailed to offices or positions to which no compensation is attached with any foreign government or foreign government agency or with any international organization: *Provided*, That while so detailed any such person shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits, an officer or employee of the United States Government and of the United States Government agency from which detailed and shall receive therefrom his regular compensation, which shall be reimbursed to such agency from funds available under this title: *Provided further*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(f) Experts and consultants or organizations thereof may be employed as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), and individuals so employed may be compensated at a rate not in excess of \$75 per diem.

(g) Such additional civilian personnel may be employed without regard to subsection (a) of section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as amended, as may be necessary to carry out the policies and purposes of this title.

SEC. 414. No citizen or resident of the United States, whether or not now in the employ of the Government, may be employed or assigned to duties by the Government under this Act until such individual has been investigated by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State: *Provided, however*, That any present employee of the Government, pending the report as to such employee by the Federal Bureau of Investigation, may be employed or assigned to duties under this Act for the period of three months from the date of its enactment. This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

SEC. 415. The President shall transmit to the Congress an annual report of operations under this title.

SEC. 416. (a) In order to carry out the provisions of this title, there shall be made available such funds as are hereafter authorized and appropriated from time to time for the purposes of this title: *Provided, however*, That for the purpose of carrying out the provisions of this title through June 30, 1951, there is hereby authorized to be appropriated a sum not to exceed \$35,000,000, including any sums appropriated to carry on the activities of the Institute of Inter-American Affairs, and technical cooperation programs as defined in section 418 herein under the United States Information and Educational Exchange Act of 1948 (62 Stat. 6). Activities provided for under this title may be prosecuted under such appropriations or under authority granted in appropriation Acts to enter into contracts pending enactment of such appropriations. Unobligated balances of such appropriations for any fiscal year may, when so specified in the appropriation Act concerned, be carried over to any succeeding fiscal year or years. The President may allocate to any United States Government agency any part of any appropriation available for carrying out the purposes of this title. Such funds shall be available for obligation and expenditure for the purposes of this title in accordance with authority granted hereunder or under authority governing the activities of the Government agencies to which such funds are allocated.

(b) Nothing in this title is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries, or to any international organization.

SEC. 417. If any provision of this title or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the title and the applicability of such provision to other circumstances or persons shall not be affected thereby.

SEC. 418. As used in this title—

(a) The term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities may include, but need not be limited to, economic, engineering, medical, educational, agricultural, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources and productive capacities of underdeveloped areas. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor pursuant to the Philippine Rehabilitation Act of 1946 (60 Stat. 128), as amended, nor pursuant to the Foreign Assistance Act of 1948 (62 Stat. 137), as amended, nor activities undertaken now or hereafter in the administration of areas occupied by the United States armed forces or in Korea by the Economic Cooperation Administration.

(b) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation or instrumentality, commission, or independent establishment of the United States Government.

(c) The term "international organization" means any intergovernmental organization of which the United States is a member.

TITLE V

INTERNATIONAL CHILDREN'S WELFARE WORK

SEC. 501. (a) There is hereby authorized to be appropriated to the President not to exceed \$15,000,000 for the fiscal year ending June 30, 1951, to enable him to make contributions to the United Nations, or any subordinate body thereof, in such manner and on such terms and conditions as he may deem to be in the interests of the United States, to support permanent arrangements within the United Nations structure for international children's welfare work.

(b) If at any time during such fiscal year the President deems it to be in the interests of the United States, he is authorized to make contributions, out of any funds appropriated pursuant to the authorization contained in subsection (a), to the International Children's Emergency Fund to carry out the purposes of the International Children's Emergency Fund Assistance Act of 1948 upon such terms and conditions as he may prescribe; but such contributions shall not exceed the limitation provided by section 204 of such Act.

(c) No additional appropriation shall be made under the authorization contained in such Act of 1948.

(d) Funds appropriated by the second paragraph of title I of the Foreign Aid Appropriation Act, 1949, shall remain available for the purposes for which appropriated through June 30, 1951.

Approved June 5, 1950.

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June 3, 1950

CONFIDENTIAL: The following Statement by the President MUST BE HELD FOR RELEASE until 10:00 a.m., e.d.t., Monday, June 5, 1950.

The same release applies to all newspapers, radio announcers and radio news broadcasters.

CHARLES G. ROSS
Secretary to the President

STATEMENT BY THE PRESIDENT

I have today signed the Foreign Economic Assistance Act of 1950. This Act is a major contribution to peace and freedom in the world.

This memorable Act is a tribute to the wisdom and vigor of the forward-looking Members of the Congress of both political parties, of both Houses, and particularly to the hard work of the responsible Congressional committees.

The Foreign Economic Assistance Act contains within it the authority to go forward with five programs of foreign aid.

It authorizes, first, continuation of the European recovery program for a third year.

It authorizes, second, continued aid to the free peoples of Korea, Southeast Asia, and non-communist China.

It makes possible, third, a program of relief and public works for the Arab refugees from Palestine.

Fourth, it provides legislative authority for going ahead with the program of technical assistance to help build up economically under-developed areas, a program which has become known as "Point Four."

And, finally, it authorizes continuing support for United Nations programs on behalf of children.

Each of the five programs authorized in this Act will contribute to our purpose of strengthening the cause of freedom, through economic measures which will demonstrate the effectiveness of free institutions in meeting human needs.

Taken together, they add up to a broad, enlightened, and typically American enterprise in the building of a safe and prosperous world.

Four of these five programs are already under way.

In the first two years of the European recovery program, with our essential aid, the people of Europe have made great strides in rebuilding their economies. This has enabled them to preserve and strengthen their free institutions, and to deal successfully with the threat of communism on their own soil. They are drawing closer together in common purpose and in common defense. I am confident that this third year of our assistance will give impetus to increasing cooperation by these countries, will add greatly to their collective strength, and will bring closer the day when they can contribute on a self-sustaining basis to the economic growth of all free nations.

The benefits of American support to independent Korea, non-communist China, and certain new countries in Southeast Asia have been considerable. Millions of people in Asia have recently become independent. They see in that independence a chance to work for a better life. We have supported their independence. The economic aid authorized in this Act will give them tangible evidence of our continuing friendship and support.

I am especially glad that the Congress has taken action with respect to the problem of the Arab refugees from Palestine. The program authorized in this bill carries out the recommendations of the United Nations Economic Survey Mission for the Near East, headed by Mr. Gordon Clapp. This program has been drawn up in the light of the serious problems facing the Palestine refugees, and with the economic potential of the Near East in mind. Successful development in this area will make an obvious contribution to the maintenance of peace. To achieve this aim, we shall need the cooperation of other members of the United Nations, who have expressed their interest in the problems of the Arab world. We shall count also, on the continued work of private agencies. Government programs will supplement, but not replace, their work.

Many Americans have become familiar with the magnificent work of the United Nations on behalf of children whose lives were damaged by war and its aftermath. This Act will enable us to support new and permanent arrangements, under which the United Nations can deal with the continuing needs of children. In the meantime, we can give such support to the present emergency fund as may be needed to prevent a lapse in this essential work.

The major new step forward in this Act is the authorization it contains for a program of technical assistance for the under-developed areas of the world. The exchange of technical knowledge and skills, and the fostering of capital investment abroad, are not new ideas. They are in line with the American traditions of initiative and free enterprise.

But we are now ready to put these activities on an organized, sustained basis and to direct them toward the building of a more prosperous and peaceful world. If we can, gradually but steadily, help to replace sickness with health, illiteracy with education, poverty with a higher standard of living, for the millions of peoples who live in under-developed areas, we shall make a tremendous contribution to the strength of freedom and the defeat of communist imperialism.

This Act will enable us to give, from our abundant store of scientific and technical knowledge, assistance to under-developed nations who have the initiative and vigor to help themselves.

This Act authorizes activities by the Government. But far more than Government action will be required. I look forward to the continued work of the many private groups who have had experience in this field. I look forward to the interest of our young people, whose technical skills can find such important employment in this work. I look forward to expanded business investment in these areas which will be made possible as their economic systems grow in strength and stability. I hope the Congress will soon enact the companion measure to this Act, which will encourage and support such business investment.

The present Act is a memorable step forward in our program for peace. I am confident that the Congress will follow through promptly by appropriating the full measure of funds necessary to carry out the programs authorized in this Act.
